
STATE OF SOUTH CAROLINA

)

ORDINANCE NO. 2015-1368

COUNTY OF LANCASTER

)

)

AN ORDINANCE

TO AUTHORIZE AND PROVIDE FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$12,000,000 PRINCIPAL AMOUNT WALNUT CREEK IMPROVEMENT DISTRICT ASSESSMENT REFUNDING REVENUE BONDS, SERIES 2015A-1; TO LIMIT THE PAYMENT OF THE BONDS SOLELY TO THE ASSESSMENTS IMPOSED ON CERTAIN DESIGNATED PARCELS WITHIN THE WALNUT CREEK IMPROVEMENT DISTRICT; TO PROVIDE FOR THE EXECUTION OF A MASTER TRUST INDENTURE, FIRST SUPPLEMENTAL INDENTURE THERETO, CONTRACT OF PURCHASE AND OTHER RELATED DOCUMENTS FOR THE SERIES 2015A-1 BONDS, AND AN AMENDED AND RESTATED MASTER TRUST INDENTURE AND ONE OR MORE SUPPLEMENTS THERETO RELATED TO THE SERIES 2006 BONDS; TO MAKE OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING; AND TO PROVIDE FOR OTHER MATTERS RELATING THERETO

Be it ordained by the Council of Lancaster County, South Carolina:

Section 1. Definitions.

The terms defined in this Section for all purposes of this ordinance shall have the respective meanings as set forth in this Section. Any capitalized terms not defined herein shall have the meaning given such term in the 2006 Amended and Restated Indenture or 2015A-1 Indenture as defined herein, as the context requires. The term:

“2006 Amended and Restated Indenture” means the Amended and Restated Master Trust Indenture dated such date as may be determined by the Chairman of Council and the County Administrator, between the County and the Trustee, which amends and restates the Original Master Indenture in its entirety, as the same may be amended and supplement from time to time.

“2015A-1 Indenture” means the 2015A-1 Master Trust Indenture, as supplemented by the 2015A-1 First Supplemental Indenture.

“2015A-1 First Supplemental Indenture” means the First Supplemental Trust Indenture dated such date as may be determined by the Chairman of Council and the County Administrator, between the County and the Trustee, pursuant to which the Series 2015A-1 Bonds will be issued.

"2015A-1 Master Trust Indenture" means the Master Trust Indenture dated such date as may be determined by the Chairman of Council and the County Administrator, between the County and the Trustee.

"Act" means the County Public Works Improvement Act, codified as Chapter 35 of Title 4 of the Code of Laws of South Carolina 1976, as amended and the Revenue Bond Act for Utilities, codified as Chapter 21 of Title 6 of the Code of Laws of South Carolina 1976, as amended.

"Administrative Expenses" means the reasonable and necessary expenses, directly or indirectly, incurred by the County with respect to the Improvement District, the 2006 Amended and Restated Indenture or the 2015A-1 Indenture, as applicable, or any supplemental indenture to either of the foregoing, including but not limited to costs of imposing and collecting Assessments (including the commissions, fees, expenses and any other charges of the Assessment Consultant, Assessor, Auditor and Treasurer (as such terms are defined in the 2006 Amended and Restated Indenture or 2015A-1 Indenture, as applicable) and the County's finance department personnel), and costs, fees and expenses of consultants, appraisers, engineers, legal counsel or the Trustee, Registrar or Paying Agent (as such terms are defined in the 2006 Amended and Restated Indenture or 2015A-1 Indenture, as applicable).

"Assessment" means an assessment imposed under the Act.

"Assessment A-1" means an Assessment A related to Bond Area 1, as contemplated by Assessment Roll A-1.

"Assessment A-2" means an Assessment A related to Bond Area 2, as contemplated by Assessment Roll A-2.

"Assessment A-3" means an Assessment A related to Bond Area 3, as contemplated by Assessment Roll A-3.

"Assessment Roll A-1" means the Assessment Roll A for Bond Area 1 originally dated December 14, 2015, filed in the office of the Clerk of Court for the County, as amended and supplemented from time to time.

"Assessment Roll A-2" means the Assessment Roll A for Bond Area 2 originally dated December 14, 2015, filed in the office of the Clerk of Court for the County, as amended and supplemented from time to time.

"Assessment Roll A-3" means the Assessment Roll A for Bond Area 3 originally dated December 14, 2015, filed in the office of the Clerk of Court for the County, as amended and supplemented from time to time.

"Bond Area 1" means the parcels identified in the Assessment Roll A-1, which are and will be subject to Assessment A-1.

"Bond Area 2" means the parcels identified in the Assessment Roll A-2, which are and will be subject to Assessment A-2.

"Bond Area 3" means the parcels identified in the Assessment Roll A-3, which are and will be subject to Assessment A-3.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations thereunder.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated such date as may be determined by the Chairman of Council and the County Administrator, between the County and the Dissemination Agent.

“Contract of Purchase” means the Contract of Purchase between the Underwriter and the County.

“Council” means the Lancaster County Council.

“County” means Lancaster County, South Carolina.

“Dissemination Agent” means the dissemination agent appointed by the County pursuant to the Continuing Disclosure Agreement.

“Improvement District” means the Walnut Creek Improvement District (formerly known as the Edenmoor Improvement District) created by the Council under the Act pursuant to the Improvement District Ordinance.

“Improvement District Ordinance” means Ordinance No. 713 of the Council, as amended by Ordinance No. 2015-1367 of the Council, wherein the Improvement District was created and the Assessments are authorized to be imposed and collected, as may be amended from time to time.

“Improvements” mean the planning, financing, acquisition, construction, equipping and installation of water and wastewater facilities, a stormwater management system, roads and roadway improvements, a recreational area and facilities, a combined Sheriff and EMS substation and related equipment, and such other improvements as allowed under the terms of the Act and as may be approved by the County Council, pursuant to the Act for the special benefit of the District as further described in the Improvement Plan.

“Improvement Plan” means the Walnut Creek Improvement Plan (formerly known as the Edenmoor Improvement Plan) approved by the Council pursuant to the Improvement District Ordinance.

“Original Master Indenture” means the Master Trust Indenture dated as of June 1, 2006, as heretofore amended and supplemented by the First Supplemental Trust Indenture dated as of June 1, 2006 and the Second Supplemental Trust Indenture dated April 15, 2013, each between the County and the Trustee.

“Series 2006 Bonds” means the Series 2006A Bonds and the Series 2006B Bonds.

“Series 2006A Bonds” means the \$24,115,000 original principal amount Lancaster County, South Carolina, Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A, which are presently outstanding in the principal amount of \$22,325,000.

“Series 2006B Bonds” means the \$11,500,000 original principal amount Lancaster County, South Carolina, Edenmoor Improvement District Assessment Revenue Bonds, Series 2006B, which are presently outstanding in the principal amount of \$2,280,000.

"Series 2015A-1 Bonds" means the not to exceed \$12,000,000 principal amount Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2015A-1, to be issued to refinance such portion of the outstanding Series 2006A Bonds and to be dated such date as may be determined by the Chairman of Council and the County Administrator with advice from the County Attorney.

"Underwriter" means Raymond James and Associates, Inc., as underwriter for the Series 2015A-1 Bonds.

Section 2. Findings and Determinations.

The Council hereby finds and determines:

(a) Pursuant to Section 4-9-10, Code of Laws of South Carolina 1976, as amended (the "S.C. Code"), the Council/Administrator form of government was selected and the Council constitutes the governing body of the County.

(b) Article X, Section 14 of the Constitution of the State of South Carolina 1896, as amended (the "Constitution") provides in part that the County may incur indebtedness payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license.

(c) Pursuant to the Act, the County is authorized to acquire, own, construct, establish, enlarge, improve, expand, operate, maintain and repair, and sell, lease, and otherwise dispose of an improvement and to finance and refinance the acquisition, construction, establishment, enlargement, improvement, expansion, operation, maintenance and repair, in whole or in part, by the imposition of assessments through the issuance of special district bonds of the county, general obligation bonds of the county, or revenue bonds of the county, from general revenues from any source not restricted from that use by law, or by a combination of the funding sources.

(d) Pursuant to the Act, the County has adopted the Improvement District Ordinance wherein Assessments are authorized to be imposed and collected within the Improvement District (including particularly Assessment A-1 related solely to the parcels within Bond Area 1, as contemplated by Assessment Roll A-1, Assessment A-2 related solely to the parcels within Bond Area 2, as contemplated by Assessment Roll A-2 and Assessment A-3 related solely to the parcels within Bond Area 3, as contemplated by Assessment Roll A-3, as applicable).

(e) Pursuant to the Act, the County has heretofore issued the Series 2006 Bonds, all of which are presently held by Edenmoor Acquisition LLC ("Edenmoor Acquisition"), and the County now desires to issue the Series 2015A-1 Bonds for the purpose of (1) refinancing such portion of the outstanding Series 2006A Bonds, as may be determined by the Chairman of Council and the County Administrator (the "Refunded 2006A Bonds"), (2) funding a debt service reserve fund (if any) established for the Series 2015A-1 Bonds, in such amount as may be determined by the Chairman of Council and the County Administrator, and (3) paying certain costs of issuance related to the Series 2015A-1 Bonds, including premiums for bond insurance policies or surety bonds.

(f) In connection with the foregoing, it is proposed that the County issue the 2015A-1 Bonds pursuant to the 2015A-1 Indenture and execute the 2006 Amended and Restated Indenture, such that the revenues generated from the imposition and collection of Assessment A-1 will only secure the payment of the Series 2015A-1 Bonds and Administrative Expenses directly or indirectly attributable to Bond Area 1,

and such revenues will not be pledged for the benefit of or secure any other Bonds (as presently defined in the Original Master Trust Indenture) presently outstanding under the Original Master Indenture or thereafter issued pursuant to the 2006 Amended and Restated Indenture, including the Series 2006A Bonds remaining outstanding after the issuance of the Series 2015A-1 Bonds (all of which will be initially held by Edenmoor Acquisition) or any other Bonds issued thereunder to refinance such Series 2006A Bonds (collectively, the "Remaining 2006A Bonds"), and the Series 2006B Bonds. The County will additionally assign its interest in certain funds created pursuant to the 2015A-1 Indenture to the Trustee for the benefit of the owners of the Series 2015A-1 Bonds.

(g) It is contemplated that (1) in connection with the County's execution of the 2006 Amended and Restated Indenture, Edenmoor Acquisition (as holder of the Remaining 2006A Bonds and the Series 2006B Bonds) will provide its written consent thereto, and (2) contemporaneous with the issuance of the Series 2015A-1 Bonds for the purposes described in paragraph (e) above, the Remaining 2006A Bonds will be exchanged for other Series 2006A Bonds which, together with Administrative Expenses directly or indirectly attributable to Bond Area 2 and Bond Area 3, as contemplated by Assessment Roll A-2 and Assessment Roll A-3, respectively, are secured and payable solely from the revenues generated from the imposition and collection of Assessment A-2 and Assessment A-3, respectively, and other funds created pursuant to the 2006 Amended and Restated Indenture for the benefit of the owners of the Remaining 2006A Bonds.

(h) There have been filed with the Clerk to Council forms of the 2015A-1 Master Trust Indenture, 2015A-1 First Supplemental Trust Indenture, 2006 Amended and Restated Indenture, Contract of Purchase, Preliminary Limited Offering Memorandum and Continuing Disclosure Agreement. The Council finds, however, that certain changes in said documents may be needed prior to the completion of this transaction such that it will be in the best interest of the County to delegate to the Chairman of Council, the County Administrator and the County Attorney, or any one of them, the legal authority to determine those matters including the authority to approve the final form of the documents necessary to effectuate the issuance of the Bonds.

Section 3. Approval of Transaction.

The Council does hereby approve (a) the issuance of the Series 2015A-1 Bonds pursuant to the 2015A-1 Indenture, and the use of the proceeds of the issuance of the Series 2015A-1 Bonds for the purposes described in Section 2(e) above; (b) the pledge and application of the revenues generated from the imposition and collection of Assessment A-1 and other funds created pursuant to the 2015A-1 Indenture for the benefit of the owners of the Series 2015A-1 Bonds for payment of the Series 2015A-1 Bonds and Administrative Expenses directly or indirectly attributable to Bond Area 1; (c) the execution of the 2006 Amended and Restated Indenture and the exchange of Series 2006A Bonds for the Remaining 2006A Bonds and Series 2006B Bonds for outstanding Series 2006B Bonds pursuant to the 2006 Trust Indenture as described herein; and (d) the pledge and application of the revenues generated from the imposition and collection of Assessment A-2 and Assessment A-3, and other funds created pursuant to the 2006 Amended and Restated Indenture for the benefit of the owners of the Remaining 2006A Bonds, for payment of the Remaining 2006A Bonds and Administrative Expenses directly or indirectly attributable to Bond Area 2 and Bond Area 3, as contemplated by Assessment Roll A-2 and Assessment Roll A-3, respectively; provided, however, that nothing in this ordinance is intended to amend, modify or change the terms of the Remaining 2006A Bonds (other than the outstanding principal amount thereof) or Series 2006B Bonds or the Assessments imposed within the Improvement District to secure the payment of the Series 2006B Bonds (e.g., Assessment B as identified in the Assessment Roll B, including the Rate and Method of Apportionment of Assessments,

originally dated January 30, 2006, as corrected and confirmed by County, filed in the office of the Clerk of Court for the County, as amended and supplemented from time to time).

Section 4. Approval of 2015A-1 Master Trust Indenture and 2015A-1 First Supplemental Indenture and Delegation of Authority.

The form, terms and provisions of the 2015A-1 Master Trust Indenture and 2015A-1 First Supplemental Indenture, copies of which are attached hereto as Exhibits A and B and filed with the Clerk to Council, be and hereby are approved. The Chairman of the Council is hereby authorized, empowered and directed to execute, acknowledge and deliver, and the Clerk to Council is hereby authorized, empowered and directed to attest the 2015A-1 Master Trust Indenture and 2015A-1 First Supplemental Indenture, with such changes or revisions as are permitted hereby, in the name of and on behalf of the County. The Chairman of the Council and the County Administrator with advice from the County Attorney are hereby delegated the authority to approve such changes in the form, terms and provisions of the 2015A-1 Master Trust Indenture and 2015A-1 First Supplemental Indenture as may be necessary or advisable in connection with the transactions contemplated hereby and thereby. The Chairman's execution and delivery of the 2015A-1 Master Trust Indenture and 2015A-1 First Supplemental Indenture shall constitute conclusive evidence of approval of any and all changes or revisions therein from the form of the 2015A-1 Master Trust Indenture and 2015A-1 First Supplemental Indenture attached hereto as Exhibits A and B. Any amendments to the 2015A-1 Master Trust Indenture and 2015A-1 First Supplemental Indenture shall be executed in the same manner.

Section 5. Approval of 2006 Amended and Restated Indenture and Amendments or Supplements Thereto and Delegation of Authority.

The form, terms and provisions of the 2006 Amended and Restated Indenture, a copy of which is attached hereto as Exhibit C and filed with the Clerk to Council, be and hereby is approved. The Chairman of Council is hereby authorized, empowered and directed to execute, acknowledge and deliver, and the Clerk to Council is hereby authorized, empowered and directed to attest the 2006 Amended and Restated Indenture (including any amendments or supplements thereto), with such changes or revisions as are permitted hereby, in the name of and on behalf of the County. The Chairman of Council and the County Administrator with advice from the County Attorney are hereby delegated the authority to approve such changes in the form, terms and provisions of the 2006 Amended and Restated Indenture and to approve the form of any amendments or supplements thereto as may be necessary or advisable in connection with the transactions contemplated hereby and thereby. The Chairman's execution and delivery of the 2006 Amended and Restated Indenture shall constitute conclusive evidence of approval of any and all changes or revisions therein from the form of the 2006 Amended and Restated Indenture attached hereto as Exhibit C.

