

FILED FOR RECORD
APPROVED 24 PM 2:00
KERSHAW COUNTY
SOUTH CAROLINA
COUNTY CLERK'S OFFICE

ORDINANCE NO. 300.2017

AN ORDINANCE APPROVING THE FINANCING OF CERTAIN SEWER SYSTEM IMPROVEMENTS IN KERSHAW COUNTY, SOUTH CAROLINA THROUGH THE BORROWING OF NOT EXCEEDING SEVEN HUNDRED THOUSAND DOLLARS (\$700,000), PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN KERSHAW COUNTY AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM KERSHAW COUNTY TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; PROVIDING FOR THE LEVY AND COLLECTION OF PROPERTY TAXES FOR THE PAYMENT OF SUCH NOTE; AND OTHER MATTERS RELATING THERETO.

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BE IT ORDAINED BY THE COUNTY COUNCIL OF KERSHAW COUNTY, SOUTH CAROLINA, IN A MEETING DULY ASSEMBLED, AS FOLLOWS:

ARTICLE I - FINDINGS OF FACT

SECTION 1.1. Findings of Fact. Incident to the enactment of this ordinance (this "Ordinance"), the County Council of Kershaw County (the "Council"), the governing body of Kershaw County, South Carolina (the "County"), has made the following findings:

(a) The County is a political subdivision created pursuant to the laws of the State of South Carolina (the "State") and is empowered by the provisions of Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the "Act"): (i) to construct treatment works as defined and approved pursuant to the Federal Clean Water Act, 33 U.S.C.A. subsection 1381; (ii) to make application for and to receive assistance from the South Carolina Water Quality Revolving Fund Authority (the "Authority"); (iii) to comply with regulations relating to the receipt and disposition of money of the State Water Pollution Control Revolving Fund; (iv) to apply for and receive state grants; (v) to enter into loan agreements; and (vi) to comply with all terms and conditions of any loan agreement.

(b) Pursuant to a favorable referendum duly held on November 5, 1996, the County is authorized to construct, purchase and operate its sewer system.

(c) Title 4, Chapter 15, Code of Laws of South Carolina, 1976, as amended, permits the incurrence of general obligation debt for any corporate or public purpose which includes the financing of facilities for furnishing wastewater collection services.

(d) By Ordinance No. 92.2007-Sewer, enacted on June 12, 2007 (the "District Ordinance"), the Council created the Kershaw County Sewer District (the "District") in accordance with the provisions of Section 4-9-30(5), Code of Laws of South Carolina, 1976, as amended. The District consists of the entire "Unincorporated Area" of the County. "Unincorporated Area" is defined in said Section 4-9-30(5) as the area not included within the corporate boundaries of a municipal corporation created pursuant to Chapter 1 of Title 5 of the Code of Laws of South Carolina, 1976, as amended, or within a special purpose district created before March 7, 1973 to which has been committed the governmental service which the county council intends to provide through the proposed special taxing district unless the special purpose district has been dormant for five years or more.

(e) Pursuant to the District Ordinance, the County is authorized to (a) provide for the operation and maintenance of the District through the levy and collection of annual *ad valorem* taxes on all taxable property within the District, and (b) to finance improvements for the District, including, but not limited to, the construction and/or acquisition of facilities and the acquisition of equipment and other necessary property, through the issuance of general obligation bonds of the County to be paid through the levy and collection of an annual *ad valorem* tax upon all taxable property within the District. Pursuant to Article X, Sections 12 and 14(7)(b) of the South Carolina Constitution, 1895, as amended, general obligation bonds issued to provide improvements within the District are not subject to the County's eight percent debt limitation.

(f) Notwithstanding the fact that the indebtedness authorized hereunder is not subject to the County's eight percent debt limitation, the County recognizes that it currently has outstanding the following general obligation indebtedness:

(i) the outstanding principal amount of the originally issued \$5,574,760 General Obligation Bond, Series 2008 dated January 9, 2008¹;

(ii) the outstanding principal amount of the originally issued \$3,598,630 General Obligation Bond, Series 2008B dated June 20, 2008;

(iii) the outstanding principal amounts of the originally issued \$3,540,000 General Obligation Refunding and Improvement Bonds, Series 2010 dated August 24, 2010;

(iv) the outstanding principal amount of the originally issued \$2,416,405 General Obligation Bond, Series 2011 dated May 25, 2011¹; and

(v) the outstanding principal amount of the originally issued \$1,280,000 General Obligation Bond, Taxable Series 2016 dated April 27, 2016.

(g) Pursuant to the provisions of Section 4-9-130 of the Code of Laws of South Carolina, 1976, as amended, a public hearing, after giving reasonable notice in the form attached hereto as **Exhibit A**, is required to be conducted prior to the third and final reading of this Ordinance by the Council. In accordance with this provision, a public hearing shall be conducted and due notice shall be provided all as required by said Section 4-9-130.

(h) After due investigation, the Council has determined that it is in the best interests of the County to finance the costs of constructing the sewer improvements (the "Project") described in Appendix A to the Loan Agreement (as defined below).

(i) On November 24, 2015, the Council adopted a resolution authorizing application to the Authority for a loan from the State Water Pollution Control Revolving Fund (the "Loan") to provide for the financing of the Project.

(j) Upon review of the County's loan application, the Authority notified the County of its conditional approval of the loan.

(k) The funds are to be loaned and secured pursuant to a loan agreement (the "Loan Agreement") between the County and the Authority, and a promissory note executed and delivered by the County registered in the name of the Authority (the "Note"). The form of the Loan Agreement is attached hereto as **Exhibit B**. The form of the Note is included as Appendix E to the Loan Agreement. Pursuant to the Loan Agreement the County will agree to use the proceeds of the Loan only to pay the actual eligible costs of the Project, and, if deemed prudent

¹ Like the indebtedness authorized hereunder, this bond is payable from taxes levied in the District, and therefore is not subject to the County's debt limit.

by the County, capitalized interest on the Note pursuant to the terms of the Loan Agreement, and the County will agree to pay to the Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan.

- (l) The Council is enacting this Ordinance in order to:
 - (i) authorize the execution and delivery of the Loan Agreement and the Note;
 - (ii) evidence its approval of the Project and the Loan;
 - (iii) provide for the payment of amounts to be paid by the County pursuant to the Loan Agreement and the Note; and
 - (iv) authorize the execution and delivery by, and on behalf of, the County of such other agreements and certificates and the taking of such other action by the County and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of this Ordinance.

ARTICLE II - THE LOAN

SECTION 2.1. Authorization of Loan. The Council hereby authorizes the County's acceptance of the Loan from the Authority in an amount not exceeding \$700,000, plus capitalized interest, if any, pursuant to and in accordance with the provisions of the Loan Agreement.

ARTICLE III - LOAN AGREEMENT AND NOTE; SECURITY

SECTION 3.1. Authorization of Loan Agreement and the Note. The Loan Agreement, in substantially the form attached hereto as **Exhibit B**, and the Note, in substantially the form attached as Appendix E to the Loan Agreement, with such changes as the Chairman (as defined below) shall approve (their execution to be conclusive evidence of such approval), are hereby approved and the execution and delivery of the Loan Agreement and the Note on behalf of the County are hereby authorized and directed. The Loan Agreement and the Note shall be executed on behalf of the County by the Chairman of the Council or, in his absence, the Vice Chairman of the Council (herein, the "Chairman") and attested by the Clerk to the Council (the "Clerk"). The Council hereby authorizes the incurrence of total indebtedness under the Note in a principal amount not to exceed \$700,000, plus capitalized interest, if any. The County may elect to capitalize interest on the Note in accordance with the terms of the Loan Agreement. The principal amount of the Note may be adjusted pursuant to the terms of the Loan Agreement.

