

2021-04 Second Supplemental Bond Ordinance For Sewer System  
Improvements (Peachtree/Maplecroft Sewer)

A SECOND SUPPLEMENTAL ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A NOT EXCEEDING \$500,000, SERIES 2021B, CITY OF LIBERTY, SOUTH CAROLINA, WATERWORKS AND SEWER SYSTEM REVENUE BOND; AUTHORIZING THE MAYOR OR CITY ADMINISTRATOR TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BOND; PRESCRIBING THE FORM AND DETAILS OF SUCH BOND; AND OTHER MATTERS RELATING THERETO.

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

Section 1. Definitions. The terms in this Section 1 and all words and terms defined in General Bond Ordinance No. 2021-02 (the “General Bond Ordinance”) enacted by the Council on May 10, 2021 (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the Ordinance as the “Ordinance”) (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this Second Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

“2021B Bond and Interest Redemption Fund” shall mean the Fund established pursuant to Section 7 hereof to provide for the payment of the principal of and interest on the Series 2021B Bond.

“2021B Project” shall mean the replacement of approximately 2,400 linear feet of 8” gravity sewer line in the South Peachtree and Maplecroft neighborhoods, and such other improvements as may be necessary or incidental to the sewer portion of the System.

“Construction Fund of 2021B” shall mean the Fund established pursuant to Section 9 hereof into which a portion of the proceeds of the Series 2021B Bond will be deposited and from which such proceeds will be disbursed to defray the cost of all or a portion of the 2021B Project and Costs of Issuance.

“Custodian” shall mean the bank, depository or trust company selected by the City as custodian of the Construction Fund of 2021B.

“First Supplemental Ordinance” shall mean shall mean the First Supplemental Ordinance No. 2021-03 duly enacted on May 10, 2021 by the Council of the City authorizing the issuance of the Series 2021A Bond.

“General Bond Ordinance” shall mean General Bond Ordinance No. 2021-02 duly enacted on May 10, 2021, by the Council of the City authorizing and providing for the issuance of Waterworks and Sewer System Revenue Bonds.

“Paying Agent” shall mean the Treasurer of the City.

“Payment Date” shall have the meaning given to such term in Section 3(a).

“Purchaser” shall mean Truist Bank, a North Carolina Banking Corporation.

“Registrar” shall mean the Clerk of the City.

“Second Supplemental Ordinance” shall mean this Second Supplemental Ordinance No. \_\_\_\_ authorizing the issuance of the Series 2021B Bond.

“Series 2021A Bond” shall mean the City of Liberty, South Carolina, Waterworks and Sewer System Revenue Bond, Series 2021A, in the aggregate principal amount of not exceeding \$500,000 authorized to be issued by the First Supplemental Ordinance.

“Series 2021B Bond” shall mean the City of Liberty, South Carolina, Waterworks and Sewer System Revenue Bond, Series 2021B, in the aggregate principal amount of not exceeding \$500,000 authorized to be issued hereunder.

## Section 2. Certain Findings and Determinations.

The City hereby finds and determines:

(a) This Second Supplemental Ordinance supplements the Ordinance, constitutes and is a “Supplemental Ordinance” within the meaning of such quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance.

(b) The Series 2021B Bond constitutes and is a “Bond” within the meaning of the quoted word as defined and used in the Ordinance. The 2021B Project constitutes a “Project” within the meaning of the quoted word as defined and used in the General Bond Ordinance.

(c) Upon the payment or defeasance of the 1983 Bond, the Net Revenues pledged under the Ordinance will not be encumbered by any lien and charge thereon or pledge thereof, other than the lien and charge thereon and pledge created by the General Bond Ordinance and the following Supplemental Ordinances:

(i) the First Supplemental Ordinance for payment and security of the Series 2021A Bond; and (ii) this Second Supplemental Ordinance for payment and security of the Series 2021B Bond. The Series 2021A Bond and the Series 2021B Bond will be payable on a parity with any other Bonds issued from time to time in compliance with the provisions of the General Bond Ordinance, and will be secured equally and ratably by the lien, pledge provisions and covenants set forth in the General Bond Ordinance and entitled to the benefits thereof.