Section 6. Continuation of Revenue Fund.

There is hereby continued and established an enterprise fund in the County's budget and accounting system for the purpose of accounting for all Assessments levied and collected with respect to the Improvement District. This fund shall be known as the "Walnut Creek Revenue Fund" (formerly known as the "Edenmoor Revenue Fund") and all Assessments levied and collected shall be deposited into such Revenue Fund and as such shall be disbursed according to the provisions of the 2015A-1 Indenture and the 2006 Amended and Restated Indenture; provided, however, that Assessments of a particular type (e.g., Assessment A or Assessment B) or Assessments related to a particular Bond Area (e.g., Assessment A-1, Assessment A-2 or Assessment A-3) shall not be commingled with one another.

Section 7. Approval of Contract of Purchase and Delegation of Authority.

The form, terms and provisions of the Contract of Purchase, a copy of which is attached hereto as Exhibit D and filed with the Clerk to Council, be and hereby is approved. The County Administrator is hereby authorized, empowered and directed to execute, acknowledge and deliver the Contract of Purchase, with such changes or revisions as are permitted hereby, in the name of and on behalf of the County. The County Administrator with advice from the County Attorney is hereby authorized to approve such changes in the form, terms and provisions of the Contract of Purchase as may be necessary or advisable in connection with the transactions contemplated hereby and thereby. The County Administrator's execution and delivery of the Contract of Purchase shall constitute conclusive evidence of approval of any and all changes or revisions therein from the form of the Contract of Purchase attached hereto as Exhibit D. Any amendments to the Contract of Purchase shall be executed in the same manner.

Section 8. Approval of Preliminary Limited Offering Memorandum and Delegation of Authority.

The distribution of the Preliminary Limited Offering Memorandum in substantially the form attached hereto as Exhibit E (the "Preliminary LOM") and filed with the Clerk to Council, be and hereby is approved for distribution by the Underwriter and the Final Limited Offering Memorandum in substantially the form of the Preliminary LOM (the "Final LOM") is hereby approved for distribution by the Underwriter. The Chairman of the Council and the County Administrator with advice from the County Attorney are hereby delegated the authority to approve such changes in the form, terms and provisions of and to execute and deliver the Preliminary LOM as may be appropriate for the transactions contemplated hereby and thereby, to take such actions necessary to "deem final" the Preliminary LOM for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and to approve such changes in the form, terms and provisions of and to execute and deliver the Final LOM as may be appropriate for the transactions contemplated hereby and thereby. The Chairman's execution of the Final LOM shall constitute conclusive evidence of approval of any and all changes or revisions therein from the form of the Preliminary LOM attached hereto as Exhibit E.

Section 9. Approval of Continuing Disclosure Agreement and Delegation of Authority.

(a) The form, terms and provisions of the Continuing Disclosure Agreement, a copy of which is attached hereto as Exhibit F and filed with the Clerk to Council, be and hereby is approved. The County Administrator is hereby authorized, empowered and directed to execute, acknowledge and deliver the Continuing Disclosure Agreement, with such changes or revisions as are permitted hereby, in the name of and on behalf of the County. The Chairman of the Council and the County Administrator with advice from the County Attorney hereby delegate the authority to approve such changes in the form, terms and provisions of the Continuing Disclosure Agreement as may be necessary or advisable in connection with the transactions contemplated hereby and thereby. The Chairman's execution and the delivery of the Continuing Disclosure Agreement shall constitute conclusive evidence of approval of any and all changes or revisions therein from the form of the Continuing Disclosure Agreement attached hereto as Exhibit F. Any amendments to the Continuing Disclosure Agreement shall be executed in the same manner.

(b) 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 County covenants that it will file with a central repository (if any) for availability in the secondary bond market when requested:

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

(ii) Event-specific information within 30 days of an event adversely affecting more than 5% percent of the revenues generated from the imposition of Assessment A-1 or the County's tax base.

(c) The only remedy for failure by the County to comply with the covenant of this Section 9 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 this ordinance or the 2015A-1 Indenture. The Trustee shall have no responsibility to monitor the County's compliance with this covenant. The County 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 Trustee or any Holder of any Series 2015A-1 Bonds.

Section 10. Trustee, Registrar and Paying Agent.

The County hereby appoints and, as applicable, consents to the continued appointment of Wells Fargo Bank, N.A., as Trustee, Registrar and Paying Agent under the terms and conditions provided in the 2006 Amended and Restated Indenture and the 2015A-1 Indenture. The Chairman of Council and the County Administrator are hereby delegated the authority to determine a successor trustee or a replacement trustee if for any reason Wells Fargo Bank, N.A. does not serve as Trustee under the 2006 Amended and Restated Indenture or the 2015A-1 Indenture.

Section 11. Arbitrage Covenant.

The County hereby covenants and agrees with the Holders of the Series 2015A-1 Bonds issued, and the Holders of the Series 2006 Bonds reissued, as tax-exempt obligations (the "Tax-Exempt Bonds") that it will not take any action which will, or fail to take any action which failure will, cause interest on the Tax-Exempt Bonds to become includable in the gross income of such Holders thereof 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 Tax-Exempt Bonds and that no use of the proceeds of the Tax-Exempt Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage bonds," as defined in the Code; and to that end the County 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 Tax-Exempt Bonds are 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 Chairman of Council and the County Administrator are hereby authorized to execute a Federal Tax Certificate and otherwise adopt written procedures to ensure the County's compliance with federal tax matters relating to the Tax Exempt Bonds.

Section 12. Authority to Act.

The Council Chair, Council Secretary, Clerk to Council, County Administrator, County Attorney and all other appropriate officials of the County are authorized and directed to do any and all things necessary to execute any amendments, changes or modifications to the forbearance agreements previously executed by the County or other documents authorized herein to effect the purposes of this ordinance.

Section 13. Severability.

If any section, subsection or clause of this ordinance is held to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections and clauses shall not be affected.

Section 14. Controlling Provisions.

To the extent this ordinance contains provisions that conflict with provisions contained elsewhere in the Lancaster County Code or other County ordinances, resolutions or orders, the provisions contained in this ordinance supersede all other provisions and this ordinance is controlling.

Section 15. Effective Date.

This ordinance is effective upon third reading.

SIGNATURES FOLLOW ON NEXT PAGE.

AND IT IS SO ORDAINED, this ____ day of _____, 2015.

LANCASTER COUNTY, SOUTH CAROLINA

Bob Bundy, Chair, County Council

Steve Harper, Secretary, County Council

ATTEST:

Debbie C. Hardin, Clerk to Council

First Reading: August 24, 2015
Second Reading: September 28, 2015
Public Hearing: September 28, 2015
Third Reading: December 14, 2015 (Tentative)

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EXHIBIT A

MASTER TRUST INDENTURE

between

LANCASTER COUNTY, SOUTH CAROLINA

and

**WELLS FARGO BANK, N.A.,
as Trustee**

Dated _____, 2015

relating to

WALNUT CREEK IMPROVEMENT DISTRICT

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EXHIBIT A	LEGAL DESCRIPTION OF WALNUT CREEK IMPROVEMENT DISTRICT
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THIS MASTER TRUST INDENTURE, dated _____, 2015 (the "Trust Indenture"), by and between **LANCASTER COUNTY, SOUTH CAROLINA**, a body politic and political subdivision organized and existing under the laws of the State of South Carolina (the "Issuer"), and **WELLS FARGO BANK, N.A.**, a national banking association existing under the laws of the United States and having the authority to exercise corporate trust powers, as trustee (the "Trustee"), is being executed to provide for the issuance by the Issuer of certain obligations related to the **WALNUT CREEK IMPROVEMENT DISTRICT**, an improvement district established pursuant to the hereafter defined Act the legal description of which is included in Exhibit A attached hereto (the "District").

WHEREAS, pursuant to the County Public Works Improvement Act, codified as Chapter 35 of Title 4 of the Code of Laws of South Carolina 1976, as amended and the Revenue Bond Act for Utilities, codified as Chapter 21 of Title 6 of the Code of Laws of South Carolina 1976, as amended (the "Act"), the Issuer may acquire, own, construct, establish, install, enlarge, improve, expand, operate, maintain and repair, and sell, lease, and otherwise dispose of any "improvement" in an "improvement district" (within the meaning of the Act) and finance such acquisition, construction, establishment, installation, enlargement, improvement, expansion, operation, maintenance, and repair, in whole or in part, by the imposition of "assessments" (within the meaning of the Act), through the issuance of special district bonds, general obligation bonds or revenue bonds from general revenues from any source not restricted from such use by law, or by any combination of such funding sources; and

WHEREAS, pursuant to Ordinance No. 713 enacted by the County Council of the Issuer (the "Council") on January 30, 2006, as corrected and confirmed by Resolution No. 527 adopted by the Council on May 22, 2006 (the "Improvement District Ordinance"), the Issuer created the District (formerly known as the Edenmoor Improvement District) relating to an approximately 868-acre residential development known as "Edenmoor" (the "Development"), and approved the Assessment Roll A, including the Rate and Method of Apportionment of Assessment A attached as an appendix thereto (the "Original Assessment Roll A"), relating to the imposition of Assessments to secure the payment of Series A Bonds (as defined in the Original Assessment Roll A); and

WHEREAS, the Issuer has heretofore issued the \$24,115,000 original principal amount Lancaster County, South Carolina, Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A (the "Series 2006A Bonds"), pursuant to the Master Trust Indenture dated as of June 1, 2006, as amended and supplemented (as heretofore amended and supplemented, the "Original Master Indenture"), between the Issuer and the Trustee, which Series 2006A Bonds comprise Series A Bonds for purposes of the Original Assessment Roll A and are secured by Assessment A (as such terms are defined in the Original Assessment Roll A); and

WHEREAS, pursuant to Ordinance No. 2015-__ enacted by the Council on _____, 2015 (the "Amending Ordinance"), the Issuer made certain modifications to the District, including (1) subdividing the District so it relates to specific parcels within the Development (referenced herein as Bond Area 1, Bond Area 2 and Bond Area 3) and (2) modifying and updating the Assessment A applicable to each such Bond Area and, correspondingly, specific sub-series of Series A Bonds (as such terms are defined in the Original Assessment Roll A) which are presently outstanding and/or may be hereafter issued to refund such outstanding bonds, and the Issuer approved an Assessment Roll A for each of Bond Area 1, Bond Area 2 and Bond Area 3; and

WHEREAS, pursuant to Ordinance No. 2015-__ enacted by the Council on _____, 2015 (the "Bond Ordinance"), the Issuer has authorized the issuance of the Series 2015A-1 Bonds (as defined herein) pursuant to this Trust Indenture, for the purpose of refunding a portion of the Series 2006A Bonds (the "Refunded Bonds"), the payment of which Series 2015A-1 Bonds and any Additional Bonds issued hereunder (collectively, the "Bonds") will be secured by the Pledged Revenues (as defined herein),

including an Assessment A imposed in Bond Area 1 (each, an "Assessment") pursuant to the Assessment Roll A for Bond Area 1, originally dated _____, 2015 ("Assessment Roll A-1"); and

WHEREAS, simultaneously herewith, the Issuer is executing an Amended and Restated Master Trust Indenture, which amends and restates the Original Master Indenture in its entirety (the "Amended Master Indenture"), pursuant to which the Series 2006A Bonds remaining outstanding after the issuance of the Series 2015A-1 Bonds (the "Remaining 2006A Bonds") will be secured only by certain pledged revenues, including an Assessment A imposed in Bond Area 2 and Bond Area 3 of the District, and not by the Pledged Revenues (or the Assessments);

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

In consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Series 2015A-1 Bonds by the Owners (as such terms are defined herein), and of the sum of \$10.00, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Trust Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, and premium, if any, and interest on, the Bonds issued hereunder according to their tenor and effect, any reimbursement due to a Credit Facility Issuer (hereinafter defined), if any, for any drawing on its Credit Facility (hereinafter defined), as required under the terms of the corresponding Credit Facility Agreement (hereinafter defined) and to secure the performance and observance by the Issuer of all of the covenants expressed or implied herein, in the Supplemental Indenture (as defined herein), if any, authorizing the issuance of Bonds, in the Bonds and in the Credit Facility Agreement, if any, the Issuer does hereby assign and pledge the following (the "Trust Estate") to the Trustee and its successors in trust, and assigns and pledges forever: (i) the Pledged Revenues (as herein defined) as security for the payment of the principal of the Bonds and the interest and premium, if any, thereon, provided that the Debt Service Fund and Debt Service Reserve Fund established for a particular Series of Bonds shall be pledged only to the payment of such Series of Bonds; and (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee as security for any Bonds issued pursuant to this Trust Indenture by the Issuer or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of a Supplemental Indenture, if any, authorizing such Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of the principal of such Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that the Trust Estate established and held hereunder for the Bonds shall be held separate and in trust solely for the benefit of the Owners of the Bonds;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or held or hereafter acquired, forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, except as otherwise expressly provided herein, (a) for the equal and proportionate benefit and security of all present and future Owners of the Bonds, without preference, priority or distinction as to lien or otherwise of any Bond over any other Bond, (b) for enforcement of the payment of the Bonds, in accordance with their terms and the terms of this Trust Indenture and the Supplemental Indenture, if any, authorizing the issuance of such Bonds, and all other sums payable hereunder, under the Supplemental Indenture, if any, authorizing Bonds or on the Bonds, and (c) for the enforcement of and compliance with the obligations, covenants

and conditions of the Master Indenture (as defined herein) except as otherwise expressly provided herein, as if all the Bonds at any time Outstanding (as defined herein) had been authenticated, executed and delivered simultaneously with the execution and delivery of this Trust Indenture, all as herein set forth.

IT IS HEREBY COVENANTED, DECLARED AND AGREED (a) that the Master Indenture creates a continuing pledge equally and ratably to secure the payment in full of the principal of, and premium, if any, and interest on all Bonds which may from time to time be Outstanding hereunder, except as otherwise expressly provided herein, (b) that the Trust Estate shall immediately be subject to this pledge and assignment without any physical delivery thereof or further act, (c) that this pledge and assignment shall be valid and enforceable against all parties having any claims of any kind in tort, contract or otherwise against the Issuer, irrespective of whether such parties have notice thereof, and (d) that the Bonds are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with, and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in the Master Indenture and the Issuer covenants and agrees with the Trustee, except as otherwise expressly provided herein, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

In this Trust Indenture and any indenture supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) terms defined in the recitals hereto shall have the same meaning throughout the Indenture, and in addition, the following terms shall have the meanings specified below:

“Accounts” shall mean any accounts established pursuant to the Indenture.

“Act” shall mean the County Public Works Improvement Act, codified as Chapter 35 of Title 4 of the Code of Laws of South Carolina 1976, as amended and the Revenue Bond Act for Utilities, codified as Chapter 21 of Title 6 of the Code of Laws of South Carolina 1976, as amended.

“Administrative Expenses” means the reasonable and necessary expenses, directly or indirectly, incurred by the Issuer with respect to Bond Area 1 of the Improvement District, the Master Indenture or any supplemental indenture including but not limited to costs of imposing and collecting Assessments (including the commissions, fees, expenses and any other charges of the Assessment Consultant, Assessor, Auditor, Treasurer (as such terms are defined herein) and the Issuer’s finance department personnel), and costs, fees and expenses of consultants, appraisers, engineers, legal counsel or the Trustee, Registrar or Paying Agent.

“Administrative Expenses Fund” shall mean the fund so designated in and created pursuant to Section 6.07 hereof.

“Administrator” shall mean the then Administrator or acting Administrator of the Issuer.