SECTION 3.2. Order of Tax Levy For Payment of Note. For the payment of the principal of and interest on the Note as the same shall become due and payable and for the creation of such sinking fund as may be necessary therefor, the full faith, credit and taxing power of the County are hereby irrevocably pledged. There shall be levied annually by the County Auditor of the County (the "Auditor") and collected by the County Treasurer of the County (the "Treasurer"), in the same manner as County taxes are levied and collected, a tax on

all taxable property in the District sufficient to pay the principal of and interest on the Note as the same shall become due and payable, and to create such sinking fund as may be necessary therefor. Upon any failure of the County to make any payments to the Authority pursuant to the Loan Agreement or the Note, the Authority shall require the State Treasurer to pay the Authority, subject to the provisions of the Act, such amount from State appropriations to which the County may be or become entitled as may be necessary to provide for the payment of all amounts due with respect to the Note.

SECTION 3.3. Notice to Levy Tax. The Auditor and the Treasurer shall be notified of the issuance of the Note and of the schedule of payments due thereon, and directed to levy and collect, or cause to be levied and collected, respectively, upon all taxable property in the District an annual tax sufficient to meet the payment of the principal of and interest on the Note, as the same shall become due and payable, and to create such sinking fund as may be necessary therefor.

SECTION 3.4. Application of Other Monies. Such levy may be reduced to the extent that, at the time that the annual millage levy for the County is set, the District shall have sufficient revenues or other budgeted funds available to pay the principal of and interest on the Note for each such payment thereof coming due in the upcoming budget year and such moneys have been made available to the Treasurer for all such payments coming due on the Note.

ARTICLE IV - COMPLIANCE WITH CHAPTER 15 OF TITLE 4, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

SECTION 4.1. Sale and Notice Requirements. In order to comply with the provisions of Sections 4-15-130, 4-9-1220, 11-27-40(4) and 11-27-40(8) of the Code of Laws of South Carolina, 1976, as amended, the County Administrator of the County (the "County Administrator") shall cause to be published a notice, the form of which is attached hereto as Exhibit C, informing the market-place of the County's enactment of this ordinance and its intention to sell the Note in a private sale to the Authority.

Alternatively, in the event the Note cannot be sold in a private sale, the County will cause to be published a notice soliciting bids from financial institutions for the purchase of a general obligation bond on terms similar to those of the Loan authorized hereby. In the event a response is more favorable than those terms recited in the Loan Agreement, the County Administrator is hereby authorized to enter into an agreement with the financial institution submitting such bid and to do all things necessary to consummate a transaction with the financial institution submitting such bid.

ARTICLE V - MISCELLANEOUS

SECTION 5.1. Other Instruments and Actions. In order to implement the Loan pursuant to the terms of the Loan Agreement and the Note and to give full effect to the intent and meaning of this Ordinance and the agreements and actions herein authorized, the Chairman, the County Administrator and the Clerk are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as they shall deem necessary or desirable.

SECTION 5.2. Ordinance a Contract. This Ordinance shall constitute a contract between the County and the Authority, and shall be enforceable as such against the County.

SECTION 5.3. Continuing Disclosure. In accordance with Section 11-1-85 of the Code of Laws of South Carolina, 1976, as amended, the County hereby covenants to file with a central repository and the Authority for available in the secondary market when requested:

(a) an annual independent audit, within 30 days of the County's receipt of the audit; and

(b) event specific information, within 30 days of an event adversely affecting more than five percent of the County's tax base.

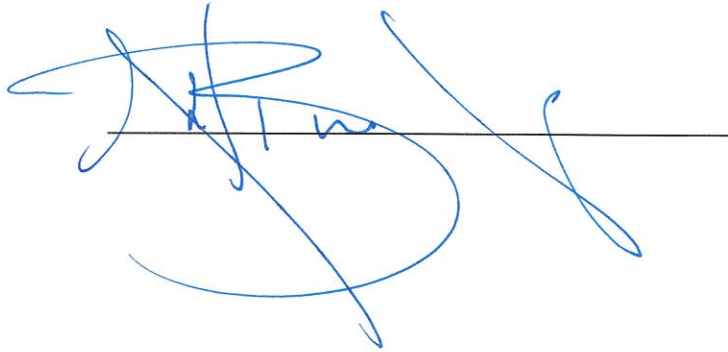
In the event the County fails to comply with this Section 5.3, the only remedy shall be an action for specific performance.

SECTION 5.4. Effective Date. This Ordinance shall become effective after third and final reading.

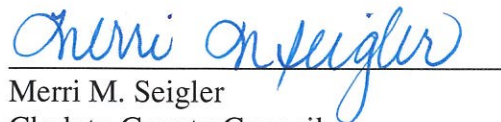
DONE AND ENACTED this 10th day of January, 2017.

KERSHAW COUNTY, SOUTH CAROLINA

(SEAL)



ATTEST:


Merri M. Seigler
Clerk to County Council
Kershaw County, South Carolina

First Reading: November 22, 2016
Second Reading: December 13, 2016
Public Hearing: January 10, 2017
Third Reading: January 10, 2017

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN, that the County Council of Kershaw County, South Carolina (the "Council"), the governing body of Kershaw County, South Carolina (the "County"), at its meeting on January 10, 2017, to be held in the Council's chambers, which are located at 515 Walnut Street, Camden, South Carolina, at 5:30 p.m., will conduct a public hearing on the proposed enactment of the following ordinance (the "Ordinance"):

AN ORDINANCE APPROVING THE FINANCING OF CERTAIN SEWER SYSTEM IMPROVEMENTS IN KERSHAW COUNTY, SOUTH CAROLINA THROUGH THE BORROWING OF NOT EXCEEDING SEVEN HUNDRED THOUSAND DOLLARS (\$700,000), PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN KERSHAW COUNTY AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM KERSHAW COUNTY TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; PROVIDING FOR THE LEVY AND COLLECTION OF PROPERTY TAXES FOR THE PAYMENT OF SUCH NOTE; AND OTHER MATTERS RELATING THERETO.

For the payment of the principal of and the interest on the loan authorized by the Ordinance, there shall be pledged the full faith, credit and taxing power of the County. The taxes required to pay principal and interest on the loan shall be levied upon all taxable property in the Kershaw County Sewer District, which area is limited to the entire unincorporated area of the County, as such term is described in Section 4-9-30(5)(a)(iii) of Code of Laws of South Carolina, 1976, as amended.

At the time and place fixed for said public hearing, all taxpayers, residents or other interested persons who appear will be given an opportunity to express their views for or against the enactment of the Ordinance. Assistance is available for those who are visually or hearing impaired.

For assistance, call Merri Seigler, Clerk to Council, 803-425-1500.



South Carolina
Rural Infrastructure Authority

STATE WATER POLLUTION CONTROL REVOLVING FUND
FY 2016 LOAN CLOSING PACKAGE (G.O.)
FOR
KERSHAW COUNTY

Re: Chlorine Chamber Improvements and Lab/Operations Building

Contents:

1. Model Ordinance/Resolution
2. Sample Bond Counsel and Attorney Opinion Letters
3. Loan Agreement and Form of Promissory Note

On behalf of the South Carolina Water Quality Revolving Fund Authority, the Office of Local Government is pleased to provide Kershaw County with this package of material for finalizing an SRF Loan.