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

(e) The estimated cost of Acquisition and Construction of the 2021B Project is not less than \$500,000 to be financed in part with the proceeds of the Series 2021B Bond.

(f) A Debt Service Reserve Fund will not be established in connection with the Series 2021B Bond.

(g) The period of usefulness of the System is in excess of 30 years from the date hereof.

(h) Article III of the General Bond Ordinance provides that one or more Series of Bonds may be issued for such purposes as may be permitted by the Act upon compliance with certain provisions of the

General Bond Ordinance for the purposes of paying the Cost of Acquisition and Construction of one or more projects authorized to be financed under the Act. Bonds issued upon compliance with Section 3.2 and Section 3.3 or Section 3.4 of the General Bond Ordinance shall be issued on a parity as to the Net Revenues of the System in all respects inter sese, but not with regard to the particular Bond and Interest Redemption Fund or Debt Service Reserve Fund created for the benefit of the Holders of the Bonds of such Series.

(i) The Series 2021B Bond is being issued to (a) defray the Costs of Acquisition and Construction of the 2021B Project, and (b) pay Costs of Issuance of the Series 2021B Bond.

(j) The Purchaser has offered to purchase the Series 2021B Bond at an interest rate of 2.99%. A copy of the Purchaser's offer to purchase the Series 2021B Bond is attached hereto as Exhibit A.

(k) It is necessary and in the best interest of the City to undertake the 2021B Project and to issue the Series 2021B Bond in the aggregate principal amount of not exceeding \$500,000 for the purposes set forth in Section 2(i) above in accordance with the Bond Act, the General Bond Ordinance and this Second Supplemental Ordinance.

### Section 3. Authorization of Series 2021B Bond.

(a) There is hereby authorized to be issued a Series of Bonds designated "City of Liberty, South Carolina, Waterworks and Sewer System Revenue Bond, Series 2021B" (the "Series 2021B Bond"), in the aggregate principal amount of not exceeding \$500,000. The proceeds of the Series 2021B Bond shall be used for the purposes set forth in Section 2(i) hereof.

(b) The offer of the Purchaser to purchase the Series 2021B Bond is hereby accepted.

(c) The Series 2021B Bond shall be represented by a single fully registered bond; shall be registered in the name of the Purchaser; shall be dated the date of its delivery; shall be in the principal amount of not exceeding \$500,000; and shall bear interest at the rate of 2.99% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months); and shall be payable in annual installments of principal and interest on the dates and in the years (the "Payment Dates") and in the amounts as determined by the City Administrator.

(d) Principal of and redemption premium, if any, and interest on the Series 2021B Bond shall be payable at the office of the Paying Agent, or such other location as the Paying Agent determines. Such payment shall be made to the Purchaser or subsequent Holders as of the immediately preceding Record Date by the Paying Agent by check or draft mailed to each Holder at the address as it appears on the Books of Registry maintained at the office of the Registrar, or such other location as the Registrar determines. Payment of the principal of and interest on such Series 2021B Bond shall be payable to the Holder thereof without presentation and surrender of such Series 2021B Bond.

(e) Unless otherwise agreed to by the Mayor or City Administrator, the Series 2021B Bond may be sold or transferred by the initial purchaser only to purchasers ("Qualified Investors") who execute an investment letter delivered to the City, in form satisfactory to the City (the "Investment Letter"), containing certain representations, warranties and covenants as to the suitability of such purchaser to purchase and hold the Series 2021B Bond. Such restriction shall be set forth on the face of the Series 2021B Bond and shall be complied with by each transferee of the Series 2021B Bond.