“Annual Budget” shall mean the Issuer’s budget of maintenance expenses for the Project for a Fiscal Year, as the same may be amended from time to time.

“Assessment” or “Assessments” shall mean all non *ad valorem* assessments, including Delinquent Assessments, consisting of Assessment A for Bond Area 1 within the District, which are imposed and collected pursuant to the Act and the Assessment Proceedings, including penalties, interest and expenses collected by the Issuer.

“Assessment Consultant” shall mean Municap, Inc. or such other firm selected by the Issuer qualified to assist with the administration of the Improvement District.

“Assessment Proceedings” shall mean the proceedings of the Issuer with respect to the establishment, imposition and collection of the Assessments, including the Assessment Roll A-1 as authorized and approved pursuant to the Improvement District Ordinance, as amended by the Amending Ordinance.

“Assessment Roll A-1” shall mean the Assessment Roll A for Bond Area 1, originally dated _____, 2015 and filed in the office of the Clerk of Court for the Issuer authorized by the Assessment Proceedings.

“Authenticating Agent” shall mean the Trustee, or such other qualified agent as may be appointed pursuant to a Supplemental Indenture.

“Authorized Officer” shall mean the County Administrator or such other person or persons appointed by the Council and designated by the Issuer to act for the foregoing, either generally or with respect to the execution of any particular document or other specific matter.

“Authorized Denomination” shall mean, except as provided in any Supplemental Indenture, the denomination of \$5,000 or any integral multiple thereof.

“Bond Area 1” shall mean the parcels comprising a portion of the District, upon which the Assessments are imposed, as described in Assessment Roll A-1.

“Bonds” shall mean the Walnut Creek Improvement District Assessment Revenue Bonds issued in one or more Series and delivered pursuant to the provisions of this Trust Indenture and the applicable Supplemental Indenture and Bonds subsequently issued to refund all or a portion of the Bonds.

“Bond Counsel” shall mean Counsel of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions.

“Bondholder,” “Holder of Bonds,” “Holder” or “Owner” or any similar term shall mean any Person or Persons who shall be the registered owner of any Outstanding Bond or Bonds, as evidenced on the Bond Register of the Issuer kept by the Registrar.

“Bond Redemption Fund” shall mean the Fund so designated which is established pursuant to Section 6.06 hereof.

“Bond Register” shall have the meaning specified in Section 2.04 of this Trust Indenture.

“Business Day” shall mean any day other than a Saturday or Sunday or legal holiday or a day on which the principal office of the Issuer, the Trustee, the Registrar or any Paying Agent is closed.

“Certified Public Accountant” shall mean a Person, who shall be Independent, appointed by the Council, actively engaged in the business of public accounting and duly certified as a certified public accountant under the laws of the State.

“Chairman” shall mean the Chairman of the County Council, in his or her absence or unavailability, the person succeeding to or performing his or her principal functions.

“Clerk” shall mean the Clerk to the County Council, or in his or her absence or unavailability, the person succeeding to or performing his or her principal functions.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Consulting Engineer” shall mean the Independent engineer or engineering firm or corporation at the time employed by the Issuer under the provisions of Section 9.17 of this Trust Indenture to perform and carry out duties imposed on the Consulting Engineer by the Indenture.

“Continuing Disclosure Agreement” shall mean a Continuing Disclosure Agreement, by and between the Issuer and Municap, Inc., as dissemination agent, in connection with the issuance of a Series of Bonds hereunder, to the extent required pursuant to the requirements of the Rule.

“Cost of Issuance Account” shall mean, with respect to Bonds of a Series, the account so created pursuant to a Supplemental Indenture.

“Council” shall mean the County Council of the Issuer.

“Counsel” shall mean an attorney-at-law or law firm (who may be counsel for the Issuer) satisfactory to the Trustee.

“County Assessor” shall mean the Assessor of the Issuer.

“County Auditor” shall mean the Auditor of the Issuer.

“County Treasurer” shall mean the County Treasurer of the Issuer.

“Credit Facility” shall mean any credit enhancement mechanism such as an irrevocable letter of credit, a surety bond, a policy of municipal bond insurance, a corporate or other guaranty, a purchase agreement, a credit agreement or deficiency agreement or other similar facility applicable to the Bonds, as established pursuant to a Supplemental Indenture, pursuant to which the entity providing such facility agrees to provide funds to make payment of the principal of and interest on the Bonds. Notwithstanding anything to the contrary contained in the Indenture, the Bonds may be issued without a Credit Facility; the decision to provide a Credit Facility in respect of any Bonds shall be within the absolute discretion of the Issuer.

“Credit Facility Agreement” shall mean any agreement pursuant to which a Credit Facility Issuer issues a Credit Facility.

“Credit Facility Issuer” shall mean the issuer or guarantor of any Credit Facility.

“Debt Service Fund” shall mean the Fund so designated which is established pursuant to Section 6.04 hereof.

“Debt Service” or “Debt Service Requirements,” with reference to a specified period, shall mean:

(a) interest payable on the Bonds during such period, subject to reduction for amounts held as capitalized interest in the Funds and Accounts established under the Indenture; and

(b) amounts required to be paid into any mandatory sinking fund account with respect to the Bonds during such period; and

(c) amounts required to pay the principal of the Bonds maturing during such period and not to be redeemed prior to or at maturity through any sinking fund account.

“Debt Service Reserve Fund” shall mean the Fund so designated which is established pursuant to Section 6.05 hereof.

“Debt Service Reserve Insurance Policy” shall mean the insurance policy, surety bond or other evidence of insurance, if any, deposited to the credit of the Debt Service Reserve Fund or any account thereof in lieu of or in partial substitution for cash or securities on deposit therein, which policy, bond or the evidence of insurance constitutes an unconditional senior obligation of the issuer thereof. The issuer

thereof shall be a municipal bond insurer which satisfies any criteria or standards set forth in the Supplemental Indenture related to the applicable Series of Bonds.

"Debt Service Reserve Letter of Credit" shall mean the irrevocable, transferable letter or line of credit, if any, deposited for the credit of the Debt Service Reserve Fund or any account thereof in lieu of or in partial substitution for cash or securities on deposit therein, which letter or line of credit constitutes an unconditional senior obligation of the issuer thereof. The issuer of such letter or line of credit shall be a banking association, bank or trust company or branch thereof which satisfies any criteria or standards set forth in the Supplemental Indenture related to the applicable Series of Bonds.

"Debt Service Reserve Requirement" shall mean the reserve requirement set forth in the Supplemental Indenture related to the applicable Series of Bonds.

"Defeasance Securities" shall mean, to the extent permitted by law, (a) cash or (b) non-callable Government Obligations.

"Delinquent Assessments" shall mean, collectively, any and all installments of any Assessments which are not paid within 30 days of the date on which such installments are due and payable.

"Depository" shall mean any bank or trust company duly authorized by law to engage in the banking business and designated by the Issuer as a depository of moneys subject to the provisions of this Trust Indenture.

"District" or "Improvement District" shall mean the Walnut Creek Improvement District (formerly known as the Edenmoor Improvement District), an improvement district created and established pursuant to the Act, as such premises may be further expanded or contracted pursuant to the Act.

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" shall mean any of the events described in Section 10.01 hereof.

"Fiscal Year" shall mean the period of twelve (12) months beginning July 1 of each calendar year and ending on June 30 of the following calendar year, and also shall mean the period from actual execution hereof to and including the next succeeding June 30; or such other consecutive twelve-month period as may hereafter be established pursuant to an ordinance as the fiscal year of the Issuer for budgeting and accounting purposes as authorized by law.

"Fund" or "Funds" shall mean any fund established pursuant to the Master Indenture.

"Generally Accepted Accounting Principles" shall mean those accounting principles applicable in the preparation of financial statements of municipalities.

"Government Obligations" shall mean (a) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America; and (b) non-callable, U. S. Treasury Securities - State and Local Government Series ("SLGS").

"Indenture" shall mean, with respect to any Series of Bonds, this Trust Indenture as supplemented by the Supplemental Indenture pursuant to which such Series of Bonds is issued.

“Independent” shall mean a Person who is not a member of the Council, an officer or employee of the Issuer, or which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is a member of the Council, or an officer or employee of the Issuer; provided, however, that the fact that such Person is retained regularly by or regularly transacts business with the Issuer shall not make such Person an employee within the meaning of this definition.

“Interest Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

“Interest Payment Date” shall mean the date specified in the Supplemental Indenture pursuant to which a Series of Bonds is issued.

“Interest Period” shall mean the period from and including any Interest Payment Date to and excluding the next succeeding Interest Payment Date; provided, however, that upon final payment of any Bond at maturity or upon redemption or mandatory purchase, the Interest Period shall extend to, but not include, the date of such final payment, which shall always be a Business Day.

“Investment Securities” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

- (a) Government Obligations, which are also:
 - (i) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”),
 - (ii) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America,
 - (iii) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or
 - (iv) Evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;
- (b) Federal Housing Administration debentures;
- (c) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
 - (i) Federal Home Loan Mortgage Corporation (FHLMC) obligations,

- (ii) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - Senior Debt obligations,
- (iii) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and note,
- (iv) Federal Home Loan Banks (FHL Banks) Consolidated debt obligations,
- (v) Federal National Mortgage Association (FNMA) Senior debt obligations Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),
- (vi) Student Loan Marketing Association (SLMA) Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date),
- (vii) Financing Corporation (FICO) Debt obligations, and
- (viii) Resolution Funding Corporation (REFCORP) Debt obligations;
- (d) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P, including the Trustee or its affiliates;
- (e) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million, including the Trustee or its affiliates;
- (f) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's;
- (g) Money market funds rated "AAM" or "AAM-G" by S&P, or better, including the Trustee or its affiliates;
- (h) "State Obligations", which means:
 - (i) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "Aa" by Moody's and "AA" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated,
 - (ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (i) above and rated "A-1+" by S&P and "MIG-1" by Moody's;

- (i) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:
 - (i) The municipal obligations are (A) not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions,
 - (ii) The municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations,
 - (iii) The principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification"),
 - (iv) The cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligation,
 - (v) No substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification, and
 - (vi) The cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;
- (j) Repurchase agreements with an Eligible Provider which for purposes of this section shall mean: (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and "A2" by Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and "A2" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; provided that:
 - (i) The market value of the collateral, which collateral shall be limited to those Investment Securities defined in (a), (b) and (c) above, is maintained at 103% of all funds on deposit plus accrued interest and valued at least weekly (with a market value approach);
 - (ii) The Trustee or a third party acting solely as agent therefor or for the Issuer (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

- (iii) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that such collateral is free and clear of any third-party liens or claims and that to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);
- (iv) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must deliver notice of such downgrade to the Issuer and the Trustee, in writing, within five (5) Business Days after the occurrence of such downgrade and the provider shall, at its option, within ten (10) Business Days of receipt of publication of such downgrade, either:
 - (a) Assign the repurchase agreement to an Eligible Provider acceptable to the Issuer and the Trustee,
 - (b) Obtain a Guaranty in a form and from an Eligible Provider acceptable to the Issuer and the Trustee

In the event that the Provider fails to take one of the remedies provided for in (j)(iv)(a) or (j) (iv)(b) above, then the provider must, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Issuer), within ten (10) days of receipt of such direction repay the principal of and accrued but unpaid interest on the investment agreement, in either case with no penalty or premium to the Issuer or Trustee,

- (k) Investment agreements with an Eligible Provider which for purposes of this section shall mean a domestic or foreign bank or corporation, the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's; provided that, by the terms of the investment agreement:
 - (i) Interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Series 2015A-1 Bonds;
 - (ii) The invested funds are available for withdrawal without penalty or premium, for permitted project or program purposes, at any time upon not more than seven days' prior notice; and the Issuer and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;
 - (iii) The investment agreement shall state that it is an unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make

payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) The Issuer or the Trustee receives the opinion of domestic counsel (which opinion shall be also addressed to the Issuer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable to the Issuer and Trustee;

(v) The investment agreement shall provide that if during its term

(A) The provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider must deliver notice of such downgrade to the Issuer and the Trustee, in writing, within five (5) business days after the occurrence of such downgrade and shall, at its option, within ten Business Days of receipt of publication of such downgrade, either:

- (i) Assign the investment agreement to an Eligible Provider acceptable to the Issuer and the Trustee, or
- (ii) Collateralize the investment agreement by delivering or transferring in accordance with applicable State and federal laws (other than by means of entries on the provider's books) to the Issuer, the Trustee or the Holder of the Collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or
- (iii) Obtain a Guaranty in a form and from an Eligible Provider acceptable to the Issuer and the Trustee
- (iv) Take any other action acceptable to the Issuer and the Trustee.

In the event that the provider fails to take one of the remedies provided for in (k)(v)(A)(i), (k)(v)(A)(ii), (k)(v)(A)(iii) or (k)(v)(A)(iv) above, then the provider must, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Issuer), within ten (10) days of receipt of such direction repay the principal of and accrued but unpaid interest on the investment agreement, in either case with no penalty or premium to the Issuer or the Trustee,

(B) The provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must deliver notice of such downgrade to the Issuer and the Trustee, in writing, within five (5) Business Days after the occurrence of such downgrade and the provider shall, at its

option, within ten (10) Business Days of receipt of publication of such downgrade, either:

- (i) Assign the investment agreement to an Eligible Provider acceptable to the Issuer and the Trustee,
- (ii) Obtain a Guaranty in a form and from an Eligible Provider acceptable to the Issuer and the Trustee

In the event that the Provider fails to take one of the remedies provided for in (k)(v)(B)(i) or (k)(v)(B)(ii) above, then the provider must, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Issuer), within ten (10) days of receipt of such direction repay the principal of and accrued but unpaid interest on the investment agreement, in either case with no penalty or premium to the Issuer or Trustee,

- (vi) The investment agreement shall state that in the event collateral is required to be pledged by the provider under the terms of the investment agreement that at the time such collateral is delivered, that, 1) such collateral is free and clear of any third-party liens or claims and 2) to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession). In conjunction with the delivery of such collateral the provider agrees to provide an opinion of counsel at the time of delivery, at the providers expense that such collateral is free and clear of any third-party liens or claims and that to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession).
- (vii) The investment agreement must provide that if during its term
 - (A) The provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Issuer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Trustee, as appropriate, and
 - (B) The provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Trustee, as appropriate.

"Issuer" shall mean Lancaster County, South Carolina.

"Master Indenture" shall mean, this Master Trust Indenture dated _____, 2015, by and between the Issuer and the Trustee, as supplemented from time to time in accordance with the provisions of Article XIII hereof.

"Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

"Outstanding," in connection with a Series of Bonds, shall mean, as of the time in question, all Bonds of such Series authenticated and delivered under the Indenture, except:

(a) all Bonds theretofore cancelled or required to be cancelled under Section 2.07 hereof;

(b) Bonds for the payment, redemption or purchase of which moneys and/or Defeasance Securities, the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance with Article XIV hereof, shall have been or shall concurrently be deposited with the Trustee; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article II hereof.

In determining whether the Holders of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are known by the Trustee to be held on behalf of the Issuer shall be disregarded for the purpose of any such determination; provided, however, this provision does not affect the right of the Trustee to deal in Bonds as set forth in Section 11.09 hereof.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Paying Agent" shall mean initially, the Trustee and thereafter any successor thereto appointed in accordance with Section 11.20 of this Trust Indenture.

"Person" or "Persons" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, governmental body, political subdivision, municipality, municipal authority or any other group or organization of individuals.

"Pledged Funds" shall mean the funds created pursuant to Articles V and VI hereof excepting the Rebate Fund.