For further information or assistance contact:

Trish Comp
Loan Programs Director
(803) 737-3808
tcomp@ria.sc.gov

November 3, 2016

LOAN AGREEMENT

between

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

and

KERSHAW COUNTY

Dated

Jan. 10, 2017

relating to

Chlorine Chamber Improvements and Lab/Operations Building

South Carolina Water Pollution Control Revolving Fund

Loan Number: X1-177-16-587-06

No. ____ of Two Executed Original Counterparts

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FEDERAL CLEAN WATER ACT

LOAN AGREEMENT

THIS LOAN AGREEMENT is entered into as of the ___ day of _____, 2017, between the SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, a public instrumentality of the State of South Carolina (the "*Authority*"), and KERSHAW COUNTY, a political subdivision of the State of South Carolina (the "*Project Sponsor*").

WITNESSETH:

WHEREAS, the Authority is authorized by Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the "*Act*") to administer the South Carolina Water Pollution Control Revolving Fund (the "*Fund*") for the purpose of assisting Project Sponsors (as defined in the Act) in the construction of, among other things, publicly owned treatment works as defined in the Federal Water Pollution Control Act, Chapter 26, Title 33, United States Code, as amended; and

WHEREAS, the South Carolina Department of Health and Environmental Control (the "*Department*") is authorized by the Act to, among other things, develop a priority system and prepare an annual plan to insure compliance with the Federal Water Pollution Control Act; and

WHEREAS, the Authority is authorized by the Act to enter into Loan Agreements (as defined in the Act) with Project Sponsors in order to finance Projects (as defined in the Act); and

WHEREAS, the Act authorizes Project Sponsors, among other things, to undertake Projects, to receive assistance in the financing of such Projects by way of loans made from the Fund and to enter into loan agreements providing for the repayment of amounts received from the Fund, together with interest thereon; and

WHEREAS, the Project Sponsor proposes to acquire and construct the facilities described in Appendix "A" hereto (the "*Project*"), which Project will be part of the Project Sponsor's sewer system (the "*System*"); and

WHEREAS, the Project Sponsor proposes to finance the Project with a loan from the Fund, such loan to be secured by the full faith, credit and taxing power of the Project Sponsor;

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE I

LOAN

SECTION 1.1. Loan Made and Accepted; Repayment. In consideration of the mutual promises of this Agreement, and upon and subject to its terms and conditions, the Authority agrees to make, and the Project Sponsor agrees to accept, the loan herein provided for (the "*Loan*"). The obligation of the Project Sponsor to repay the Loan and interest thereon is evidenced by this Agreement and a promissory note (the "*Note*") registered in the name of the Authority. The amount of the Loan (the "*Loan Amount*"), the interest rate on the Loan and the repayment schedule with respect to the Loan (the "*Repayment Schedule*") shall be as set forth in Appendix "B" hereto, as may be changed or modified pursuant to Section 1.4 hereof; the terms and form of the Note are set out in Appendix "E". The Project Sponsor shall make payments with respect to the Loan at the times and in the amounts set forth in Appendix "B", as modified, on the due date of any such payment.

SECTION 1.2. Purpose Limited to Project. The Project Sponsor shall use the proceeds of the Loan only to pay the actual eligible costs of the Project. The Project is described in Appendix "A" and more specifically as approved in the Project files of the Department. Except to the extent otherwise approved in writing by the Authority, only the costs shown in the Project budget set forth in Appendix "A" shall be allowed and only in the amounts provided for each category. Costs of construction shall be allowed only for work called for in plans and specifications approved by the Department. Proceeds may not be used to pay for labor performed by employees of the Project Sponsor but may be used to pay for materials installed by them.

SECTION 1.3. Disbursements.

1.3.1. The Authority shall make and the Project Sponsor shall accept full or partial disbursements only against incurred, actual eligible costs up to the Loan Amount and by category as provided in this Agreement.

1.3.2. For purposes of making requests for disbursement and representing the Project Sponsor in all administrative matters pertaining to administration of this Agreement, the Project Sponsor shall designate a single officer or employee (the "*Sponsor Representative*") prior to the first disbursement request.

1.3.3. In those cases when the Project Sponsor has paid the incurred Project costs and is seeking reimbursement for payment of such costs theretofore paid by the Project Sponsor, any check for disbursement from the Fund for reimbursement to the Project Sponsor shall be drawn and mailed to the Project Sponsor. In those cases when the Project Sponsor is seeking funds with which to pay incurred Project costs, any check for disbursement from the Fund to pay such costs may, at the option of the Authority, be drawn to the Project Sponsor alone or jointly to the Project Sponsor and contractor engaged by the Project Sponsor for the Project. Such check will be mailed to the Project Sponsor.

1.3.4. Before any disbursement, the Project Sponsor shall execute any documents requested by the Authority reasonably necessary or convenient to the foregoing and shall have satisfied all conditions of Section 1.6 hereof.

1.3.5. Requests for disbursement may be made only after the costs for which the draw is requested have been incurred. The Project Sponsor may not request a disbursement until all construction contracts are signed. The first request for disbursement submitted by the Project Sponsor pursuant to this Agreement shall include an amount for incurred construction costs and all amounts requested by the Project Sponsor for payment or reimbursement of amounts set forth in any of the categories "Planning and Design Engineering", "Land Acquisition", and "Legal and Appraisal Fees" which appear in the Project Budget in Appendix "A" hereto. The Project Sponsor shall not request disbursement against retainage until retainage is paid and shall not request disbursement for change orders unless such change orders have been approved by the Department. Unless the Authority otherwise approves, when the Project budget indicates that the Loan shall bear only a portion of the eligible costs of the Project, or a portion of certain itemized costs, any draw shall not exceed the same proportion of such costs reported for disbursement.

1.3.6. Requests for disbursement shall be made on forms of the Department unless the Authority or Department otherwise directs, and shall be accompanied by such invoices and other proofs as the Authority and Department may reasonably require. The final disbursement shall not be released until the Department issues its approval to place the Project into operation (the "*Permit to Operate*"). No disbursement requests will be accepted more than one hundred eighty (180) days after the date of such Permit to Operate.

1.3.7. The Authority may require that each draw request shall be submitted to the Authority and Department at least twenty-one (21) days before the day disbursement is needed and may limit draw requests to one per month. The Authority will exert its best efforts to mail its check in response to a disbursement request within twenty-one (21) days of receiving such request, but no assurance is given by the Authority that such schedule will be met and the Authority shall incur no liability to any Project Sponsor. Processing on shorter notice or faster schedule shall not amend this provision.

SECTION 1.4. Changes in Payment Initiation Date, the Loan Amount and Repayment Schedule.

1.4.1. The Loan Amount has been determined, in part, upon the basis of the projected cost of the Project as shown in Appendix "A". The Payment Initiation Date shown in Appendix "B" (the "*Payment Initiation Date*") is determined by a combination of factors, including, but not limited to the expected Project schedule shown in Appendix "A". Appendix "B" shows the Repayment Schedule anticipated by the parties on this basis and provides for repayment of the Loan, including interest thereon, in twenty (20) equal, or approximately equal, quarterly payments beginning on the first day of the third month after the month of the Payment Initiation Date. The Loan Amount, the Payment Initiation Date and the Repayment Schedule may be changed but only as provided in paragraph 1.4.2, below. The Interest Rate is fixed for the term of the Loan and may not be changed from the rate originally established in Appendix "B" hereof.

1.4.2. (a) At the written request of the Project Sponsor, submitted to the Authority no later than sixty (60) days prior to the original Payment Initiation Date in Appendix "B", the Payment Initiation Date may be extended once by the Authority to any date not later than the earlier to occur of (i) six (6) months from the original Payment Initiation Date in Appendix "B", or (ii) thirty (30) months from the first day of the month following the date of this Agreement, or (iii) the first day of the month following the date of the Permit to Operate issued by the Department for the operation of the Project.