(f) The Series 2021B Bond shall be in substantially the form set forth in Exhibit B hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the issuance of the Series 2021B Bond or as are otherwise permitted or required by law or by the Ordinance, including this Second Supplemental Ordinance. The Series 2021B Bond shall be executed in the name and on behalf of the

City by the manual or facsimile signatures of the Mayor (or in the Mayor's absence, the Mayor Pro Tempore) and the City Administrator.

Section 4. Recording and Transfer of Ownership of the Series 2021B Bond. The Series 2021B Bond will be issued in fully-registered form, as a single Bond representing the entire principal amount of the Series 2021B Bond in the name of the Holder thereof. The City, the Paying Agent and the Registrar may treat the Holder as the sole and exclusive owner of the Series 2021B Bond registered in its name for the purpose of payment of the principal of, and interest or premium, if any on the Series 2021B Bond, giving any notice permitted or required to be given to the Purchaser or subsequent Bondholders under the General Bond Ordinance or this Second Supplemental Ordinance, registering the transfer of the Series 2021B Bond, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected or by any notice to the contrary.

Section 5. Optional Redemption of Series 2021B Bond. The Series 2021B Bond shall be subject to prepayment or redemption in whole at any time without penalty. In the event the Series 2021B Bond is called for redemption, the Registrar shall give notice of redemption of the Series 2021B Bond by first-class mail, postage prepaid, to the Purchaser or other Holder thereof as shown on the Books of Registry of the City not less than ten (10) Business Days prior to the date fixed for the redemption thereof.

Section 6. Payment of the Series 2021B Bond. The Series 2021B Bond, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Net Revenues of the System in accordance with the provisions of the Ordinance and this Second Supplemental Ordinance. The Series 2021B Bond shall be secured by a pledge of Net Revenues on a parity with the pledge of Net Revenues securing the Series 2021A Bond and any other Bonds (as defined in the General Bond Ordinance) issued by the City from time to time in accordance with the provisions of the General Bond Ordinance.

The Series 2021B Bond does not constitute an indebtedness of the City within any State constitutional provisions (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation. The Series 2021B Bond shall not be a debt of the City, nor a charge, lien or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts or revenues thereof, other than the aforesaid Net Revenues of the System pledged thereto. No recourse shall be had for the payment of the Series 2021B Bond or the interest thereon against the general fund of the City, nor shall the credit or taxing power of the City be deemed to be pledged thereto. The full faith, credit and taxing powers of the City are not pledged to the payment of the principal of or interest on the Series 2021B Bond.

Section 7. Establishment of 2021B Bond and Interest Redemption Fund. In accordance with Section 6.7 of the General Bond Ordinance, the 2021B Bond and Interest Redemption Fund is hereby directed to be established with a Depository Bank on the date of the original delivery of the Series 2021B Bond for the benefit of the Holder of the Series 2021B Bond. In accordance with Section 6.7(a) and (b) of the General Bond Ordinance, there is hereby directed to be established within the 2021B Bond and Interest Redemption Fund an Interest Account and a Principal Account for the payment of interest and principal, respectively, on the Series 2021B Bond as the same become due and payable.

Section 8. Construction Fund of 2021B. There is hereby created and established the Construction Fund of 2021B, which fund shall be held by a Custodian selected by the City. Moneys on deposit in the Construction Fund of 2021B shall be used and applied to the payment of the Costs of Acquisition and Construction of the 2021B Project and to the payment of Costs of Issuance of the Series 2021B Bond. Withdrawals from the Construction Fund of 2021B shall be made by the Mayor, the City Administrator, or the Treasurer of the City in the manner withdrawals from other funds of the City are made.

Section 9. Designation of Registrar and Paying Agent. The Council hereby designates the Treasurer of the City as Paying Agent for the Series 2021B Bond. The Clerk of the City shall serve as Registrar of the Series 2021B Bond. If the Purchaser or any subsequent holder assigns the fully registered Series 2021B Bond, the assignor shall promptly notify the City of such assignment by registered mail.