"Pledged Revenues" shall mean (a) revenues from the Assessments and any other revenues designated as such by the Issuer, and (b) all moneys on deposit in the Pledged Funds established under the Master Indenture in respect of the Bonds, all of which shall constitute the security for and source of payment of the Bonds and may consist of any source of funds not constituting a general tax as may be available and authorized by the Issuer; provided, however, that the Debt Service Fund and Debt Service

Reserve Fund established for a particular Series of Bonds shall be pledged only to the payment of such Series of Bonds; provided, further, for the avoidance of doubt, the Pledged Revenues shall not include any revenues from Assessment A imposed and collected with respect to Bond Area 2 or Bond Area 3 of the District.

“Principal Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

“Project” shall mean, with respect to the Series 2006A Bonds, the improvements described in Exhibit B hereto.

“Rebate Fund” shall mean the Fund, if any, so designated, which is established pursuant to an arbitrage rebate agreement, into which shall be deposited certain moneys in accordance with the provisions of said arbitrage rebate agreement.

“Record Date” shall mean, as the case may be, the applicable Regular or Special Record Date.

“Redemption Price” shall mean the principal amount of any Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

“Registrar” shall mean initially the Trustee which entity shall have the responsibilities set forth in Section 2.04 of this Trust Indenture, and thereafter any successor thereto appointed in accordance with Section 11.20 of this Trust Indenture.

“Regular Record Date” shall mean the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

“Regulatory Body” shall mean and include (a) the United States of America and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America, (b) the State, any political subdivision thereof and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the State, (c) the Issuer and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the Issuer, and (d) any other public body, whether federal, state or local or otherwise having regulatory jurisdiction and authority over the Issuer.

“Revenue Fund” shall mean the Fund so designated which is established pursuant to Section 6.03 hereof.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of Standard & Poor’s Financial Services LLC, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

“Series” shall mean all of the Bonds authenticated and delivered at one time on original issuance and pursuant to any ordinance of the Issuer authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof and the applicable Supplemental Indenture, regardless of variations in maturity, interest

rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the Issuer upon original issuance. Two or more Series of Bonds may be issued simultaneously under separate Supplemental Indentures, under the terms of this Trust Indenture.

“Sinking Fund Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

“Sinking Fund Installment” shall mean those payments made pursuant to Section 8.01(c) hereof and the applicable Supplemental Indenture.

“Special Record Date” shall mean such date as shall be fixed for the payment of defaulted interest on the Bonds in accordance with Section 2.01 hereof.

“State” shall mean the State of South Carolina.

“Supplemental Indenture” and “indenture supplemental hereto” shall mean any indenture amending or supplementing this Trust Indenture or any Supplemental Indenture hereto which may be entered into in accordance with the provisions of this Trust Indenture.

The words “hereof”, “herein”, “hereto”, “hereby”, and “hereunder” (except in the form of Bond), refer to the entire Master Indenture.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa.

[END OF ARTICLE I]

ARTICLE II

THE BONDS

SECTION 2.01. Amounts and Terms of Bonds; Details of Bonds. The Issuer is hereby authorized to issue the Bonds in one or more Series pursuant to the terms and conditions of this Trust Indenture and the applicable Supplemental Indenture. The Bonds shall be issued in Authorized Denominations and within each Series shall be numbered consecutively from R-1 and upwards and in substantially the form attached hereto as Exhibit C, with such appropriate variations, omissions and insertions as are permitted or required by this Trust Indenture or as otherwise provided in a Supplemental Indenture. All Bonds shall be issued only upon satisfaction of the conditions set forth in Article III hereof; and the Trustee shall, at the Issuer's request, authenticate such Bonds and deliver them as specified in such request.

Each Bond shall be dated, shall have such Interest Payment Dates, shall bear interest from such date or dates and at such rate or rates until the maturity thereof, payable on such Interest Payment Dates, and shall be stated to mature (subject to the right of prior redemption), all as provided in, or pursuant to, a Supplemental Indenture.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender on the respective dates of payment thereof for the payment of public and private debts. Unless otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, the principal of all Bonds shall be payable at the principal corporate trust office of the Paying Agent upon the presentation and surrender of such Bonds as the same shall become due and payable.

The Bonds shall be special obligations of the Issuer. Neither the Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation (other than Article X, Section 14(10) of the State Constitution authorizing indebtedness payable solely from a source of revenues derived other than from a tax or license). The Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the Issuer or a charge against the general credit or taxing power of the Issuer. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Trust Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Trust Indenture, any Supplemental Indenture, or the Bonds, shall be payable solely from, and shall be secured solely by, the Pledged Revenues, all as provided herein and in the applicable Supplemental Indenture.

Except to the extent otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, interest on any Bond is payable on any Interest Payment Date by check or draft mailed on the Interest Payment Date to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date, at his address as it appears on the Bond Register. The Bonds shall bear interest from the Interest Payment Date next preceding the date on which they are authenticated unless authenticated on an Interest Payment Date in which event they shall bear interest from such Interest Payment Date, or unless authenticated before the first Interest Payment Date in which event they shall bear interest from their date; provided, however, that if a Bond is authenticated between a Record Date and the next succeeding Interest Payment Date, such Bond shall bear interest from such succeeding Interest Payment Date; provided further, however, that if at the time of authentication of any Bond interest thereon is in default, such Bond shall bear interest from the date to which interest has been paid. Any interest on any Bond which is payable, but is not punctually paid or provided for on any

Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Bonds of a Series in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Trustee and Paying Agent, upon requesting the same in a writing received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date, which writing shall specify the bank, which shall be a bank within the United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Trustee and Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by such Bonds on the day before the default occurred.

The Trustee is hereby constituted and appointed as Paying Agent for the Bonds.

SECTION 2.02. Execution. The Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Council, and the seal of the Issuer shall appear thereon (which may be in facsimile) and shall be attested by the manual or facsimile signature of its Clerk to Council. Bonds executed as above provided may be issued and shall, upon request of the Issuer, be authenticated by the Trustee, notwithstanding that one or both of the officers of the Issuer whose signatures appear on such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds.

SECTION 2.03. Authentication; Authenticating Agent. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created.

The Trustee may appoint an Authenticating Agent and the Trustee shall be entitled to be reimbursed for payments made to any Authenticating Agent as reasonable compensation for its services.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of the Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee, the Issuer and any Paying Agent. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent, the Issuer and any Paying Agent. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee shall promptly appoint a successor Authenticating Agent, shall give written notice of such appointment to the Issuer and the Paying Agent, shall mail a notice of such appointment to all Holders of Bonds as the names and addresses of such Holders appear on the Bond Register.

SECTION 2.04. Registration and Registrar. The Trustee is hereby constituted and appointed as the Registrar for the Bonds. The Registrar shall act as registrar and transfer agent for the Bonds. The Issuer shall cause to be kept at an office of the Registrar a register (herein sometimes referred to as the "Bond Register" or "Register") in which, subject to the provisions set forth in Section 2.08 below and such other regulations as the Issuer and Registrar may prescribe, the Issuer shall provide for the registration of the Bonds and for the registration of transfers and exchanges of such Bonds. The Issuer shall cause the Registrar to designate, by a written notification to the Trustee, a specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register is kept.

The Registrar when it is not also the Trustee, forthwith following each Record Date and at any other time as reasonably requested by the Trustee, certify and furnish to the Trustee, and to any Paying Agent as such Trustee shall specify, the names, addresses, and holdings of Bondholders and any other relevant information reflected in the Bond Register, and the Trustee and any such Paying Agent shall for all purposes be entitled to rely upon the information so furnished to it and shall have no liability or responsibility in connection with the preparation thereof.

SECTION 2.05. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond shall become mutilated, the Issuer shall execute and the Trustee or Authenticating Agent, as the case may be, shall thereupon authenticate and deliver a new Bond of like Series, tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or Authenticating Agent, as the case may be, of such mutilated Bond for cancellation, and the Issuer and the Trustee or Authenticating Agent, as the case may be, may require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Issuer and the Trustee or Authenticating Agent, as the case may be; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Issuer shall execute, and thereupon the Trustee or Authenticating Agent, as the case may be, shall authenticate and deliver a new Bond of like Series, tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Issuer may, with the consent of the Trustee or Authenticating Agent, as the case may be, pay to the Owner the principal amount of and accrued interest on such Bond upon the maturity thereof and compliance with the aforesaid conditions by such Owner, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this Section 2.05 shall constitute an additional contractual obligation of the Issuer, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

SECTION 2.06. Temporary Bonds. Pending preparation of definitive Bonds, or by agreement with the original purchasers of all Bonds, the Issuer may issue and, upon its request, the Trustee shall authenticate in lieu of definitive Bonds one or more temporary printed or typewritten Bonds of substantially the tenor recited above. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive

Bonds. So long as Cede & Co., or any other nominee of DTC is the registered Owner of the Bonds, the definitive Bonds shall be in typewritten form.

SECTION 2.07. Cancellation and Destruction of Surrendered Bonds. All Bonds surrendered for payment or redemption and all Bonds surrendered for exchange shall, at the time of such payment, redemption or exchange, be promptly transferred by the Registrar, Paying Agent or Authenticating Agent to, and cancelled and destroyed by, the Trustee. The Trustee shall deliver to the Issuer a certificate of destruction in respect of all Bonds destroyed in accordance with this Section.

SECTION 2.08. Registration, Transfer and Exchange. As provided in Section 2.04 hereof, the Issuer shall cause a Bond Register in respect of the Bonds to be kept at the designated office of the Registrar.

Upon surrender for registration of transfer of any Bond at the designated office of the Registrar, and upon compliance with the conditions for the transfer of Bonds set forth in this Section 2.08, the Issuer shall execute and the Trustee (or Registrar or Authenticating Agent as described in Section 2.03 hereof) shall authenticate and deliver, in the name of the designated transferees, one or more new Bonds of a like aggregate principal amount and of the same Series and maturity.

At the option of the Bondholder, Bonds may be exchanged for other Bonds of a like aggregate principal amount and of the same Series and maturity, upon surrender of the Bonds to be exchanged at any such office or agency. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute and the Trustee (or Registrar or Authenticating Agent as described in Section 2.03 hereof) shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange of Bonds shall be valid obligations of the Issuer, evidencing the same debt and entitled to the same benefits under the Indenture as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing.

Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the Issuer nor the Registrar on behalf of the Issuer shall be required (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

SECTION 2.09. Persons Deemed Owners. The Issuer, the Trustee, any Paying Agent, the Registrar, or the Authenticating Agent shall deem and treat the person in whose name any Bond is registered as the absolute Owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, any Paying Agent, the Registrar or the Authenticating Agent) for the purpose of receiving payment of or on account of the principal or Redemption Price of and interest on such Bond, and for all other purposes, and the Issuer, the Trustee, any Paying Agent, the Registrar and the Authenticating Agent shall not be affected by any notice to the contrary. All such payments so made to any such Owner, or upon his order, shall be

valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bond.

SECTION 2.10. Limitation on Incurrence of Certain Indebtedness. The Issuer will not issue Bonds, except upon the conditions and in the manner provided or as otherwise permitted in the Indenture, provided that the Issuer may enter into agreements with issuers of Credit Facilities which involve liens on Pledged Revenues on a parity with that of the Bonds or portion thereof which is supported by such Credit Facilities.

SECTION 2.11. Qualification for Depository Trust Company. To the extent provided in a Supplemental Indenture or authorized and directed by an Ordinance of the Issuer authorizing the issuance of a Series of Bonds, the Trustee shall be authorized to enter into agreements with DTC and other depository trust companies, including, but not limited to, agreements necessary for wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC, and other depository trust companies in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery, courier service, telegram, telecopy or other similar means of communication.

So long as there shall be maintained a book-entry-only system with respect to a Series of Bonds, the following provisions shall apply:

The Bonds shall initially be registered in the name of Cede & Co. as nominee for DTC, which will act initially as securities depository for the Bonds and so long as the Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, the Bonds shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Bonds ("Beneficial Owners").

Principal and interest on the Bonds prior to and at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee or the Issuer.

The Bonds shall initially be issued in the form of one fully registered Bond for each maturity of each Series and shall be held in such form until maturity. Individuals may purchase beneficial interests in Authorized Denominations in book-entry-only form, without certificated Bonds, through DTC Participants and Indirect Participants.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE BONDS, ANY NOTICES TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICES TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO BENEFICIAL OWNERS.

The Issuer and the Trustee shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Bonds in the form of fully registered Bonds in accordance with the instructions from Cede & Co.

In the event DTC, any successor of DTC or the Issuer elects to discontinue the book-entry only system, the Trustee shall deliver bond certificates in accordance with the instructions from DTC or its successor and after such time Bonds may be exchanged for an equal aggregate principal amount of Bonds in other Authorized Denominations and of the same maturity and Series upon surrender thereof at the designated corporate trust office of the Trustee.

ARTICLE III

ISSUE OF BONDS

SECTION 3.01. Issue of Bonds. Subject to the provisions of Section 2.01 hereof, the Issuer may issue one or more Series of Bonds hereunder and under Supplemental Indentures from time to time for the purpose of refunding all or a portion of the 2006A Bonds or a Series of Bonds, and to pay the costs of the issuance of such Bonds and any amounts required to be deposited with respect to such Bonds in the Funds and Accounts established under the Indenture. In connection with the issuance of a Series of Bonds the Trustee shall, at the request of the Issuer, authenticate the Bonds and deliver or cause them to be authenticated and delivered, as specified in the request.

[END OF ARTICLE III]

ARTICLE IV

[RESERVED]

ARTICLE V

[RESERVED]

ARTICLE VI
ASSESSMENTS;
APPLICATION THEREOF TO FUNDS AND ACCOUNTS

SECTION 6.01. Assessments; Lien of Indenture on Pledged Revenues. The Issuer hereby covenants that it shall levy Assessments, and evidence and certify the same to the County Treasurer or shall cause the County Auditor to certify the same on the tax roll to the County Treasurer for collection by the County Treasurer and enforcement by the County Treasurer or the Issuer, pursuant to the Act or any successor statutes, as applicable, to the extent and in the amount necessary to pay the Debt Service Requirement on Bonds issued and Outstanding hereunder.

The Issuer shall, within 30 days of receipt thereof, pay to the Trustee for deposit in the Series Account of the Revenue Fund established under Section 6.03 hereof all Assessments received by the Issuer from the levy thereof on property within Bond Area 1 of the District subject to Assessments for the payment of the related Series of Bonds; provided, however, that amounts received as prepayments of Assessments shall be deposited directly into the Bond Redemption Fund established hereunder or in any account thereof established pursuant to the applicable Supplemental Indenture. The Issuer shall notify the Trustee at the time of deposit of any amounts received as prepayments of Assessments and shall identify the related Series of Bonds.

There are hereby pledged for the payment of the principal or Redemption Price of and interest on all Bonds of each Series issued and Outstanding under the Indenture and all reimbursements due to any Credit Facility Issuer for any drawing with respect to such Series of Bonds on its Credit Facility, including, without limitation, interest thereon, as required under the terms of the applicable Credit Facility Agreement, the Pledged Revenues; provided, however, that unless otherwise specifically provided herein or in a Supplemental Indenture relating to a Series of Bonds with respect to the Pledged Revenues securing such Series of Bonds, the Pledged Revenues securing a Series of Bonds shall secure only such Series of Bonds and Bonds issued on a parity therewith and shall not secure any other Bonds or Series of Bonds. The Pledged Revenues shall immediately be subject to the lien and pledge of the Indenture without any physical delivery hereof or further act; provided, however, that the lien and pledge of the Indenture shall not apply to any moneys transferred by the Trustee to the Rebate Fund. The foregoing notwithstanding, to the extent provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, such Series of Bonds may be made payable from and secured by less than all of the Pledged Revenues, and any one or more of the provisions of this Trust Indenture may be made inapplicable to such Series of Bonds, all as more specifically provided in the corresponding Supplemental Indenture; provided, however, that any such provisions shall apply only to the particular Series of Bonds authorized by such Supplemental Indenture and shall not affect in any manner whatsoever any Outstanding Series of Bonds.