(b) In the event the Permit to Operate the Project is issued by the Department more than one (1) month prior to the Payment Initiation Date stated in Appendix "B", the Authority shall require that either the Payment Initiation Date be accelerated to the first day of the month following the date of the Permit to Operate, or the term of the Loan be shortened by a minimum of three (3) months.

(c) The Project Sponsor may request that the Loan Amount be increased by including in principal on the Payment Initiation Date the interest which has accrued on amounts theretofore advanced from the Fund. Any such request shall be submitted in writing to the Authority by the Project Sponsor not less than thirty (30) days prior to the Payment Initiation Date.

(d) The Authority or the Project Sponsor may initiate a reduction to the Loan Amount at any time there is a determination that a lesser amount is required for completion of the Project.

(e) The initial Repayment Schedule with respect to the Loan set forth in Appendix "B" shall be modified to reflect (i) changes in the Loan Amount, (ii) extension or acceleration of the Payment Initiation Date, and (iii) any other modification thereto agreed to by the Authority and the Project Sponsor.

(f) Modification of the Repayment Schedule resulting from a change in the Loan Amount subsequent to the Payment Initiation Date shall be made such that:

(i) at the time of final disbursement pursuant to Section 1.3 the Authority shall determine the final Loan Amount;

(ii) a revised Repayment Schedule shall be calculated by the Authority based on the final Loan Amount, the interest rate set forth in Appendix "B" and payment in twenty (20) equal, or substantially equal, quarterly installments beginning on the first day of the third month after the month of the Payment Initiation Date; and

(iii) any difference between the amount theretofore paid by the Project Sponsor prior to the revision of the Repayment Schedule and the amount which would have been paid had the revised schedule been in effect from and after the Payment Initiation Date shall be credited against the next payment, or payments, due under the revised Repayment Schedule.

(g) For purposes of the Repayment Schedule, any amounts disbursed subsequent to the Payment Initiation Date shall be considered to have been advanced on the Payment Initiation Date.

1.4.3. Any change in the Loan Amount, extension or acceleration of the Payment Initiation Date or modification of the Repayment Schedule shall be documented administratively by notice under this Agreement and shall be reflected in the substitution of a revised Appendix "B" hereto reflecting any such change or modification. In connection with any such change or modification, the Authority may, but need not, impose new terms and conditions, including cancellation of the Note and execution of a new Note.

SECTION 1.5. Deadline for Borrowing and Termination of Promise to Lend. The Authority, in its sole discretion, may terminate its promise to lend all of, or any unadvanced portion of, the Loan Amount which has not been advanced if:

1.5.1. The Project Sponsor has not entered into all construction contracts applicable to the Project within six (6) months of the date of this Agreement; or

1.5.2. The Project Sponsor does not request disbursement of the unborrowed balance of the Loan Amount on or before the one hundred eightieth (180th) day following the date of the Permit to Operate issued by the Department for the Project; or

1.5.3. An Event of Default (as defined in Section 5.1 hereof) occurs (in which event the remedies for default likewise shall be available); or

1.5.4. A circumstance arises or becomes known which, in the Authority's sole discretion and opinion, (a) substantially impairs the ability of the Project Sponsor to complete the Project, to operate the Project or to repay the Loan, or (b) substantially impairs the merit of the Project.

SECTION 1.6. Conditions Precedent to Disbursement of Loan Proceeds. In addition to any other conditions herein provided, the Authority's obligation hereunder to make disbursements from the Fund for advances on the Loan shall be subject to satisfaction of the following conditions:

1.6.1. The Project Sponsor's representations and warranties shall remain true and correct;

1.6.2. No Event of Default shall have occurred under this Agreement or the Note; and

1.6.3. The Project Sponsor has complied with the requirements of Sections 1.3, 1.4 and 1.5.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Project Sponsor represents and warrants to the Authority as follows:

SECTION 2.1. Status of Project Sponsor. The Project Sponsor is a political subdivision of the State of South Carolina (the "*State*"), authorized to acquire and construct the Project and to operate the Project and provide wastewater treatment services.

SECTION 2.2. Financial Statements. The financial statements of the Project Sponsor delivered to the Authority are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles for units of government, consistently applied, and fairly present the respective financial condition of the subjects thereof as of the respective dates thereof. No material adverse change has occurred in the financial conditions reflected in the statements since their date and no additional borrowing has been made by the Project Sponsor since then other than borrowing specifically disclosed and approved by the Authority. All other information submitted by the Project Sponsor in support of its application for this Loan is true and correct as of the date of this Agreement, and no material adverse change with respect to the Project Sponsor has occurred.

SECTION 2.3. Pending Litigation. There are no actions, suits or proceedings, at law or in equity, in court or before any governmental or administrative agency, either pending or to the knowledge of the Project Sponsor reasonably to be considered threatened, which may impair the validity or enforceability of the Note or this Agreement or the Project Sponsor's ability to repay the Loan or to construct and operate the Project.

SECTION 2.4. No Conflicting Transactions. Consummation of the transactions hereby contemplated and performance of this Agreement will not result in any breach of, or constitute a default under, any deed to secure debt, mortgage, deed of trust, indenture, security agreement, lease, bank loan or credit agreement, municipal charter, ordinances, contracts or other instruments to which the Project Sponsor is a party or by which it may be bound or affected.

SECTION 2.5. Ownership of Premises. The Project Sponsor owns in fee simple the real property which presently constitutes or which will constitute the main operating facilities of the Project and of the System as a whole, and further owns in fee simple or by sufficient easement the real property upon, across or under which the Project Sponsor has or will have its collection or trunk lines, manholes, pump stations and the like including those to be a part of the Project and otherwise. Property of which the Project Sponsor has taken possession pursuant to Section 28-2-90 of the South Carolina Eminent Domain Procedure Act (Title 28, Chapter 2, Code of Laws of South Carolina, 1976, as amended), and in connection with which no action pursuant to Section 28-2-470 of such statute has been instituted within thirty (30) days of the

Condemnation Notice with respect to such property, shall be deemed owned in fee simple by the Project Sponsor pursuant to this Section 2.5. The Project Sponsor has good record title to the real property described above (or has possession pursuant to the Eminent Domain Procedure Act, as described above) with only such exceptions of record as do not limit the fee simple ownership and do not and will not interfere with the full use and enjoyment of the premises by the Project Sponsor. With respect to the personal property and fixtures of the Project Sponsor necessary or convenient to the System and its operation, there are no liens or other claims of record against such property or other evidence of adverse ownership, and the Project Sponsor owns such personal property and fixtures in fee simple without conflicting claim of ownership.

SECTION 2.6. Other Project Arrangements. The Project Sponsor has secured the utilities, access, governmental approvals and other arrangements reasonably to be considered necessary for the undertaking of the Project.

SECTION 2.7. No Construction Default. Neither the Project Sponsor nor its contractor, architect or engineer for the Project or any related project is in default of any agreement respecting the Project or a related project.

SECTION 2.8. No Default. There is no default on the part of the Project Sponsor under this Agreement or the Note, and no event has occurred and is continuing, which, with notice or the passage of time would constitute a default under any part of this Agreement or the Note.

SECTION 2.9. Effect of Draw Request. Each request for and acceptance of disbursement by the Project Sponsor shall be affirmation that the representations and warranties of this Agreement remain true and correct as of the date of the request and acceptance, that no breach of other provisions hereof has occurred, and that no adverse developments affecting the financial condition of the Project Sponsor or its ability to complete the Project or to repay the Loan plus interest have occurred since the date of this Agreement unless specifically disclosed in writing by the Project Sponsor in the request for disbursement. Unless the Authority is notified to the contrary, such affirmations shall continue thereafter.