Section 10. Determination of Certain Matters. The City Administrator is hereby authorized to undertake any one or more of the following actions:

- (a) determine the original issue date of the Series 2021B Bond;
- (b) determine the aggregate principal amount of the Series 2021B Bond, if less than authorized by this Second Supplemental Ordinance;
- (c) determine the times and amounts of the annual principal and interest payments of the Series 2021B Bond;
- (d) determine any further matters as may be required by the General Bond Ordinance, including the matters set forth in Article III thereof, in order to issue the Series 2021B Bond; and
- (e) agree to any other terms, provisions and matters necessary or advisable to effect the issuance of the Series 2021B Bond.

Section 11. Disposition of Proceeds of Series 2021B Bond and Certain Other Moneys. The proceeds derived from the sale of the Series 2021B Bond shall be deposited with the Custodian into the Construction Fund of 2021B and applied to pay Costs of Acquisition and Construction of the 2021B Project, and to pay Costs of Issuance in the manner provided in that Section.

Section 12. Federal Tax Covenant. The City hereby covenants and agrees with the Purchaser or subsequent Holders of the Series 2021B Bond that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2021B Bond to become includable in the gross income of the Purchaser or subsequent Bondholders for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Series 2021B Bond and that no use of the proceeds of the Series 2021B Bond shall be made which, if such use had been reasonably expected on the date of issue of the Series 2021B Bond would have caused the Series 2021B Bond to be "arbitrage bonds" as defined in the Code; and to that end the City hereby shall:

- (a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Series 2021B Bond is Outstanding;
- (b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and
- (c) make such reports of such information at the times and places required by the Code.

The City will timely file a Form 8038-G in connection with the Series 2021B Bond in accordance with the applicable regulations of the Internal Revenue Service.

The City Administrator is hereby authorized to adopt written procedures to ensure the City's compliance with federal tax matters relating to the Series 2021B Bond as well as any other federal tax exempt obligations heretofore or hereafter issued by the City.

Section 13. Series 2021B Bond Designated Qualified Tax-Exempt Obligations. The City covenants that, in accordance with the applicable provisions of the Code, the Series 2021B Bond is designated as a “qualified tax-exempt obligation” as defined in Section 265 of the Code. The City and all subordinate entities thereof do not anticipate issuing more than \$10,000,000 in tax-exempt bonds or other tax-exempt obligations in calendar year 2021 other than private activity bonds (other than private activity bonds which are “qualified 501(c)(3) bonds” as defined in the Code). The City represents that the sum of all tax-exempt obligations (other than such private activity bonds) issued by the City and all subordinate entities thereof during calendar year 2021 is not reasonably expected to exceed \$10,000,000.

Section 14. Continuing Disclosure. So long as and to the extent required pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended (“Section 11-1-85”), the City covenants that it will file with a central repository for availability in the secondary bond market when requested:

- (i) An annual independent audit, within 30 days of the City’s receipt of the audit; and
- (ii) Event-specific information within 30 days of an event adversely affecting more than 5% percent of Revenues or the City’s tax base.

The only remedy for failure by the City to comply with the covenant of this Section 14 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an “Event of Default” under the Ordinance or this Second Supplemental Ordinance. The City specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85, without the consent of the Purchaser or subsequent Holder of the Series 2021B Bond.

Section 15. Further Actions. The Mayor, Mayor Pro-Tempore, City Administrator, Treasurer and Clerk are hereby authorized and directed to take any and all such further actions (including, but not limited to, the negotiation, execution and delivery of any agreements, certificates or reports) as shall be deemed necessary or desirable in order to effectuate issuance of the Series 2021B Bond and to carry out the intentions of this Second Supplemental Ordinance. Further, the City Administrator is authorized to engage any professionals as may be necessary or beneficial in connection with the issuance of the Series 2021B Bond.

Section 16. Headings. The headings and titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Second Supplemental Ordinance.