SECTION 6.02. Funds and Accounts Relating to the Bonds. The Funds and Accounts specified in this Article VI shall be established under the Indenture and each Supplemental Indenture pursuant to which a Series of Bonds is issued for the benefit of the specific Series of Bonds issued pursuant to such Supplemental Indenture and any Series issued on a parity therewith and, unless expressly otherwise provided in said Supplemental Indenture, shall not apply to Bonds Outstanding hereunder issued under any other indenture supplemental hereto. All moneys, including, without limitation, proceeds of a Series of Bonds, on deposit to the credit of the Funds and Accounts established hereunder and under a Supplemental Indenture (except for moneys transferred to the Rebate Fund) shall be pledged to the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series of Bonds issued hereunder and under such Supplemental Indenture, and any Series issued on a parity therewith.

SECTION 6.03. Revenue Fund. The Trustee is hereby authorized and directed to establish a Revenue Fund and pursuant to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder, into which the Trustee shall immediately deposit any and all Assessments received from the levy thereof within Bond Area 1 of the District or any portion thereof (other than Assessment prepayments) and any amounts received as the result of any foreclosure or other remedial action for nonpayment of Assessments for the payment of the related Series of Bonds and other payments required hereunder or under the applicable Supplemental Indenture (unless such Assessments and/or other payments are specifically designated by the Issuer pursuant to a Supplemental Indenture for deposit into the Rebate Fund or any other Fund or Account established hereunder or under a Supplemental Indenture) and each Series Account therein shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. The Trustee shall transfer from amounts on deposit in the Series Account in the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, there shall be deposited into the Administrative Expenses Fund the portion of the Assessments imposed and collected for Administrative Expenses. The Trustee is authorized to pay such Administrative Expenses upon receipt of a requisition signed by an Authorized Officer;

SECOND, upon receipt but no later than the Business Day preceding the first June 1 for which there is an insufficient amount from Bond proceeds (or investment earnings thereon) on deposit in the applicable Series Interest Account to be applied to the payment of interest on the Bonds of a Series due on the next succeeding June 1, and no later than the Business Day next preceding each June 1 thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Interest Account of the Debt Service Fund, an amount equal to the interest on the related Series of Bonds becoming due on the next succeeding June 1, less any amount on deposit in such Interest Account not previously credited;

THIRD, beginning on the date set forth in the related Supplemental Indenture, and no later than the Business Day next preceding each December 1 thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the Principal Account of the Debt Service Fund, an amount equal to the principal amount of Bonds of such Series maturing on the next succeeding principal payment date, less any amount on deposit in the applicable Series Principal Account not previously credited;

FOURTH, upon receipt but no later than the Business Day preceding the first December 1 for which there remains an insufficient amount from Bond proceeds (or investment earnings thereon) on deposit in the applicable Series Interest Account to be applied to the payment of interest on the Bonds of a Series due on the next succeeding December 1, and no later than the Business Day next preceding each December 1 thereafter while Bonds of such Series issued under the Indenture remain Outstanding, to the applicable Series Interest Account of the Debt Service Fund, an amount equal to the interest on the Bonds of such Series becoming due on the next succeeding December 1, less any amount on deposit in the Interest Account not previously credited;

FIFTH, beginning on the date set forth in the related Supplemental Indenture, and no later than the Business Day next preceding each December 1 thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Sinking Fund Account of the Debt Service Fund, an amount equal to the principal amount of Bonds of such Series subject to mandatory sinking fund redemption on the next succeeding principal payment date, less any amount on deposit in the applicable Series Sinking Fund Account not previously credited;

SIXTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Account of the Debt Service Reserve Fund, an amount equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement; and

SEVENTH, subject to the following paragraph the balance of any moneys remaining after making the foregoing deposits shall remain therein.

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the Issuer, withdraw any moneys held for the credit of the Revenue Fund which are not otherwise required to be deposited pursuant to this Section and deposit such moneys as directed to the credit of the applicable Series Account of the Bond Redemption Fund in accordance with the provisions hereof. Assessment Prepayments pledged to a particular Series of Bonds shall be deposited directly into the applicable Series Account of the Bond Redemption Fund as provided herein.

SECTION 6.04. Debt Service Fund. The Trustee is hereby authorized and directed to establish a Debt Service Fund which shall consist of amounts deposited therein by the Trustee and any other amounts the Issuer may pay to the Trustee for deposit therein with respect to the related Series of Bonds. The Debt Service Fund shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. The Trustee shall establish within the Debt Service Fund pursuant to a Supplemental Indenture, a Series Principal Account, a Series Interest Account and a Series Sinking Fund Account for each Series of Bonds, which accounts shall be separate and apart from all other Funds and Accounts established under the Indenture and from all other moneys of the Trustee.

The Trustee at all times shall make available to any Paying Agent the funds in the Series Principal Account and the Series Interest Account of the Debt Service Fund to pay the principal of the applicable Series of Bonds as they mature upon surrender thereof and the interest on the applicable Series of Bonds as it becomes payable, respectively. When a Series of Bonds is redeemed, the amount, if any, in the Debt Service Fund representing interest thereon shall be applied to the payment of accrued interest in connection with such redemption.

The Trustee shall apply moneys in the Series Sinking Fund Account in the Debt Service Fund for purchase or redemption of the applicable Series of Bonds in amounts and maturities set forth in the Supplemental Indenture. Whenever Bonds of a Series are to be purchased out of such Series Sinking Fund Account, if the Issuer shall notify the Trustee that the Issuer wishes to arrange for such purchase, the Trustee shall comply with the Issuer's arrangements provided they conform to the Indenture.

Except to the extent otherwise provided in a Supplemental Indenture, purchases and redemptions out of the Series Sinking Fund Account shall be made as follows:

(a) The Trustee shall apply the amounts required to be transferred to the Series Sinking Fund Account (less any moneys applied to the purchase of Bonds of the applicable Series pursuant to the next sentence hereof) on the principal payment date in each of the years set forth in a Supplemental Indenture to the redemption of Bonds of a Series in the amounts, manner and maturities and on the dates set forth in a Supplemental Indenture, at a Redemption Price of 100% of the principal amount thereof. At the written direction of the Issuer, the Trustee shall apply moneys from time to time available in the Series Sinking Fund Account to the purchase of Bonds of the applicable Series which mature in the aforesaid years, at prices not higher than the principal amount thereof, in lieu of redemption as aforesaid, provided that firm purchase commitments can be made before the notice of redemption would otherwise

be required to be given. In the event of purchases at less than the principal amount thereof, the difference between the amount in the Series Sinking Fund Account representing the principal amount of the Bonds so purchased and the purchase price thereof (exclusive of accrued interest) shall be transferred to the related Series Interest Account of the Debt Service Fund.

(b) Accrued interest on purchased Bonds of a Series shall be paid from the related Series Interest Account of the Debt Service Fund.

(c) In lieu of paying the Debt Service Requirements necessary to allow any mandatory redemption of Bonds of a Series from the related Series Sinking Fund Account, the Issuer may present to the Trustee Bonds of a Series purchased by the Issuer pursuant to subparagraph (a) above and furnished for such purposes; provided, however, that no Bonds of such Series so purchased shall be credited towards the Debt Service Requirements in respect of the mandatory redemption of Bonds of such Series for which notice of redemption has been given pursuant to Section 8.02 of this Trust Indenture. Any Bond so purchased shall be presented to the Trustee for cancellation. In such event, the Debt Service Requirements with respect to the Bonds of a Series for the period in which the purchased Bonds are presented to the Trustee shall, for all purposes hereunder, be reduced by an amount equal to the aggregate principal amount of any such Bonds so presented.

SECTION 6.05. Debt Service Reserve Fund. The Trustee is hereby authorized and directed to establish a Debt Service Reserve Fund and pursuant to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder. The Debt Service Reserve Fund and each Series Account therein shall be held by the Trustee for the benefit of each related Series of Bonds; provided, however, that notwithstanding anything to the contrary contained in this Trust Indenture, the Supplemental Indenture authorizing the issuance of a Series of Bonds may provide that the Debt Service Reserve Fund is not applicable and no account therein shall secure such Series of Bonds. The Debt Service Reserve Fund and each Series Account therein shall constitute an irrevocable trust fund to be applied solely as set forth herein and shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, on the date of issuance and delivery of a Series of Bonds an amount of Bond proceeds equal to the Debt Service Reserve Requirement in respect of such Series of Bonds, calculated as of the date of issuance and delivery of such Series of Bonds, shall be deposited in the related Series Account of the Debt Service Reserve Fund. As long as there exists no default under the Indenture and the amount in the Series Account of the Debt Service Reserve Fund is not reduced below the then applicable Debt Service Reserve Requirement with respect to such Series of Bonds, earnings on investments in the Series Account of the Debt Service Reserve Fund shall be transferred to the related Series Account of the Revenue Fund. Otherwise, earnings on investments in each Series Account of the Debt Service Reserve Fund shall be retained therein until applied as set forth herein. Unless otherwise provided in a Supplemental Indenture, in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Debt Service Reserve Requirement as a result of an optional prepayment by the owner of a lot or parcel of land of an Assessment against such lot or parcel, which Assessment is pledged for the payment and security of such Series of Bonds, the excess amount shall be transferred from the Series Account of the Debt Service Reserve Fund to the Bond Redemption Fund established for such Series of Bonds, as a credit against the principal amount of the prepayment otherwise required to be made by the owner of such lot or parcel. In the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Series Account of the Debt Service Reserve Requirement for any other reason, the excess amount shall be transferred from the Series Account of the Debt Service Reserve Fund to the related Series Account of the Revenue

Fund. If needed, any additional excess monies in the Debt Service Reserve Fund will also be available to transfer to the Administrative Expense Fund for the payment of Administrative Expenses

Whenever for any reason on an Interest Payment Date, principal payment date or mandatory redemption date with respect to a related Series of Bonds secured by a Series Account of the Debt Service Reserve Fund the amount in the related Series Interest Account, the related Series Principal Account or the related Series Sinking Fund Account, as the case may be, is insufficient to pay all amounts payable on such Series of Bonds therefrom on such payment dates, the Trustee shall, without further instructions, transfer the amount of any such deficiency from the related Series Account of the Debt Service Reserve Fund into the related Series Interest Account, the related Series Principal Account and the related Series Sinking Fund Account, as the case may be, with priority to the related Series Interest Account and then, proportionately according to the respective deficiencies therein, to the related Series Principal Account and the related Series Sinking Fund Account, to be applied to pay the Series of Bonds secured by the Series Account of the Debt Service Reserve Fund.

Notwithstanding the foregoing, in lieu of the required deposits into the related Series Account of the Debt Service Reserve Fund, the Issuer may cause to be deposited into the Series Account of the Debt Service Reserve Fund a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit either in lieu of any cash amount required to be deposited therein in connection with the issuance of any Series of Bonds or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, then on deposit in the Series Account of the Debt Service Reserve Fund, which Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date or principal payment date on which a deficiency exists which cannot be remedied by moneys in any other Fund or Account held pursuant to the Indenture and available for such purpose. If any such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit is substituted for moneys on deposit in the Series Account of the Debt Service Reserve Fund, or if at any time there are excess moneys in the Series Account of the Debt Service Reserve Fund, the excess moneys in the Series Account of the Debt Service Reserve Fund shall be transferred to and deposited in the related Series Account of the Revenue Fund. If a disbursement is made from a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit, the Issuer shall be obligated to either reinstate the maximum limits of such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit immediately following such disbursement or to deposit into the Series Account of the Debt Service Reserve Fund, as provided in the Indenture for restoration of withdrawals from the Series Account of the Debt Service Reserve Fund, funds in the amount of the disbursement made under such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit.

In the event that upon the occurrence of any deficiency in a Series Interest Account, a Series Principal Account or a Series Sinking Fund Account, the Series Account of the Debt Service Reserve Fund is then funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, the Trustee shall, on an Interest Payment Date, principal payment date or mandatory redemption date to which such deficiency relates, draw upon the Debt Service Reserve Letter of Credit or cause to be paid under the Debt Service Reserve Insurance Policy an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy as applicable, and any corresponding reimbursement or other agreement governing the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy; provided, however, that if at the time of such deficiency the Series Account of the Debt Service Reserve Fund is only partially funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, prior to drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, the Trustee shall first apply any cash and securities on deposit in the Series Account of the Debt Service Reserve Fund to remedy the deficiency in accordance with the second paragraph of

this Section 6.05 and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as provided in this sentence. Amounts drawn on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be applied as set forth in the second paragraph of this Section 6.05. Any amounts drawn under a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be reimbursed to the issuer thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy.

SECTION 6.06. Bond Redemption Fund. The Trustee is hereby authorized and directed to establish a Series Bond Redemption Fund for each Series of Bonds issued hereunder into which shall be deposited, moneys in the amounts and at the times provided in Sections 6.01, 6.03, 6.05, 9.08(c) and 9.11(c) of this Trust Indenture. The Series Bond Redemption Fund shall constitute an irrevocable trust fund to be applied solely as set forth in the applicable Indenture and shall be held by the Trustee separate and apart from all other Funds and Accounts held under such Indenture and from all other moneys of the Trustee. All earnings on investments held in the Series Bond Redemption Fund shall be retained therein and applied as set forth below.

Moneys in the Series Bond Redemption Fund (including all earnings on investments held in the Series Bond Redemption Fund) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, except for moneys received as prepayments of Assessments pursuant to Section 9.08 below, to make such deposits into the Series Rebate Fund, if any, as the Issuer may direct in accordance with an arbitrage rebate agreement, such moneys thereupon to be used solely for the purposes specified in said arbitrage rebate agreement. Any moneys so transferred from the Series Bond Redemption Fund to the Series Rebate Fund shall thereupon be free from the lien and pledge of the related Indenture;

SECOND, to be used to call for redemption pursuant to clause (b) of Section 8.01 hereof an amount of Bonds of the applicable Series equal to the amount of money transferred to the Series Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the direction of an Authorized Officer, to call for redemption on each Interest Payment Date on which Bonds of the applicable Series are subject to optional redemption pursuant to Section 8.01(a) hereof such amount of Bonds of the applicable Series as, with the redemption premium, may be practicable; provided, however, that not less than Five Thousand Dollars (\$5,000) principal amount of Bonds of the applicable Series shall be called for redemption at one time.

Any such redemption shall be made in accordance with the provisions of Article VIII of this Trust Indenture. The Issuer shall pay all expenses in connection with such redemption.

SECTION 6.07. Administrative Expenses Fund. The Trustee is hereby authorized and directed to establish an Administrative Expenses Fund and pursuant to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder into which shall be deposited, moneys in the amounts and at the times provided in Section 6.03 of this Trust Indenture. Moneys in each Series Administrative Expenses Account shall be used only for the purpose of paying Administrative Expenses.

SECTION 6.08. Drawings on Credit Facility. With respect to Bonds in respect of which there has been issued a Credit Facility, the Trustee shall draw on the Credit Facility, in accordance with the provisions for drawing under such Credit Facility, and within the requisite time period, all as set forth in the Credit Facility Agreement or the Supplemental Indenture.