ARTICLE III

COVENANTS

SECTION 3.1. Contract Award, Construction Inspection and Completion.

3.1.1 The Project Sponsor should not execute construction contracts or issue the notice to proceed with respect to the Project prior to receiving written approval from the Department to award construction contracts.

3.1.2 The Project Sponsor shall provide and maintain competent and adequate engineering supervision and continuous inspection of the Project to insure that the construction conforms with the plans and specifications approved by the Department. A monthly inspection report shall accompany each disbursement request.

3.1.3 The Project Sponsor shall cause the Scope of Work identified in Appendix "A" to be completed pursuant to the Project Schedule also defined in Appendix "A" hereto. The Project Sponsor shall require all contractors to satisfactorily complete all work within the time stated in the executed construction contract. Extension of any contract completion date requires the Department's approval. Any costs incurred as a result of a time extension which has not received approval by the Department shall not be eligible for Loan participation.

3.1.4 The Project Sponsor shall pay all costs to complete the Project not covered by the Loan.

SECTION 3.2. Disbursements. The Project Sponsor shall receive and promptly disburse the funds to be provided hereunder as trust funds for the purpose of paying the eligible costs of the Project and for no other purpose.

SECTION 3.3. Release of Responsibility. The Project Sponsor shall undertake the Project on its own responsibility and shall release and hold harmless the Authority, the Department, the State and their officers, members and employees from any claim arising in connection with the design, construction or operation of the Project or any other aspect of the System including any matter due solely to their negligence.

SECTION 3.4. Other Agreements. The Project Sponsor shall comply with all terms and conditions of any construction contracts, architectural or engineering agreements, trust indentures, security deeds, promissory notes, loan agreements, or the like affecting the Project, the premises of the System and its operation. The Project Sponsor shall require its construction contractor to furnish both a performance bond and payment bond in the full amount of the construction contract. The requirement of such bonds shall be for the convenience of the Authority only and shall not be an undertaking by the Authority to the Project Sponsor or any third party.

SECTION 3.5. Accounting and Auditing.

3.5.1. Accounting. The Project Sponsor shall account for the Project and System in accordance with generally accepted accounting principles (GAAP), including financial, statistical, property, and supporting documentation. All accounting records shall be kept using GAAP accounting, and applying all relevant Government Accounting Standards Board (GASB) pronouncements, including GASB Statement No. 34 relating to the reporting of infrastructure assets.

3.5.2. Audit. Within six (6) months of the end of each fiscal year of the Project Sponsor, the Project Sponsor shall tender to the Authority an annual financial audit by a certified public accountant. The conduct of the audit and the audit shall be in accordance with Generally Accepted Auditing Standards as defined in Government Auditing Standards, Comptroller General of the United States, July 27, 2007, and revisions, updates or successors thereto.

SECTION 3.6. Insurance. The Project Sponsor covenants and agrees that so long as any amount remains unpaid on the Note:

(A) It will insure and at all times keep the Project insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in an amount equal to the replacement cost of the Project;

(B) It will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the Project Sponsor against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System;

(C) All insurance policies shall be open to the inspection of the Authority at any reasonable time;
and

(D) All money received by the Project Sponsor as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the Project Sponsor from insurance policies covering the Project may, to the extent necessary, be applied to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be applied to payment of the Note.

SECTION 3.7. Compliance with Governmental Authority. The Project Sponsor shall comply with all environmental laws, rules and other provisions of legal force and effect and all such other provisions which govern the construction or operation of the Project or the System.

SECTION 3.8. Disclosure of Events to Authority. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will submit to the Authority event specific information within

thirty (30) days of an event adversely affecting more than five (5) percent of the Project Sponsor's tax base and any other information which is released to the Municipal Securities Rulemaking Board.

SECTION 3.9. Procurement Requirements. The Project Sponsor shall comply with all procurement requirements of law and, to the extent compliance therewith does not contravene any provision of law applicable to the Project Sponsor, shall comply with the procurement requirements set forth in Appendix "C" hereto.

SECTION 3.10. Inspection and Information. On reasonable notice, the Authority or the Department shall have for its own convenience and benefit, and without obligation to the Project Sponsor or any third party, the right to audit the books and records of the Project Sponsor as they may pertain to or affect the System and this Agreement and to enter upon the premises to inspect the Project. The Project Sponsor shall cause its architects, engineers, contractors and auditors to cooperate during such inspections including making available any documents, records, reports or other materials pertinent to the Project and the inspection. The Project Sponsor shall comply with all reasonable requests by the Authority or the Department for information pertaining to the Project Sponsor's compliance with this Agreement.

SECTION 3.11. Consent to Changes. Without consent of the Authority and Department, the Project Sponsor shall make no modifications or changes to the Project, or allow to continue any defect, which would damage or reduce the value of the Project or the System. The Project Sponsor shall not divide the Project into component projects in order or in effect, so as to defeat the provisions of this Agreement. The Project Sponsor covenants that it shall remain the owner of the Project and agrees that it will not convey, transfer, mortgage or otherwise encumber the Project, the System or the revenues derived therefrom during the term of this Agreement without the express prior written approval of the Authority.

ARTICLE IV

SECURITY

SECTION 4.1. Pledge of Full Faith and Credit; Order of Tax Levy. For the payment of the principal of and interest on the Note as the same shall become due and payable and for the creation of such sinking fund as may be necessary therefor, the full faith, credit and taxing power of the Project Sponsor are hereby irrevocably pledged, and there shall be levied annually by the County Auditor of Kershaw County, and collected by the County Treasurer of Kershaw County, in the same manner as all other ad valorem taxes are levied and collected, a tax without limit on all taxable property in the Kershaw County Sewer District, a special tax district established pursuant to Ordinance No. 92-2007-Sewer enacted by the Project Sponsor on June 12, 2007 (the "*Sewer District*"), sufficient to pay the principal of and interest on the Note as the same shall become due and payable, and to create such sinking fund as may be necessary therefor.

SECTION 4.2. Notice to Levy Tax. The County Auditor shall be notified of the issuance of the Note and directed to levy and collect, or cause to be levied and collected, respectively, upon all taxable property in the Sewer District an annual tax sufficient to meet the payment of the principal of and interest on the Note, as the same shall become due and payable, and to create such sinking fund as may be necessary therefor.

SECTION 4.3. Additional Security. Upon any failure of the Project Sponsor to make any payment to the Authority in accordance with the provisions of the Note and this Agreement, the Authority shall, without further action, require the State Treasurer to pay to the Authority, subject to provisions of the Act, the amount of state appropriations as the Project Sponsor may become entitled to until all delinquent payments under the Note have been paid.

SECTION 4.4. Application of Other Monies. Such levy may be reduced to the extent that, at the time that the annual millage levy for the County is set, the District shall have sufficient revenues or other budgeted funds available to pay the principal of and interest on the Note for each such payment thereof coming due in the upcoming budget year and such moneys have been made available to the Treasurer for all such payments coming due on the Note.