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Section 17. Notices. All notices, certificates or other communications hereunder or under the General Bond Ordinance shall be given or made in writing and shall be delivered personally, or sent by registered mail, postage prepaid, return receipt requested, or overnight delivery service, to the party to whom they are directed at the following addresses, or at such other addresses as may be designated by notice from such party to all other parties:

If to the City:

City of Liberty, South Carolina  
206 West Front Street  
Liberty, SC 29657  
Attn: City Administrator

If to the Purchaser:

Truist Bank  
5130 Parkway Plaza Boulevard  
Charlotte, NC 28217  
Attn: Governmental Finance

If to the Paying Agent:

City of Liberty, South Carolina  
206 West Front Street  
Liberty, SC 29657  
Attn: Treasurer

If to the Registrar:

City of Liberty, South Carolina  
206 West Front Street  
Liberty, SC 29657  
Attn: Clerk

The City, the Purchaser, the Registrar, and the Paying Agent may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 18. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this Second Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 19. Effective Date. This Second Supplemental Ordinance shall become effective upon its enactment.

[Signature Page Follows]


Enacted by the City Council of the City of Liberty, South Carolina, this 10th day of May, 2021.

(SEAL)

CITY COUNCIL, CITY OF LIBERTY,  
SOUTH CAROLINA

  
\_\_\_\_\_  
Mayor

ATTEST:

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

Date of First Reading: April 12, 2021

Date of Second Reading: May 10, 2021

[Execution Pages]



Exhibit A

Proposal of Truist Bank



## Branch Banking & Trust Company

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Governmental Finance

5130 Parkway Plaza Boulevard  
Charlotte, North Carolina 28217  
Phone (704) 954-1700  
Fax (704) 954-1799

April 22, 2021

Mr. Bruce Evilsizor  
City of Liberty, SC  
PO Box 716  
Liberty, SC 29657

Dear Mr. Evilsizor:

Truist Bank ("Lender") is pleased to offer this proposal for the financing requested by the City of Liberty, SC ("Borrower").

<b>PROJECT:</b>	Water & Sewer System Revenue Bond, Series 2021B
<b>AMOUNT:</b>	\$500,000.00
<b>TERM:</b>	15 years
<b>INTEREST RATE:</b>	2.99%
<b>TAX STATUS:</b>	Tax Exempt – Bank Qualified
<b>PAYMENTS:</b>	<u>Interest:</u> Annual <u>Principal:</u> Annual
<b>INTEREST RATE CALCULATION:</b>	30/360
<b>SECURITY:</b>	Pledge of revenues derived from the Borrower's Sewer System
<b>PREPAYMENT TERMS:</b>	Prepayable in whole at any time without penalty
<b>RATE EXPIRATION:</b>	June 14, 2021
<b>DOCUMENTATION/ LEGAL REVIEW FEE:</b>	N/A
<b>FUNDING:</b>	The financing shall be fully funded at closing and allow for a maximum of four funding disbursements in the form of wires or checks.
<b>DOCUMENTATION:</b>	It shall be the responsibility of the Borrower to retain and compensate counsel to appropriately structure the financing documents according to Federal and State

statutes. Documents shall include provisions that will outline appropriate changes to be implemented in the event that this transaction is determined to be taxable or non-bank qualified in accordance with the Internal Revenue Code. These provisions must be acceptable to Lender.

Lender shall also require the Borrower to provide an unqualified bond counsel opinion, a no litigation certificate, and evidence of IRS Form 8038 filing. Lender and its counsel reserve the right to review and approve all documentation before closing. Lender will not be required to present the bond for payment.

**REPORTING  
REQUIREMENTS:**

Lender will require financial statements to be delivered within 270 days after the conclusion of each fiscal year-end throughout the term of the financing or in accordance with state requirements.

Lender shall have the right to cancel this offer by notifying the Borrower of its election to do so (whether this offer has previously been accepted by the Borrower) if at any time prior to the closing there is a material adverse change in the Borrower's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the Borrower or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to Lender.