SECTION 6.079. Procedure When Funds Are Sufficient to Pay All Bonds of a Series. If at any time the moneys held by the Trustee in the Funds and Accounts hereunder and under a Supplemental Indenture and available therefor are sufficient to pay the principal or Redemption Price of, as the case may be, and interest on all Bonds of a Series then Outstanding under such Indenture to maturity or prior redemption, together with any amounts due the Issuer and the Trustee, Paying Agent, Registrar, Credit Facility Issuer, the Trustee, at the direction of the Issuer, shall apply the amounts in the Series Funds and Series Accounts to the payment of the aforesaid obligations and the Issuer shall not be required to pay over any further Pledged Revenues with respect to such Series of Bonds unless and until it shall appear that there is a deficiency in the Funds and Accounts held by the Trustee.

SECTION 6.10. Certain Moneys to Be Held for Series Bondowners Only. Each Series of Bonds issued pursuant to this Trust Indenture and a Supplemental Indenture shall be secured by Pledged Revenues and otherwise may be secured by such other security (including, but not limited to, Credit Facilities) established by the pertinent Supplemental Indenture. Moneys and investments in the various Funds and Accounts created under a Supplemental Indenture expressly and solely for the benefit of the Series of Bonds issued under such Supplemental Indenture shall be held in trust by the Trustee for the benefit of the Holders of, and Credit Facility Issuer with respect to, Bonds of that Series only.

SECTION 6.11. Unclaimed Moneys In the event any Bond shall not be presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Trustee in default with respect to any covenant in the Indenture or the Bonds contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Trustee, before making payment to the Issuer, may, at the expense of the Issuer, cause a notice to be published in an authorized newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

[END OF ARTICLE VI]

ARTICLE VII

SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS

SECTION 7.01. Deposits and Security Therefor. All moneys received by the Trustee under a Supplemental Indenture for deposit in any Fund or Account established under the Indenture or such Supplemental Indenture shall be considered trust funds, shall not be subject to lien or attachment, except for the lien created by the Indenture, and shall be deposited in the trust department of the Trustee, until or unless invested or deposited as provided in Section 7.02 hereof.

SECTION 7.02. Investment or Deposit of Funds. Except to the extent otherwise provided in a Supplemental Indenture with respect to a specific Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in the Series Account in the Debt Service Fund and any Series Bond Redemption Fund created under any Supplemental Indenture only in Investment Securities. Except to the extent otherwise provided in a Supplemental Indenture with respect to a specific Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in any Series Account of the Debt Service Reserve Fund in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth herein. All securities securing investments under this Section shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, subject to Section 6.05 of this Trust Indenture and unless otherwise provided in a Supplemental Indenture with respect to a specific Series of Bonds, any interest and other income so received shall be deposited in the related Series Account of the Revenue Fund. Upon request of the Issuer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as provided hereinafter. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the related Series Account of the Revenue Fund.

Subject to the provisions of Section 9.26 of this Trust Indenture, moneys in any of the Funds and Accounts established pursuant to the Indenture, when held by the Trustee, shall be immediately invested by the Trustee subject to all written directions from the Issuer. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale upon the investment instructions of the Issuer or otherwise, including that set forth in the first sentence of this paragraph. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Trust Indenture.

SECTION 7.03. Valuation of Funds. The Trustee shall value the assets in each of the Funds and Accounts established hereunder or under any Supplemental Indenture on June 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the Issuer a report of the status of each Fund and Account as of the valuation date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be

deemed a part thereof, subject to Section 7.02 hereof. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder or under any Supplemental Indenture, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or redemption price thereof (whichever is lower), except for investments in any Account of the Debt Service Reserve Fund which shall be valued at the original cost thereof, all to the extent that any such obligation is then redeemable at the option of the holder.

[END OF ARTICLE VII]

ARTICLE VIII

REDEMPTION AND PURCHASE OF BONDS

SECTION 8.01. Redemption Dates and Prices. The Bonds may be made subject to optional, mandatory and extraordinary redemption and purchase, either in whole or in part, by the Issuer, prior to maturity in the amounts, at the times and in the manner provided in this Article VIII and in a Supplemental Indenture.

(a) *Optional Redemption.* Bonds of a Series shall be subject to optional redemption at the direction of the Issuer, at the times and upon payment of the purchase price as provided in a Supplemental Indenture.

(b) *Extraordinary Mandatory Redemption in Whole or in Part.* Except as otherwise provided in a Supplemental Indenture with respect to Bonds of the related Series, Bonds of a Series are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date, (i) from moneys deposited into the related Series Bond Redemption Fund following the payment in full of Assessments on any parcel or portion of lands within the District in accordance with the provisions of Section 9.08(a) hereof; (ii) from moneys deposited into the related Series Bond Redemption Fund following the payment in full of Assessments on any parcel or portion of the lands within Bond Area 1 of the District as a result of any prepayment of Assessments in accordance with Section 9.08(b) hereof; (iii) when sufficient moneys are on deposit in the related Series Funds and Accounts (other than the Rebate Fund) to pay and redeem all Outstanding Bonds of a Series and accrued interest thereon to the redemption date in addition to all amounts owed to Persons under the Indenture; (iv) from moneys in excess of the Series Account of the Debt Service Reserve Requirement in the Series Account of the Debt Service Reserve Fund transferred to the Series Bond Redemption Fund pursuant to Section 6.05 hereof; (v) from excess moneys transferred from the Series Account of the Revenue Fund to the Bond Series Redemption Fund in accordance with Section 6.03 of this Trust Indenture; or (vi) from moneys, if any, on deposit in the Series Bond Redemption Fund pursuant to Section 9.11(c) hereof following condemnation or the sale of any portion of Bond Area 1 of the District benefited by the Project to a governmental entity under threat of condemnation by such governmental entity or the damage or destruction of all or substantially all of the Project when such moneys are not to be used pursuant to 9.11(c) to repair, replace or restore the Project; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable.

(c) *Mandatory Sinking Fund Redemption.* Bonds of a Series shall be subject to mandatory sinking fund redemption at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date, in the years and amounts set forth in a Supplemental Indenture.

In connection with such mandatory sinking fund redemption of Bonds, amounts shall be transferred from the applicable Series Account of the Revenue Fund to the Series Sinking Fund Account of the Debt Service Fund, all as more particularly described in Section 6.03 hereof.

The principal amounts of scheduled Sinking Fund Installments shall be reduced as specified by the Issuer or as provided in Section 8.04 hereof by any principal amounts of the Bonds redeemed pursuant to Section 8.01(a) and (b) hereof or purchased pursuant to Section 6.04 hereof.

Upon any redemption of Bonds other than in accordance with scheduled Sinking Fund Installments, the Issuer shall cause to be recalculated and delivered to the Trustee revised Sinking Fund Installments recalculated so as to amortize the Outstanding principal amount of Bonds of such Series in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Bonds of such Series. The Sinking Fund Installments as so recalculated shall not result in an increase in the aggregate of the Sinking Fund Installments for all Bonds of such Series in any year. In the event of a redemption or purchase occurring less than 45 days prior to a date on which a Sinking Fund Installment is due, the foregoing recalculation shall not be made to Sinking Fund Installments due in the year in which such redemption or purchase occurs, but shall be made to Sinking Fund Installments for the immediately succeeding and subsequent years.

SECTION 8.02. Notice of Redemption and of Purchase. Except where otherwise required by a Supplemental Indenture, when required to redeem or purchase Bonds of a Series under any provision of the Indenture or directed to do so by the Issuer, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Owners of Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses and also to any Credit Facility Issuer, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Bonds of such Series for which notice was duly mailed in accordance with this Section 8.02. Such notice shall be given in the name of the Issuer, shall be dated, shall set forth the Bonds of such Series Outstanding which shall be called for redemption or purchase and shall include, without limitation, the following additional information:

- (a) the redemption or purchase date;
- (b) the redemption or purchase price;
- (c) CUSIP numbers, to the extent applicable, and any other distinctive numbers and letters;
- (d) if less than all Outstanding Bonds of a Series to be redeemed or purchased, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed or purchased;
- (e) that on the redemption or purchase date the redemption or purchase price will become due and payable upon surrender of each such Bond or portion thereof called for redemption or purchase, and that interest thereon shall cease to accrue from and after said date; and
- (f) the place where such Bonds are to be surrendered for payment of the redemption or purchase price, which place of payment shall be a corporate trust office of the Trustee.

If at the time of mailing of notice of an optional redemption or purchase, the Issuer shall not have deposited with the Trustee or Paying Agent moneys sufficient to redeem or purchase all the Bonds called for redemption or purchase, such notice shall state that it is subject to the deposit of available moneys therefor with the Trustee or Paying Agent, as the case may be, not later than the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited.

If the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the redemption price and accrued interest on the Bonds so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such

funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and among different maturities of Bonds in the same manner as the initial selection of Bonds to be redeemed, and from and after such redemption date, interest on the Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Bonds not been called for redemption.

The notices required to be given by this Section 8.02 shall state that no representation is made as to correctness or accuracy of the CUSIP numbers listed in such notice or printed on the Bonds.

SECTION 8.03. Payment of Redemption Price. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

Payment of the Redemption Price, together with accrued interest, shall be made by the Trustee or Paying Agent to or upon the order of the Owners of the Bonds called for redemption upon surrender of such Bonds. The Redemption Price of the Bonds to be redeemed, the expenses of giving notice and any other expenses of redemption, shall be paid out of the Fund from which redemption is to be made or by the Issuer, or as specified in a Supplemental Indenture.

SECTION 8.04. Partial Redemption of Bonds. Except to the extent otherwise provided in a Supplemental Indenture, if less than all of a Series of Bonds of a maturity are to be redeemed, the Trustee shall select the particular Bonds or portions of the Bonds to be called for redemption by lot in such reasonable manner as the Trustee in its discretion may determine. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(a), such redemption shall be effectuated by redeeming Bonds of such Series of such maturities in such manner as shall be specified by the Issuer in writing, subject to the provisions of Section 8.01 hereof. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(b), such redemption shall be effectuated by redeeming Bonds of such Series pro rata among the maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose, with the portion to be redeemed from each maturity being equal to the product of the aggregate principal amount of Bonds of such Series to be redeemed multiplied times a fraction the numerator of which is the principal amount of the Series of Bonds of such maturity outstanding immediately prior to the redemption date and the denominator of which is the aggregate principal amount of all Bonds of such Series outstanding immediately prior to the redemption date.

[END OF ARTICLE VIII]

ARTICLE IX

COVENANTS OF THE ISSUER

SECTION 9.01. Power to Issue Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Bonds, to adopt and execute the Master Indenture and to pledge the Pledged Revenues for the benefit of the Bonds of a Series and any Credit Facility Issuer. The Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Bonds of a Series and any Credit Facility Issuer with respect to such Series. The Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Bondholders and any Credit Facility Issuer under the Indenture against all claims and demands of all other Persons whomsoever.

SECTION 9.02. Payment of Principal and Interest on Bonds. The payment of the principal or Redemption Price of and interest on all of the Bonds of a Series issued under the Indenture shall be secured forthwith equally and ratably by a first lien on and pledge of the Pledged Revenues, except to the extent otherwise provided in a Supplemental Indenture; and Pledged Revenues in an amount sufficient to pay the principal or Redemption Price of and interest on the Bonds of a Series authorized by the Indenture are hereby irrevocably pledged to the payment of the principal or Redemption Price of and interest on the Bonds of a Series authorized under the Indenture, as the same become due and payable. The Issuer shall promptly pay the interest on and the principal or Redemption Price of every Bond issued hereunder according to the terms thereof, but shall be required to make such payment only out of the Pledged Revenues. The Issuer shall appoint one or more Paying Agents for such purpose, each such agent to be a bank and trust company or a trust company or a national banking association having trust powers.

THE BONDS AUTHORIZED UNDER THE INDENTURE AND THE OBLIGATION EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER, INCLUDING, WITHOUT LIMITATION, THE PROJECT OR ANY PORTION THEREOF IN RESPECT OF WHICH ANY SUCH BONDS ARE BEING ISSUED, OR ANY PART THEREOF, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES AS SET FORTH IN THE INDENTURE. NOTHING IN THE BONDS AUTHORIZED UNDER THE INDENTURE OR IN THE INDENTURE SHALL BE CONSTRUED AS OBLIGATING THE ISSUER TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST THEREON EXCEPT FROM THE PLEDGED REVENUES, OR AS PLEDGING THE FAITH AND CREDIT OF THE ISSUER OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR AS OBLIGATING THE ISSUER, THE ISSUER OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, DIRECTLY OR INDIRECTLY OR CONTINGENTLY, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

SECTION 9.03. Enforcement of Payment of Assessments. The Issuer will assess, impose, collect or cause to be collected and enforce the payment of Assessments for the payment of the Bonds in the manner prescribed by the Assessment Proceedings, this Trust Indenture, any Supplemental Indenture and all resolutions, ordinances or laws thereunto, and will pay or cause to be paid the proceeds of such Assessments as received to the Trustee in accordance with the provisions hereof.

SECTION 9.04. Delinquent Assessments. The Issuer covenants to furnish to the Trustee and any Owner of Bonds of the related Series so requesting, on or before March 15 of each year, a list of all Delinquent Assessments and all foreclosure actions currently in progress and the current status of such Delinquent Assessments.

SECTION 9.05. Sale of Tax Deed or Foreclosure of Assessment. Collection of Delinquent Assessments shall be accomplished by the Issuer pursuant to the terms of Sections 12-45-180 and 12-51-40, *et seq.* of the Code of Laws of South Carolina 1976, as amended (or successor provision thereof). If any property shall be purchased by the forfeited land commission in accordance with Section 12-51-55 of the Code of Laws of South Carolina 1976, as amended (or successor provision thereof), and the forfeited land commission subsequently sells such property and remits the proceeds thereof to the County Treasurer, the Issuer shall direct the County Treasurer to deposit any legally available net proceeds of such sale into the Revenue Fund. Not less than ten days prior to the filing of any foreclosure action as herein provided, the Issuer shall cause written notice thereof to be mailed to the Trustee and any designated agents of the Owners of the related Series of Bonds or as provided in the Supplemental Indenture relating to such Series of Bonds. Not less than 30 days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the Issuer, it shall give written notice thereof to the Trustee and any designated agent of the Owners of the related Series of Bonds. The Issuer agrees that it will diligently pursue the measures provided by law for sale of property acquired by it.

SECTION 9.06. Other Obligations Payable from Assessments. The Issuer will not issue or incur any obligations payable from the proceeds of Assessments nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments other than the pledge of the Trust Estate hereunder.

SECTION 9.07. Books and Records with Respect to Assessments. In addition to the books and records required to be kept by the Issuer pursuant to the provisions of Section 9.14 hereof, the Issuer shall keep books and records for the collection of the Assessments, which such books, records and accounts shall be kept separate and apart from all other books, records and accounts of the Issuer. The Administrator or the Administrator's designee, at the end of each Fiscal Year, shall prepare a written report setting forth the collections received, the number and amount of delinquencies, the proceedings taken to enforce collections and cure delinquencies and an estimate of time for the conclusion of such legal proceedings. A signed copy of such audit shall be furnished to the Trustee (solely as a repository of such information) as soon as practicable after such audit shall become available and shall, upon written request, be mailed to any Registered Owner.

SECTION 9.08. Removal of Assessment Liens. Except as otherwise provided in a Supplemental Indenture with respect to a related Series of Bonds the following procedures shall apply in connection with the removal of Assessment liens.

(a) Any owner of property subject to the Assessments may, at its option, require the Issuer to release and extinguish the lien upon its property by virtue of the levy of the Assessments by paying to the Issuer the entire amount of the Assessment, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within forty (40) calendar days before an Interest Payment Date), attributable to the property subject to Assessment owned by such owner.