ARTICLE V

EVENTS OF DEFAULT

SECTION 5.1. Events of Default. The following occurrences shall constitute Events of Default hereunder:

(A) The Project Sponsor fails to comply with any of the covenants, terms and conditions made in this Agreement;

(B) The Project Sponsor fails to pay any amount due on the Note at the time and in the manner provided in the Note and this Agreement;

(C) Any representation, warranty or statement made by the Project Sponsor in this Agreement or in connection with it or the Loan shall be or become untrue, incorrect or misleading in any material respect;

(D) The Project Sponsor makes an assignment for benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions for appointment of a receiver or trustee for any substantial part of its property or is the subject of such a petition or commences or has commenced against it or its property (a) any similar proceeding under any bankruptcy law or other debtor-relief or similar law or (b) any foreclosure of any mortgage or similar implementation of a trust indenture or like instrument;

(E) Dissolution of the existence of the Project Sponsor;

(F) Any legal or equitable action is commenced against the Project Sponsor which, if adversely determined, could reasonably be expected to impair substantially the ability of the Project Sponsor to perform each and every obligation under this Agreement;

(G) Construction of the Project is not carried out with reasonable dispatch, ceases and is not resumed for forty-five (45) days or is abandoned; and

(H) The Authority reasonably suspects the occurrence of any default or Event of Default by the Project Sponsor, and following request by the Authority, the Project Sponsor fails to provide evidence reasonably satisfactory to the Authority that such default or Event of Default has not in fact occurred.

ARTICLE VI

REMEDIES

SECTION 6.1. Remedies and Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, the Authority may proceed forthwith to protect and enforce its rights by such suits, actions or proceedings as the Authority shall deem expedient, including but not limited to:

(A) Requiring the Project Sponsor to carry out its duties and obligations under the terms of this Agreement and under the Act;

(B) Suit upon all or any part of the Note;

(C) Civil action to require the Project Sponsor to account as if it were the trustee of an express trust for the Authority;

(D) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; and

(E) Enforcement of any other right of the Authority including the right to require the levy and collection of sufficient taxes to provide for the payment of all amounts due for payment of the Note, as the same shall become due.

SECTION 6.2. Remedies Not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing at law or in equity or by statute (including the Act) on or after the date hereof.

SECTION 6.3. Termination of Proceedings. In case any proceeding taken by the Authority on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority, the Authority and the Project Sponsor shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Authority shall continue as if no such proceeding had been taken.

ARTICLE VII

SPECIAL REVOLVING FUND PROVISIONS

SECTION 7.1. Compliance. The Project Sponsor agrees that no date reflected in this Agreement, or in the project completion schedule, or extension of any such date, shall modify any compliance date established in a National Pollutant Discharge Elimination System permit (the "**NPDES Permit**"). It is the Project Sponsor's obligation to request any required modification of applicable permit terms or other enforceable requirements.

SECTION 7.2. Standard Conditions. The Project Sponsor acknowledges and agrees to comply with the following Federal and/or State requirements:

(A) The Project Sponsor shall provide access to the Project work whenever it is in preparation or progress and provide proper facilities for access and inspection. The Project Sponsor shall allow the Regional Administrator of the Environmental Protection Agency, the Comptroller General of the United States, the Department and the Authority, or any authorized representative, to have access to any books, documents, plans, reports, papers, and other records of the contractor which are pertinent to the Project for the purpose of making audit, examination, excerpts, copies, and transcriptions.

(B) Pursuant to requirements of the Federal Water Pollution Control Act, as amended on June 10, 2014 (the "**Federal Act**"), the Project Sponsor shall comply with the Davis-Bacon Act and certify that all laborers and mechanics employed by prime contractors and subcontractors are paid wages at rates not less than those listed on the prevailing wage rate contained in the Project's contract documents and that all applicable provisions of the Davis-Bacon Act have been met. The Project Sponsor shall require the prime contractor to comply with the Davis-Bacon Act. See Attachment #1.

(C) The Project Sponsor shall not presently be debarred for noncompliance with Federal Law and shall not award contracts to any firm that is presently debarred for noncompliance with Federal Law where the contract amount equals or exceeds the federal small purchase procurement threshold.

(D) The Project shall comply with "American Iron and Steel" provisions, as set forth in the Federal Act and related American Iron and Steel implementation guidance requiring that all of the iron and steel products used in the Project be produced in the United States unless a waiver is granted by the U.S. Environmental Protection Agency. The Project Sponsor shall require all bidders to comply with the American Iron and Steel provisions.

(F) Pursuant to requirements of Section 603(d)(1)(E) of the Federal Act, the Project Sponsor of a project involving the repair, replacement or expansion of a publicly owned treatment works shall develop and implement a fiscal sustainability plan ("**FSP**") or certify that it has developed and implemented such a plan. Sponsors with an existing and implemented FSP shall certify to that effect before the loan closing date. Sponsors developing an FSP must submit a certification that an FSP has been developed, and will be implemented, by the date of the final loan disbursement.

ARTICLE VIII

GENERAL CONDITIONS

SECTION 8.1. No Waiver. No disbursements shall waive any provision of this Agreement or the Note or preclude the Authority from declaring a default if the Project Sponsor is unable to satisfy any such provisions or perform hereunder.

SECTION 8.2. Satisfactory Proceedings. All proceedings taken in connection with transactions provided for in this Agreement shall be satisfactory to the Authority.

SECTION 8.3. Evidence. Any condition of this Agreement which requires a submission of evidence of the existence or nonexistence of facts shall imply as a condition the existence or nonexistence, as the case may be, of such fact or facts, and the Authority shall, at all times, be free independently to establish to its satisfaction and in its absolute discretion such existence or nonexistence.

SECTION 8.4. No Beneficiaries. All conditions of the obligations of the Authority to make disbursements are imposed solely and exclusively for its benefit, its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or to assume that the Authority will refuse to make disbursements in the absence of strict compliance. No person shall be deemed the beneficiary of any such conditions or any other provisions of this Agreement.

SECTION 8.5. Review and Inspection of Work. Any audit or review of plans and specifications and any inspection of the work shall be for the convenience of the Authority and Department only in order to determine that they are within the approved scope of the Project. No such review and inspection, approvals and disapprovals shall be an undertaking by the Authority or Department of responsibility for design or construction.

SECTION 8.6. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail to the other party hereto, with instruction to show to whom delivered and return receipt requested addressed as follows:

If to the Project Sponsor:

Kershaw County
515 Walnut Street
Camden, South Carolina 29020

Attention: County Administrator

If to the Authority:

South Carolina Water Quality Revolving Fund
Authority
c/o Office of Local Government - SRF
South Carolina Rural Infrastructure Authority
1201 Main Street
Suite 1600
Columbia, South Carolina 29201

Attention: Patricia A. Comp

Each party may notify the other by the same process of any change of such address. Loan requests and disbursements and other routine loan administration may be conducted by regular mail.

SECTION 8.7. No Joint Venture, Etc. The Authority is not a partner, joint venturer, or in any other way a party to the Project or the operation of the System of the Project Sponsor. The Authority shall not be in any way liable or responsible by reason of the provisions hereof, to the Project Sponsor or any third party, for the payment of any claims in connection therewith.

SECTION 8.8. Assignment. This Agreement may not be assigned by the Project Sponsor without the prior written consent of the Authority. The Authority may assign the Note and this Agreement, and any such holder and assignee of same shall succeed to and be possessed of the same rights as the Authority under both to the extent so transferred or assigned.

SECTION 8.9. Entire Agreement. This Agreement and the Note contain the entire terms of this Agreement and transaction. They may not be changed, waived or discharged in whole or in part, except by written instrument executed by the party sought to be charged therewith.

SECTION 8.10. Continuity. This Agreement shall be binding upon the legal representatives, successors and assigns of each party and shall inure to their benefit; provided, however, that nothing herein said shall be deemed to limit any restriction on assignment impressed upon the Project Sponsor.