Costs of counsel for the Borrower and any other costs will be the responsibility of the Borrower.

The stated interest rate assumes that the Borrower expects to borrow no more than \$10,000,000 in the current calendar year and that the financing will qualify as qualified tax-exempt financing under the Internal Revenue Code. Lender reserves the right to terminate this bid or to negotiate a mutually acceptable interest rate if the financing is not qualified tax-exempt financing.

We appreciate the opportunity to offer this financing proposal. Please call me at (803) 413-4991 with your questions and comments. We look forward to hearing from you.

Sincerely,

***Truist Bank***

A handwritten signature in black ink, appearing to read 'AGS', with a long horizontal flourish extending to the right.

Andrew G. Smith  
Senior Vice President

Exhibit B

FORM OF SERIES 2021B BOND

TRANSFER RESTRICTED

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

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CITY OF LIBERTY  
WATERWORKS AND SEWER SYSTEM REVENUE BOND  
SERIES 20201B

KNOW ALL MEN BY THESE PRESENTS that the City of Liberty, South Carolina (the “City”), is justly indebted and, for value received, hereby promises to pay to Truist Bank, its successors or registered assigns (the “Registered Owner”), its successors or registered assigns, but solely from the Net Revenues (hereinafter mentioned) and not otherwise, the principal amount of \$[ ] (unless this Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of redemption price made, or provided for), and to pay interest, but solely from the Net Revenues and not otherwise, on the outstanding principal balance hereof at the rate of 2.99% per annum until this Bond matures or is earlier redeemed.

This Bond shall be payable in annual installments of principal and interest in the amount of \$ \_\_\_\_\_ on \_\_\_\_\_ in each of the years 2022 to and including 2036. Interest on this Bond shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17 AND CHAPTER 21 CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN STATE CONSTITUTIONAL PROVISIONS (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE CITY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

Both the principal of and interest on this Bond are payable at the office of Treasurer of the City, as paying agent, in Liberty, South Carolina, without presentation and surrender of this Bond in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, the Registered Owner agrees to surrender this Bond before or with within a reasonable time after its final maturity.

This Bond is authorized to be issued and is issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Article X, Section 14(10) of the South Carolina Constitution, Title 6, Chapters 17 and 21 of the Code of Laws of South Carolina 1976, as amended (the "Act"). This Bond is also authorized to be issued and is issued under and pursuant to General Bond Ordinance No. \_\_\_\_ of the City duly enacted on May 10, 2021 (the "General Bond Ordinance") and Second Supplemental Ordinance No. \_\_\_\_ of the City duly enacted on May 10, 2021 (the "Second Supplemental Ordinance", and together with the General Bond Ordinance, the "Bond Ordinance"), under the Act which Bond Ordinance has been duly codified and indexed as prescribed by law.

The Bond Ordinance contains provisions defining terms, including the properties comprising the System; sets forth the revenues pledged for the payment of the principal of and interest on this Bond and the Bonds of other series herewith which may hereafter be issued on a parity herewith under the Bond Ordinance; sets forth the nature, extent and manner of enforcement of the security of this Bond and of such pledge, and the rights and remedies of the holder hereof with respect thereto; sets forth the terms and conditions upon which and the extent to which the Bond Ordinance may be altered, modified and amended; sets forth the terms and conditions upon which this Bond is issued upon which other bonds may be hereinafter issued payable as to principal, premium, if any, and interest on a parity with this Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the City thereunder; and sets forth the terms and conditions upon which the pledge made in the Bond Ordinance for the security of this Bond and upon which the covenants, agreements and other obligations of the City made therein may be discharged at or prior to the maturity or redemption of this Bond with provisions for the payment thereof in the manner set forth in the Bond Ordinance. Reference is hereby made to the Bond Ordinance to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Act and the Bond Ordinance shall be a contract with any holder of this Bond.