(b) Upon receipt of a prepayment as described in (a) above, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the Issuer an affidavit or affidavits, as the case may be, executed by an Authorized Officer of the Issuer, to the effect that the Assessment has been paid and that

such Assessment lien is thereby released and extinguished. Except as otherwise provided by a Supplemental Indenture, upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the applicable Series Bond Redemption Fund to be applied to the redemption of Bonds in accordance with Section 8.01(b)(i) or (ii) hereof, as the case may be.

SECTION 9.09. Deposit of Assessments. The Issuer covenants to cause any Assessments collected or otherwise received by it to be deposited with the Trustee within 30 days after receipt thereof for deposit into the Revenue Fund (except that amounts received as prepayments of Assessments shall be designated by the Issuer as such upon delivery to the Trustee and shall be deposited directly into the related Series Bond Redemption Fund).

SECTION 9.10. [Reserved].

SECTION 9.11. Public Liability and Property Damage Insurance; Maintenance of Insurance; Use of Insurance and Condemnation Proceeds.

(a) Except as otherwise provided in subsection (c) of this Section, the Issuer will carry or cause to be carried, in respect of the Project, comprehensive general liability insurance (covering bodily injury and property damage) issued by one or more insurance companies authorized or eligible to do business under the laws of the State, in such amounts as is customary for similar operations, or as is more specifically set forth hereinbelow.

(b) At all times, the Issuer shall maintain a practical insurance policy, affording protection against loss caused by damage to or destruction of any component of the Project owned by the Issuer on the same terms and conditions as apply to the Issuer's insurance on other properties owned by it.

(c) All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of the Project or any part thereof are hereby pledged by the Issuer as security for the related Series of Bonds and shall be deposited at the option of the Issuer, but subject to the limitations hereinafter described, either (i) into a separate fund to be established by the Trustee for such purpose, and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the related Series Bond Redemption Fund for the purpose of purchasing or redeeming Bonds according to the provisions set forth in Article VIII hereof. The Issuer shall not be entitled to deposit insurance proceeds or condemnation awards into the separate fund described above in clause (i) of this paragraph (and such proceeds and awards shall be deposited directly into the related Series Bond Redemption Fund pursuant to clause (ii) of this paragraph) unless there shall have been filed with the Issuer and the Trustee within a reasonable time after the damage, destruction or condemnation (A) a certificate from the Consulting Engineer that the proceeds of the insurance or condemnation awards deposited into such separate fund, together with other funds available for such purposes, will be sufficient to repair, rebuild, replace or restore such property to substantially the same condition as it was in prior to its damage, destruction or condemnation (taking into consideration any changes, alterations and modifications that the Issuer may desire), (B) an opinion from the Consulting Engineer that the Project can be repaired, rebuilt, replaced or restored within two (2) years following the damage, destruction or condemnation thereof and (C) an opinion of the Consulting Engineer that, in each of the three (3) Fiscal Years following completion of such repair, rebuilding, replacement or restoration, the Issuer will be in compliance with its obligations hereunder. If the certificate described in clause (A) of this paragraph is not rendered because such proceeds or awards are insufficient for such purposes, the Issuer may deposit any other legally available funds in such separate fund in an amount required to enable the Consulting Engineer to render its certificate. If the insurance proceeds or condemnation awards deposited in such separate fund are more than sufficient to repair the damaged property or to

replace the destroyed or taken property, the balance thereof remaining shall be deposited to the credit of the related Series Account in the Revenue Fund.

SECTION 9.12. Collection of Insurance Proceeds. Copies of all insurance policies referred to in Section 9.11 of this Article shall be available at the offices of the Issuer at all reasonable times to the inspection of the Holders of \$1,000,000 or more in aggregate principal amount of the related Series of Bonds and their agents and representatives duly authorized in writing. The Issuer covenants that it will take such action as may be necessary to demand, collect and sue for any insurance money which may become due and payable under any policy of insurance required under the Indenture, whether such policy is payable to the Issuer or to the Trustee. The Trustee is hereby authorized in its own name to demand, collect, sue and receive any insurance money which may become due and payable under any policies payable to it.

Any appraisal or adjustment of any loss or damage under any policy of insurance required under the Indenture, whether such policy is payable to the Issuer or to the Trustee, and any settlement or payment of indemnity under any such policy which may be agreed upon by the Issuer and any insurer shall be evidenced by a certificate, signed by the Administrator approved by the Consulting Engineer, and filed with the Trustee. The Trustee shall in no way be liable or responsible for the collection of insurance moneys in case of any loss or damage.

SECTION 9.13. Use of Revenues for Authorized Purposes Only. None of the Pledged Revenues shall be used for any purpose other than as provided in the Indenture and no contract or contracts shall be entered into or any action taken by the Issuer or the Trustee which will be inconsistent with the provisions of the Indenture.

SECTION 9.14. Books, Records and Annual Reports. The Issuer shall keep proper books of record and account in accordance with Generally Accepted Accounting Principles (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project, and which, together with all other books and records of the Issuer, including, without limitation, insurance policies, relating to the Project, shall at all times be subject during regular business hours to the inspection of the Trustee.

The Issuer shall annually, within 210 days after the close of each Fiscal Year, file with the Trustee, any rating agency that shall have then in effect a rating on any of the Bonds, any Bondholder that shall have, in writing, requested a copy thereof, and otherwise as provided by law, a copy of an annual report for such year, prepared in accordance with Generally Accepted Accounting Principles by a Certified Public Accountant, relating to its operations and including, without limitation, statements in reasonable detail of financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year relating to the Project, and a summary, with respect to each Fund and Account established under the Indenture, of the receipts therein and disbursements therefrom during such Fiscal Year, and the amounts held therein at the end of such Fiscal Year.

The Issuer shall file with the Trustee annually within 210 days after the close of each Fiscal Year a certificate of an Authorized Officer setting forth (i) a description in reasonable detail of the insurance then in effect pursuant to the requirements of Section 9.11 hereof and that the Issuer has complied in all respects with such requirements, (ii) whether during such year any material part of the Project has been damaged or destroyed and, if so, the amount of insurance proceeds covering such loss or damage and specifying the Issuer's reasonable and necessary replacement costs, and (iii) whether or not to the knowledge of the signatory, the Issuer is in default with respect to any of the covenants, agreements or conditions on its part contained in the Indenture, and if so, the nature of such default.

The report, statements and other documents required to be furnished by the Issuer to the Trustee pursuant to any provisions of the Indenture shall be available for the inspection of Bondholders at the office of the Trustee.

SECTION 9.15. Observance of Accounting Standards. The Issuer covenants that all the accounts and records of the Issuer relating to the Project will be kept according to Generally Accepted Accounting Principles consistently applied and consistent with the provisions of the Indenture.

SECTION 9.16. Establishment of Fiscal Year, Annual Budget. The Issuer has established a Fiscal Year beginning July 1 of each year and ending June 30 of the following year. The reports and budget of the Issuer shall relate to such Fiscal Year unless and until, in accordance with applicable law, a different Fiscal Year is established by the Issuer.

SECTION 9.17. Employment of Consulting Engineer; Consulting Engineer's Report. The Issuer shall, for the purpose of performing and carrying out the duties imposed on the Consulting Engineer by the Indenture, employ one or more Independent engineers or engineering firms or corporations having a statewide and favorable repute for skill and experience in such work.

SECTION 9.18. Information to Be Filed with Trustee. The Issuer shall cause to be kept on file with the Trustee at all times copies of the schedules of Assessments levied on all property within the District in respect of the Project. The Issuer shall keep accurate records and books of account with respect to the Project.

SECTION 9.19. Covenant Against Sale or Encumbrance; Exceptions. Subject to Section 9.23 hereof, the Issuer covenants that, (a) except for those improvements comprising the Project that are to be conveyed by the Issuer to another governmental entity and (b) except as in this Section permitted, it will not sell, lease or otherwise dispose of or encumber the Project, or any part thereof. The Issuer may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of a Series of Bonds or from Pledged Revenues if the Administrator shall determine, with the approval of the Consulting Engineer, that such items are no longer needed or are no longer useful in connection with the construction, maintenance and operation of the Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or, at the written direction of the Issuer shall be deposited to the credit of the related Series Account in the Revenue Fund.

Upon any sale of property relating to the Project, the aggregate of which in any thirty (30) day period exceeds Fifty Thousand Dollars (\$50,000) under the provisions of this Section, the Issuer shall provide written notice to the Trustee of the property so sold and the amount and disposition of the proceeds thereof.

The Issuer may lease or grant easements, franchises or concessions for the use of any part of the Project not incompatible with the maintenance and operation thereof, and the net proceeds of any such lease, easement, franchise or concession (after the making of provision for payment from said proceeds of all costs incurred in financing, constructing, operating, maintaining or repairing such leases, easements, franchises or concessions) shall be deposited as received to the credit of related Series Account in the Revenue Fund.

SECTION 9.20. Fidelity Bonds. Every officer, agent or employee of the Issuer having custody or control of any of the Pledged Revenues shall be bonded by a responsible corporate surety in an amount not less than the greatest amount reasonably anticipated to be within the custody or control of such officer, agent or employee at one time.

SECTION 9.21. No Loss of Lien on Pledged Revenues. The Issuer shall not do or omit to do, or suffer to be done or omit to be done, any matter or thing whatsoever whereby the lien of the Bonds on the Pledged Revenues or any part thereof, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to the Rebate Fund held by the Trustee at the written direction of the Issuer.

SECTION 9.22. Compliance With Other Contracts and Agreements. The Issuer shall comply with and abide by all of the terms and conditions of any and all contracts and agreements which the Issuer enters into in connection with the Project and the issuance of the Bonds.

SECTION 9.23. Issuance of Additional Obligations. The Issuer shall not issue any obligations other than the Bonds payable from Pledged Revenues, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, payable from Pledged Revenues, except in the ordinary course of business; provided, however, for the avoidance of doubt, the Remaining Series 2006A Bonds and any bonds issued under the Amended Master Indenture to refund the Remaining Series 2006A Bonds are not payable from or secured by the Assessments or the Pledged Revenues.

SECTION 9.24. Extension of Time for Payment of Interest Prohibited. The Issuer shall not directly or indirectly extend or assent to an extension of time for payment of any claim for interest on any of the Bonds and shall not directly or indirectly be a party to or approve any arrangement therefor by purchasing or funding or in any manner keeping alive any such claim for interest; no claim for interest which in any way, at or after maturity, shall have been transferred or pledged apart from the Bonds to which it relates or which shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the Issuer, shall be entitled, in case of a default hereunder, to any benefit or security under the Indenture except after the prior payment in full of the principal of all Bonds and claims for interest appertaining thereto not so transferred, pledged, kept alive or extended.

SECTION 9.25. Further Assurances. The Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture.

SECTION 9.26. Use of Bond Proceeds to Comply with Internal Revenue Code. The Issuer covenants to the Holders of the Bonds that it will not make or direct the making of any investment or other use of the proceeds of any Bonds issued hereunder which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code and or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and that it will comply with the requirements of such Code section and related regulations throughout the term of such Bonds. The Issuer hereby further covenants and agrees to comply with the procedures and covenants contained in any arbitrage rebate agreement executed in connection with the issuance of each Series of Bonds for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on each Series of Bonds.

SECTION 9.27. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Issuer or other "obligated person" within the meaning of the Rule to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Bonds of a Series and after receipt of indemnity to its satisfaction, shall take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations

under this Section 9.27. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

[END OF ARTICLE IX]

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.01. Events of Default and Remedies. Except to the extent otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, events of default and remedies with respect to each Series of Bonds shall be as set forth in the Master Indenture.

SECTION 10.02. Events of Default Defined. Each of the following shall be an “Event of Default” under the Indenture, with respect to a Series of Bonds:

(a) if payment of any installment of interest on any Bond of such Series is not made when it becomes due and payable; or

(b) if payment of the principal or Redemption Price of any Bond of such Series is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or

(c) if the Issuer, for any reason, is rendered incapable of fulfilling its obligations under the Indenture or under the Act; or

(d) if the Issuer proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Issuer or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Issuer and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or

(e) if the Issuer defaults in the due and punctual performance of any other covenant in the Indenture or in any Bond of such Series issued pursuant to the Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds of such Series; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the Issuer shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or

(f) written notice shall have been received by the Trustee from a Credit Facility Issuer securing Bonds of such Series that an event of default has occurred under the Credit Facility Agreement, or there shall have been a failure by said Credit Facility Issuer to make said Credit Facility available or to reinstate the interest component of said Credit Facility in accordance with the terms of said Credit Facility, to the extent said notice or failure is established as an event of default under the terms of a Supplemental Indenture.

SECTION 10.03. No Acceleration. No Series of Bonds issued under the Master Indenture shall be subject to acceleration.

SECTION 10.04. Legal Proceedings by Trustee.

If any Event of Default with respect to a Series of Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Holders of not less than a majority of the aggregate principal amount of the Outstanding Bonds of such Series and receipt of indemnity to its satisfaction shall, in its own name:

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Bonds of such Series, including, without limitation, the right to require the Issuer to carry out any agreements with, or for the benefit of, the Bondholders of the Bonds of such Series and to perform its or their duties under the Act;
- (b) bring suit upon the Series of Bonds;
- (c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds of such Series;
- (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds of such Series; and
- (e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing such Series of Bonds.

SECTION 10.05. Discontinuance of Proceedings by Trustee. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, the Issuer, the Trustee, the Paying Agent and the Bondholders shall be restored to their former positions and rights hereunder as though no such proceeding had been taken.

SECTION 10.06. Bondholders May Direct Proceedings. The Holders of a majority in aggregate principal amount of the Outstanding Bonds of a Series then subject to remedial proceedings under this Article X shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such directions shall not be otherwise than in accordance with law or the provisions of the Indenture.

SECTION 10.07. Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of the applicable Series shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

SECTION 10.08. Trustee May Enforce Rights Without Possession of Bonds. All rights under the Indenture and a Series of Bonds may be enforced by the Trustee without the possession of any of the Bonds of such Series or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Bonds of such Series.

SECTION 10.09. Remedies Not Exclusive. Except as limited under Section 15.01 of this Trust Indenture, no remedy contained in the Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 10.10. Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given by this Article X may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.11. Application of Moneys in Event of Default. Any moneys received by the Trustee or the Paying Agent, as the case may be, in connection with any proceedings brought under this Article X with respect to a Series of Bonds shall be applied in the following priority:

(a) to the payment of the costs of the Trustee and Paying Agent incurred in connection with actions taken under this Article X with respect to such Series of Bonds, including counsel fees and any disbursements of the Trustee and the Paying Agent and payment of unpaid fees owed to the Trustee.

(b) unless the principal of all the Bonds of such Series shall have become or shall have been declared due and payable:

FIRST: to payment of all installments of interest then due on the Bonds of such Series in the order of maturity of such installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any preference or priority of one installment of interest over any other installment; and

SECOND: to payment to the persons entitled thereto of the unpaid principal or Redemption Price of any of the Bonds of such Series which shall have become due in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the principal or Redemption Price coming due on such Bonds on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any preference or priority of one such Bond of a Series over another or of any installment of interest over another.

(c) If the principal of all Bonds of a Series shall have become or shall have been declared due and payable, to the payment of principal or Redemption Price (as the case may be) and interest then owing on the Bonds of such Series and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or Redemption Price and interest ratably, without preference or priority of one Bond of such Series over another or of any installment of interest over any other installment of interest.

Any surplus remaining after the payments described above shall be paid to the Issuer or to the Person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

For purposes of the application of moneys described above, to the extent payments of principal of and interest on a Series of Bonds shall have been made under a Credit Facility relating thereto, the Credit Facility Issuer shall be entitled to moneys in the related Series Accounts in the Debt Service Fund in accordance with the agreement pursuant to which such Credit Facility has been issued (but subject to

subsection (a) hereof and Section 11.04 hereof) and the ordinance of the Issuer authorizing the issuance of such Bonds to which such Credit Facility relates.