SECTION 8.11. South Carolina Contract. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 8.12. Limitations on Actions by Project Sponsor. No action shall be commenced by the Project Sponsor against the Authority for any claim under this Agreement unless notice thereof specifically setting forth the claim shall have been given to the Authority within thirty (30) days after the occurrence of the event or omission which the Project Sponsor alleges gave rise to such claim. Failure to give such notice shall constitute a waiver of any such claim. Liability of the Authority to the Project Sponsor for any breach of the terms of this Agreement shall not exceed a sum equal to the amount which the Authority shall have failed to disburse in consequence of a breach by the Authority of its obligations under this Agreement. Upon the making of any such payment by the Authority to the Project Sponsor, it shall be treated as a disbursement under this Agreement.

SECTION 8.13. Counterparts. This Agreement is executed in two counterparts, which are separately numbered, but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

SECTION 8.14. Appendices. The appendices attached to this Agreement are a part of it.

SECTION 8.15. Special Conditions. The Statements of Special Conditions in Appendix "D" shall govern the matters they address.

SECTION 8.16. Time of Essence. Time is of the essence of this Agreement.

SECTION 8.17. Severability. If any provision of this Agreement, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, any remaining provisions of this Agreement shall survive and be applied, and together with the invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

IN WITNESS WHEREOF, the Project Sponsor and the Authority have caused these presents to be signed, sealed and delivered all as of the date hereof.

KERSHAW COUNTY

(SEAL)

By: [Signature]
Name: Julian Burnus Jr.
Title: Chairman

Attest:

[Signature]

Its Clerk to Council

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By: _____

Bonnie Ammons, Director,
Office of Local Government,
South Carolina Rural Infrastructure Authority

SCOPE OF WORK

Project Sponsor: Kershaw County

Project Name: Chlorine Chamber Improvements and Lab/Operations Building

Loan Number: X1-177-16-587-06

Upgrade of the existing wastewater treatment plant by installing two (2) 180 gallon per minute submersible pumps at the chlorine contact chamber, approximately 200 linear feet (LF) of 4-inch DIP force main, 550 LF of 1.5-inch PVC force main, and constructing a lab/operations building.

PROJECT BUDGET

Project Sponsor: Kershaw County

Project Name: Chlorine Chamber Improvements and Lab/Operations Building

Loan Number: X1-177-16-587-06

<u>ITEM</u>	<u>SRF LOAN</u>	<u>PROJECT SPONSOR</u>	<u>TOTAL ELIGIBLE COSTS</u>
Construction	\$600,000	\$138,940	\$738,940
%	81.20%	18.80%	
Total	\$600,000	\$138,940	\$738,940

SUBJECT TO REVISION PRIOR TO CLOSING

PROJECT SCHEDULE

Project Sponsor: Kershaw County

Project Name: Chlorine Chamber Improvements and Lab/Operations Building

Loan Number: X1-177-16-587-06

ACTION

DATE

Bid Opening

October 20, 2016

Contract Execution

December 20, 2016

Notice to Proceed

December 20, 2016

Start of Construction

January 4, 2017

DHEC Permit to Operate

June 6, 2017

SUBJECT TO REVISION PRIOR TO CLOSING

REPAYMENT SCHEDULE

Project Sponsor: Kershaw County

Project Name: Chlorine Chamber Improvements and Lab/Operations Building

Loan Number: X1-177-16-587-06

Loan Amount: \$600,000

Payment Initiation Date: July 1, 2017

Interest Rate: 1.40% per annum

First Payment Due Date: October 1, 2017

- (1) Prior to the Payment Initiation Date, amounts disbursed shall bear interest from the date of the Authority's check for each disbursement and accrued interest only shall be due on the Payment Initiation Date.
- (2) Repayment of the principal and interest shall be due in 20 installments, commencing on the first day of the third month after the month of the Payment Initiation Date and continuing quarterly on the first day of each third month thereafter.
- (3) Repayment shall be in 19 equal installments in the amount of Thirty-One Thousand One Hundred Fourteen and 70/100 Dollars (\$31,114.70) each, and one final installment in the amount of Thirty-One Thousand One Hundred Fourteen and 65/100 Dollars (\$31,114.65).

SUBJECT TO REVISION PRIOR TO CLOSING

LOAN CLOSING FEE

Project Sponsor: Kershaw County

Project Name: Chlorine Chamber Improvements and Lab/Operations Building

Loan Number: X1-177-16-587-06

Loan Amount: \$600,000

.25% Loan Closing Fee: \$1,500

The Loan Closing Fee identified above shall be due and paid at the time of delivery of the Loan Agreement, Note and other required Loan closing documents. Such fee is not reimbursable through the Loan.

SUBJECT TO REVISION PRIOR TO CLOSING

Project Sponsor: Kershaw County

Loan Number: X1-177-16-587-06

PROCUREMENT REQUIREMENTS

Recycled Funds

- I. Prior to construction contract award, the Project Sponsor shall:
 - A. Advertise the Project for a minimum of thirty (30) days in advance of bid opening using at least one of the following methods:
 1. Local newspapers of general circulation.
 2. Statewide or regional newspapers of general circulation.
 3. The South Carolina Business Opportunities (SCBO).
 - B. Modify bid documents only by written addenda, which require prior Department approval.
 - C. Hold a public bid opening.
 - D. Utilize competitive sealed construction bids.
 - E. Require at least a five percent (5%) bid bond or certified check.
 - F. Require one hundred percent (100%) payment and performance bonds.
 - G. Require the contractor, during construction, to provide fire, extended coverage, vandalism and malicious mischief insurance equal to the actual value of the insured property.
 - H. Follow, and require the prime contractor to follow, Davis-Bacon and Related Acts provisions.
 - I. Follow, and require the prime contractor to follow, American Iron and Steel Provisions.
 - J. If other funding sources are included which have stricter bidding requirements or if applicable Federal, State or local laws or ordinances have stricter requirements, these stricter requirements govern.
 - K. After bid opening, provide the Department with the following:
 1. Project Construction Summary For Recycled Projects (DHEC Form #1295).
 2. A certified copy of the advertisement with date(s) of publication.
 3. Detailed bid tabulation certified by Project Sponsor's engineer.
 4. Proposal of successful bidder(s).
 5. Bid bond with associated Power of Attorney.
 6. Engineer's award recommendation of low bidder(s) to Project Sponsor. If the award is recommended to other than the low bidder(s), provide justification for decision.
 7. Certified copy of Project Sponsor's tentative award resolution listing the proposed contractor(s) and contractor amount(s).
 8. Davis-Bacon wage rate(s) used in bidding the project.
 9. A copy of the proposed prime contractor's Bidders American Iron and Steel Certification (DHEC Form 2556).
 10. Certification Regarding Debarment, Suspension and Other Responsibility Matters (DHEC Form #3590) from the proposed prime contractor(s) and all subcontractors whose contract amount is expected to exceed \$25,000.

11. Project Inspection Designation Form (DHEC Form #2324), with all required attachments, indicating the selected method of providing continuous inspection during construction.
 - L. Receive Department approval to award the construction contract(s).
- II. Subsequent to construction contract award, the Project Sponsor shall submit the following to the Department as proof of compliance with procurement requirements:
 - A. Executed contract documents.
 - B. Notice to Proceed.
 - C. Monthly Construction Inspection Reports.
 - D. Davis-Bacon Certification (DHEC Form #2557) with each draw request.
 - E. American Iron and Steel Certification (DHEC Form #0962) with each draw request.
 - III. Subsequent to contract award, the Project Sponsor shall submit the following, for Department review and approval, on any proposed change orders:
 - A. Need for the change.
 - B. Clear description of the change.
 - C. Cost and pricing data.
 - D. Documentation of negotiation.
 - E. For claims, information showing the claim did not result from the Project Sponsor's or contractor's mismanagement.