This Bond and the interest thereon are special obligations of the City secured by and payable solely from, and secured equally and ratably by, a pledge of and lien upon, the Net Revenues (as defined in the Bond Ordinance) derived from the City's waterworks and sewer system (the "System") on a parity with the pledge of and lien upon Net Revenues for payment of the Series 2021A Bond (as defined in the Second Supplemental Ordinance) any Series of Bonds hereafter issued, if any, in compliance with the provisions of the General Bond Ordinance.

Upon the occurrence of a Rate Adjustment Event (as defined below), the interest rate on this Bond shall be recalculated to an interest rate equal to \_\_\_\_% per annum, to the date (retroactively if need be) determined as a result of the Rate Adjustment Event to be the date the interest became includable in the Registered Owner's gross income for federal tax purposes.

Rate Adjustment Event means any action by the Internal Revenue Service (including the delivery of a deficiency notice) or any other federal court or administrative body of competent jurisdiction, determining, as a result of any misrepresentation by the City or as a result of any action the City takes or fails to take, that interest on this Bond, or any portion hereof, is includable in the Registered Owner's gross income for federal tax purposes.

The City has represented that this Bond is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the event that this Bond is determined not to be a "qualified tax-exempt obligation" the interest rate shall be reset to \_\_\_\_% retroactively to the date of issuance. In such case, interest due retroactively on this Bond shall be due upon demand by the Registered Owner.

The City shall provide audited financial statements to the Registered Owner within 270 days after the conclusion of the City's fiscal year end from the date hereof until the date this Bond matures or is earlier redeemed.

The outstanding principal amount of this Bond is subject to redemption in whole, but not in part, prior to its maturity at any time at the principal amount thereof and interest accrued on such principal amount to the date fixed for redemption. In the event this Bond is called for redemption, the Registrar shall give notice of redemption by first-class mail, postage prepaid, to the registered owner hereof as shown on the Books of Registry of the City not less than ten (10) days prior to the date fixed for the redemption thereof.

To the extent and in the manner permitted by the terms of the Bond Ordinance, the provisions of this Bond or of the Bond Ordinance, or any Ordinance amendatory thereof or supplemental thereto, may be amended or modified by the City with the written consent of the holders of at least 51% in principal amount of the Bonds then outstanding under the Bond Ordinance (including this Bond); provided, that no such amendment or modification shall (a) extend the time of payment of principal of or the interest on any Bond, or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof, or (b) give to any Bond or Bonds any preference over any other Bond or Bonds, or (c) authorize the creation of any pledge prior to or, except as provided in the General Bond Ordinance for the issuance of Series of Bonds on a parity with the pledge afforded by the General Bond Ordinance, or (d) reduce the percentage in principal amount of the Bonds required to assent to or authorize any such modification to the Bond Ordinance.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of South Carolina to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law; that the series of which this Bond is a part does not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part, as provided in the Bond Ordinance.

[Execution page follows]

IN WITNESS WHEREOF, City of Liberty, South Carolina, has caused this Bond to be executed this \_\_\_\_ day of \_\_\_\_\_, 2021, in its name by the manual signature of the Mayor of the City of Liberty, South Carolina and attested by the manual signature of the City Administrator of the City under the seal of the City of Liberty impressed, imprinted or reproduced hereon.

CITY OF LIBERTY, SOUTH CAROLINA

(SEAL)

\_\_\_\_\_  
Mayor

ATTEST:

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

REGISTRATION

This Bond has been registered in the name of Truist Bank on the registration books kept by the City of Liberty, South Carolina.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2021.

CITY OF LIBERTY, SOUTH CAROLINA

\_\_\_\_\_  
Clerk

**APPROVED**, this 10th day of May, 2021.

First Reading April 12, 2021 (in Title Only)

Second Reading May 10, 2021

\_\_\_\_\_  
Brian Petersen, Mayor

**ATTEST:**

\_\_\_\_\_  
Bruce Evilsizor, City Administrator