SPECIAL CONDITIONS

Project Sponsor: Kershaw County

Project Name: Chlorine Chamber Improvements and Lab/Operations Building

Loan Number: X1-177-16-587-06

None

COUNTY OF KERSHAW

**PROMISSORY NOTE TO SOUTH CAROLINA
WATER QUALITY REVOLVING FUND AUTHORITY FOR
SOUTH CAROLINA WATER POLLUTION CONTROL
REVOLVING FUND LOAN**

KERSHAW COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION BOND, SERIES 2017

FOR VALUE RECEIVED, Kershaw County (the "*Project Sponsor*") promises to pay to the order of the South Carolina Water Quality Revolving Fund Authority (the "*Authority*") the principal sum owing from time to time by the Project Sponsor pursuant to, and in accordance with, the Agreement (the "*Agreement*"), the terms of which are incorporated herein by reference, between the Project Sponsor and the Authority relating to Loan Number X1-177-16-587-06, Chlorine Chamber Improvements and Lab/Operations Building, principal sum, rate of interest and amount and due date of payments thereunder being set forth in Appendix "B" to the Loan Agreement. The records of the Authority with respect to the date and amount of payments on this Note shall be conclusive as to such matters. Interest shall be computed on a three hundred sixty-five-day year basis and compounded annually; the principal of this Note and any installment thereof shall bear interest until paid in full.

Time is of the essence of this Note.

The Project Sponsor may prepay the outstanding principal balance of this Note in whole or in part together with any accrued interest thereon at any time without penalty or premium; all such prepayments shall be applied against principal installments due on this Note in the inverse order of the maturity dates thereof.

All payments of principal and interest shall be made in money of the United States at the office of the Authority in Columbia, South Carolina, or at such place as the Authority may designate in writing, and shall be made in funds immediately available in Columbia, South Carolina.

The Project Sponsor agrees to pay at the time any such late payment hereunder is made a late charge of three percent (3%) of any payment not made on or before the tenth day of the month in which such payment is due. Interest which accrues after maturity of this Note or after its earlier acceleration shall be due and payable upon demand.

Payments shall be applied first to any late charge, then to interest, then to principal. There is no intent for any payment to exceed any legal limit on interest, if any such legal limit applies. If an excess sum occurs, it shall be applied to principal unless the Project Sponsor elects its return in writing.

For the prompt payment of both the principal of and interest on this Note, as the same shall become due, the full faith, credit and taxing power of the Project Sponsor are irrevocably pledged.

The failure of the Project Sponsor to make any payment of principal or interest or both shall not constitute a default until thirty (30) days following the due date but the Authority shall have no obligation to give the Project Sponsor notice of any failure to make such payments. Upon any such payment default, the Authority shall immediately avail itself of the provisions of Section 4.3 of the Agreement relating to additional security for payment of amounts due on this Note.

The Project Sponsor waives presentment for payment, demand, protest, and notice of non-payment. Neither a failure to accelerate for default nor acceptance of a past due installment shall be a novation of this Note or constitute a waiver of the right to insist upon strict compliance with it and any related agreements and documents.

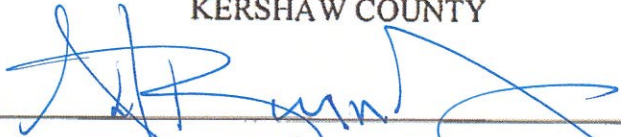
The Project Sponsor shall pay all costs of collection, including but not limited to reasonable attorney's fees if the Authority endeavors to collect this Note in any manner through an attorney at law. The rights and remedies of the Authority provided in this Note are cumulative and not exclusive of any other rights and remedies afforded the Authority by law or by any other document.

This Note shall be governed by and construed and interpreted in accordance with the laws of the State of South Carolina.

IN WITNESS WHEREOF, the Project Sponsor has caused this Note to be executed under its seal and to be registered in the name of the South Carolina Water Quality Revolving Fund Authority as of this 10th day of January, 2017.

[SEAL]

KERSHAW COUNTY

By: 

Typed Name: Julian Burns, Jr.

Title: Chairman, County Council of Kershaw County,
South Carolina

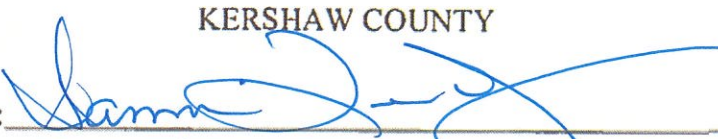
Attest:



Its: Clerk

Pursuant to Ordinance No. 300.2017 and in further witness hereof, I, the undersigned Vice-Chairman of the Kershaw County Council, acknowledge that this Note has been executed under the seal of Kershaw County and registered in the name of the South Carolina Water Quality Revolving Fund Authority as of this 10th day of January, 2017.

KERSHAW COUNTY

By: 

Typed Name: Sammie Tucker, Jr.

Title: Vice-Chairman, County Council of Kershaw County,
South Carolina

Davis-Bacon Wage Rates Required Under Federal Clean Water Act
For Subrecipients (Project Sponsors)

1. Applicability of the Davis-Bacon (DB) Prevailing Wage Requirements

Under the Federal Clean Water Act, as amended on June 10, 2014, DB prevailing wage requirements were permanently applied to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by a State drinking water revolving loan fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations

- (a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.
- (i) While the solicitation remains open, the subrecipient shall monitor www.wdol.gov weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.
- (ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The subrecipient shall monitor www.wdol.gov on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.
- (b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from www.wdol.gov into the ordering instrument.
- (c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.
- (d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract Provisions

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$2,000. Available from the Department.

4. Contract Provisions for Contracts in Excess of \$100,000

Refer to Appendix A: Mandatory Supplemental General Conditions For The South Carolina State Revolving Fund Program that must be included in all bid documents and contracts over \$100,000. Available from the Department.

5. Compliance Verification

- (a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.
- (b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
- (c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
- (d) The subrecipient shall periodically review contractors and subcontractor's use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.
- (e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/esa/contacts/wld/america2.htm>.

NOTICE OF SALE AND ACTION

NOTICE IS HEREBY GIVEN, that the County Council of Kershaw County, South Carolina, the governing body of Kershaw County, South Carolina (the "County"), did enact an ordinance entitled, "AN ORDINANCE APPROVING THE FINANCING OF CERTAIN SEWER SYSTEM IMPROVEMENTS IN KERSHAW COUNTY, SOUTH CAROLINA THROUGH THE BORROWING OF NOT EXCEEDING SEVEN HUNDRED THOUSAND DOLLARS (\$700,000), PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN KERSHAW COUNTY AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM KERSHAW COUNTY TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; PROVIDING FOR THE LEVY AND COLLECTION OF PROPERTY TAXES FOR THE PAYMENT OF SUCH NOTE; AND OTHER MATTERS RELATING THERETO" on January 10, 2017 (the "Bond Ordinance").

Persons affected by Bond Ordinance may object to such action by following the procedures provided in Section 11-27-40(8) of the Code of Laws of South Carolina, 1976, as amended.

The County has obtained a commitment for a loan from the South Carolina Water Quality Revolving Fund Authority (the "Authority"); the loan will be sold in a private sale transaction to the Authority. The commitment to repay the loan shall be memorialized in a note payable to the Authority from the County in the amount of \$600,000, plus capitalized interest, if any. The principal due and owing on the loan which bears an interest rate of 1.40% per annum and which matures over a period of 5 years.