SECTION 10.12. Trustee's Right to Receiver; Compliance with Act. The Trustee shall be entitled as of right to the appointment of a receiver and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act and other applicable law of the State.

SECTION 10.13. Trustee and Bondholders Entitled to all Remedies under Act. It is the purpose of this Article to provide such remedies to the Trustee and Bondholders as may be lawfully granted under the provisions of the Act and other applicable laws of the State; if any remedy herein granted shall be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act and other applicable laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article X shall apply to and be binding upon any receiver appointed in accordance with Section 10.12 hereof.

SECTION 10.14. Credit Facility Issuer's Rights Upon Events of Default. Anything in the Indenture to the contrary notwithstanding, if any Event of Default has occurred and is continuing while a Credit Facility securing all or a portion of such Bonds of a Series Outstanding is in effect, the Credit Facility Issuer shall have the right, in lieu of the Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility, by an instrument in writing, executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture, or exercising any trust or power conferred on the Trustee by the Indenture. Said direction shall be controlling to the extent the direction of Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility would have been controlling under this Article. If the Credit Facility Issuer shall be in default in the performance of its obligations under the Credit Facility, said Credit Facility Issuer shall have no rights under this Section.

[END OF ARTICLE X]

ARTICLE XI

THE TRUSTEE; THE PAYING AGENT AND REGISTRAR

SECTION 11.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article XI, to all of which the parties hereto, the Bondholders and any Credit Facility Issuer agree. The Trustee shall act as Trustee for the Bonds. Subject to the provisions of Section 11.03 hereof, the Trustee shall have only such duties as are expressly set forth herein, and no duties shall be implied on the part of the Trustee. The Trustee further agrees to comply with the procedures and covenants contained in any arbitrage rebate agreement to which it is a party for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, to the extent applicable.

SECTION 11.02. No Responsibility for Recitals. The recitals, statements and representations in this Trust Indenture or in the Bonds, save only the Trustee's Certificate, if any, upon the Bonds, have been made by the Issuer and not by the Trustee and the Trustee shall be under no responsibility for the correctness thereof.

SECTION 11.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder; the Trustee shall not be answerable for the default or misconduct of any attorney or agent selected and supervised by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct.

SECTION 11.04. Compensation. The Issuer shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements. If the Issuer defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys coming into its hands and payable to the Issuer but exclusive of the Rebate Fund and moneys from a drawing on any Credit Facility, which right of payment shall be prior to the right of the holders of the Bonds. This provision shall survive the termination of the Indenture and, as to any Trustee, its removal or resignation as Trustee.

SECTION 11.05. No Duty to Renew Insurance. The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the Issuer to require or effect or renew insurance or to report or file claims of loss thereunder. The Trustee shall have no duty or obligation whatsoever to enforce the collection of Assessment or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability is limited to the proper accounting for such funds as it shall actually receive. No provision in the Master Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

SECTION 11.06. Notice of Default; Right to Investigate. The Trustee shall give written notice by first-class mail to registered Holders of a Series of Bonds of all defaults known to the Trustee, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 11.07 being defined to include the events specified as "Events of Default" in Article X hereof, but not including any notice or periods of grace provided for therein); provided that, except in the case of a default in payment of principal or interest or Redemption Price, the Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the Bondholders. The Trustee shall not be deemed to have notice of any default other than a payment default under the Indenture or a notification

by a Credit Facility Issuer of a default under its Credit Facility, unless notified in writing of such default by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of a Series. The Trustee may, however, at any time require of the Issuer full information as to the performance of any covenant hereunder, and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the Issuer, an investigation into the affairs of the Issuer.

SECTION 11.07. Obligation to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, unless it is requested in writing to do so by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds which are or would be, upon the taking of such action, subject to remedial proceedings under Article X of this Trust Indenture if in its opinion such action may tend to involve expense or liability, and unless it is also furnished with indemnity satisfactory to it.

SECTION 11.08. Reliance by Trustee. The Trustee may act on any requisition, resolution, notice, telegram, facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed, signed or given by the persons purporting to be authorized (which in the case of the Issuer shall be an Authorized Officer) or to have been prepared and furnished pursuant to any of the provisions of the Indenture; the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

SECTION 11.09. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Issuer; provided, however, that if the Trustee determines that any such relation is in conflict with its duties under the Indenture, it shall eliminate the conflict or resign as Trustee.

SECTION 11.10. Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of the Indenture, and except as otherwise provided in Article XIII of this Trust Indenture, any construction by the Trustee shall be binding upon the Bondholders. The Trustee shall give prompt notice to the Issuer of any intention to make such construction.

SECTION 11.11. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Secretary of the Issuer not less than sixty (60) days before the date when such resignation is to take effect; provided, however, that notice of such resignation shall be sent by first-class mail to each Bondholder as its name and address appears on the Bond Register and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer, if any, at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing, such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within ninety (90) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed. Notice of such resignation shall also be given to any rating agency that shall then have in effect a rating on any of the Bonds.

SECTION 11.12. Removal of Trustee. The Trustee may be removed at any time by either (a) the Issuer, if no default exists under the Indenture, or (b) an instrument or concurrent instruments in writing,

executed by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding and filed with the Issuer. A photographic copy of any instrument or instruments filed with the Issuer under the provisions of this paragraph, duly certified by an Authorized Officer, shall be delivered promptly by the Issuer to the Trustee and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer, if any.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than a majority of the aggregate principal amount of the Bonds then Outstanding.

SECTION 11.13. Appointment of Successor Trustee. If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Issuer shall appoint a successor and shall mail notice of such appointment by first-class mail to each Bondholder as its name and address appear on the Bond Register, and to the Paying Agent, Registrar, Authenticating Agent, Credit Facility Issuer, if any, and any rating agency that shall then have in effect a rating on any of the Bonds. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Trust Indenture prior to the date specified in the notice of resignation or removal as the date when such resignation or removal was to take effect, the Holders of a majority in aggregate principal amount of all Bonds then Outstanding may appoint a successor Trustee.

SECTION 11.14. Qualification of Successor. A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000.

SECTION 11.15. Instruments of Succession. Any successor Trustee shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder and thereupon, such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder, after deducting all amounts owed to the Trustee, shall pay over to the successor Trustee all moneys held by it hereunder and, upon request of the successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument or instruments prepared by the Issuer transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the predecessor Trustee, except for its rights under Section 11.04 hereof.

SECTION 11.16. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee or its Corporate Trust Department hereunder shall be a party, shall be the successor Trustee under the Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 11.14 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article XI.

SECTION 11.17. Extension of Rights and Duties of Trustee to Paying Agent and Registrar. The provisions of Sections 11.02, 11.03, 11.04, 11.08, 11.09 and 11.10 hereof are hereby made applicable to the Paying Agent and the Registrar, as appropriate, and any Person serving as Paying Agent and/or

Registrar, hereby enters into and agrees to comply with the covenants and agreements of the Indenture applicable to the Paying Agent and Registrar, respectively.

SECTION 11.18. Resignation of Paying Agent or Registrar. The Paying Agent or Registrar may resign and be discharged of the duties created by the Indenture by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the Issuer, the Trustee, and any rating agency that shall then have in effect a rating on any of the Bonds, not less than forty-five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation not less than three (3) weeks prior to such resignation date to the Bondholders, mailed to their addresses as such appear in the Bond Register. Such resignation shall take effect on the date specified in such instrument and notice, but only if a successor Paying Agent or Registrar shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Registrar. If the successor Paying Agent or Registrar shall not have been appointed within a period of ninety (90) days following the giving of notice, then the Paying Agent or Registrar shall be authorized to petition any court of competent jurisdiction to appoint a successor Paying Agent or Registrar as provided in Section 11.22 hereof.

SECTION 11.19. Removal of Paying Agent or Registrar. The Paying Agent or Registrar may be removed at any time prior to any Event of Default by the Issuer by filing with the Paying Agent or Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by the Issuer appointing a successor, or an instrument or instruments in writing designating, and accompanied by an instrument or appointment by the Issuer of, such successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Registrar appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder.

SECTION 11.20. Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Registrar, as the case may be, and a successor shall be appointed by the Issuer; and in case at any time the Paying Agent or Registrar shall resign, then a successor shall be appointed by the Issuer. After any such appointment, notice of such appointment shall be given by the Issuer to the predecessor Paying Agent or Registrar, the successor Paying Agent or Registrar, the Trustee, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. Any new Paying Agent or Registrar so appointed shall immediately, and without further act, supersede the predecessor Paying Agent or Registrar.

SECTION 11.21. Qualifications of Successor Paying Agent or Registrar. Every successor Paying Agent or Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (ii) authorized by law to perform all the duties imposed upon it by the Indenture and (iii) capable of meeting its obligations hereunder, and (b) shall have a combined net capital and surplus of at least \$50,000,000.

SECTION 11.22. Judicial Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or Registrar shall resign and no appointment of a successor Paying Agent or Registrar shall be made pursuant to the foregoing provisions of this Trust Indenture prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Paying Agent or Registrar may forthwith apply to a court of competent jurisdiction for the appointment of

a successor Paying Agent or Registrar. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Paying Agent or Registrar. Notice of such appointment shall be given by the Successor Registrar or Paying Agent to the Issuer, the Trustee, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. In the absence of such an appointment, the Trustee shall become the Registrar or Paying Agent and shall so notify the Issuer, any rating agency that shall have issued a rating on the Bonds, and all Bondholders.

SECTION 11.23. Acceptance of Duties by Successor Paying Agent or Registrar. Any successor Paying Agent or Registrar shall become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Registrar herein. Upon request of such Paying Agent or Registrar, such predecessor Paying Agent or Registrar and the Issuer shall execute and deliver an instrument transferring to such successor Paying Agent or Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Registrar and such predecessor Paying Agent or Registrar shall pay over and deliver to the successor Paying Agent or Registrar all moneys and other assets at the time held by it hereunder.

SECTION 11.24. Successor by Merger or Consolidation. Any corporation into which any Paying Agent or Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Paying Agent or Registrar hereunder shall be a party, shall be the successor Paying Agent or Registrar under the Indenture without the execution or filing of any paper or any further act on the part of the parties thereto, anything in the Indenture to the contrary notwithstanding.

[END OF ARTICLE XI]

ARTICLE XII

ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS

SECTION 12.01. Acts of Bondholders; Evidence of Ownership of Bonds. Any action to be taken by Bondholders may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Bondholders in person or by an agent appointed in writing. The fact and date of the execution by any person of any such instrument may be provided by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution. Any action by the Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered by the Issuer, Trustee, Paying Agent or Registrar in pursuance thereof.

[END OF ARTICLE XII]

ARTICLE XIII

AMENDMENTS AND SUPPLEMENTS

SECTION 13.01. Amendments and Supplements Without Bondholders' Consent. This Trust Indenture and any Supplemental Indenture may be amended or supplemented, from time to time, without the consent of the Bondholders, by a Supplemental Indenture authorized by an ordinance of the Issuer filed with the Trustee, for one or more of the following purposes:

(a) to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer;

(b) for any purpose not inconsistent with the terms of the Indenture, or to cure any ambiguity or to cure, correct or supplement any defective provision (whether because of any inconsistency with any other provision hereof or otherwise) of the Indenture, in such manner as shall not impair the security hereof or thereof or adversely affect the rights and remedies of the Bondholders;

(c) to provide for the execution of any and all contracts and other documents as may be required in order to effectuate the conveyance of the Project (or any portion thereof) to the State, the Issuer, or any department, agency or branch thereof; provided, however, that the Issuer shall have caused to be delivered to the Trustee an opinion of Bond Counsel stating that such conveyance shall not impair the security hereof or adversely affect the rights and remedies of the Bondholders; and

(d) to make such changes as may be necessary in order to reflect amendments to the Act so long as, in the opinion of counsel to the Issuer: (i) such changes do not have an adverse effect on the Holders of the Bonds; or (ii) if such changes do have an adverse effect, they nevertheless are required to be made as a result of such amendments.

SECTION 13.02. Amendments With Bondholders' Consent. Subject to the provisions of Section 13.03 hereof, the Master Indenture may be amended from time to time by a Supplemental Indenture and any Supplemental Indenture approved by the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding in the case of the Master Indenture, and of the Series of Bonds then outstanding and secured by such Supplemental Indenture in the case of Amendment of a Supplemental Indenture; provided that with respect to (a) the interest payable upon any Bonds, (b) the dates of maturity or redemption provisions of any Bonds, (c) this Article XIII and (d) the security provisions hereunder or under any Supplemental Indenture, which may only be amended by approval of the Owners of all Bonds to be so amended.

SECTION 13.03. Trustee Authorized to Join in Amendments and Supplements: Reliance on Counsel. The Trustee is authorized to join in the execution and delivery of any supplemental indenture or amendment permitted by this Article XIII and in so doing may rely on a written opinion of Counsel that such supplemental indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

[END OF ARTICLE XIII]

ARTICLE XIV

DEFEASANCE

SECTION 14.01. Defeasance. When interest on, and principal or Redemption Price (as the case may be) of, the Bonds of a Series or any portion thereof to be defeased have been paid, or there shall have been deposited with the Trustee or such other escrow agent designated in an ordinance of the Issuer (the "Escrow Agent") moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys, remaining uninvested, will provide sufficient moneys to fully pay (i) such Bonds of a Series or portion thereof to be defeased, and (ii) any other sums payable hereunder by the Issuer, the right, title and interest of the Trustee with respect to such Bonds of a Series or portion thereof to be defeased shall thereupon cease, the lien of the Indenture on the Pledged Revenues, and the Funds and Accounts established under the Indenture shall be defeased and discharged, and the Trustee, on demand of the Issuer, shall release the Indenture as to such Bonds of a Series or portion thereof to be so defeased and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer or to such Person, body or authority as may be entitled to receive the same all balances remaining in any Series Funds and Accounts upon the defeasance in whole of all of the Bonds of a Series.

SECTION 14.02. Deposit of Funds for Payment of Bonds. If the Issuer deposits with the Escrow Agent moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys remaining uninvested, will provide sufficient moneys to pay the principal or Redemption Price of any Bonds of a Series becoming due, either at maturity or by redemption or otherwise, together with all interest accruing thereon to the date of maturity or such prior redemption, and reimburses or causes to be reimbursed or pays or causes to be paid the other amounts required to be reimbursed or paid under Section 14.01 hereof, interest on such Bonds of a Series shall cease to accrue on such date of maturity or prior redemption and all liability of the Issuer with respect to such Bonds of a Series shall likewise cease, except as hereinafter provided; provided, however, that (a) if any Bonds are to be redeemed prior to the maturity thereof, notice of the redemption thereof shall have been duly given in accordance with the provisions of Section 8.02 hereof, or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice, and (b) in the event that any Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days following a deposit of moneys with the Escrow Agent, in accordance with this Section, the Issuer shall have given the Escrow Agent, in form satisfactory to the Escrow Agent, irrevocable instructions to mail to the Owners of such Bonds at their addresses as they appear on the Bond Register, a notice stating that a deposit in accordance with this Section has been made with the Escrow Agent and that the Bonds to which such notice relates are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price (as the case may be) of, and interest on, said Bonds of a Series. Thereafter such Bonds shall be deemed not to be Outstanding hereunder and the Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Escrow Agent shall hold such funds in trust for such Owners. At the time of the deposit referred to above, there shall be delivered to the Escrow Agent a verification from a firm of independent certified public accountants stating that the principal of and interest on the Defeasance Securities, together with the stated amount of any cash remaining on deposit with the Escrow Agent, will be sufficient without reinvestment to pay the remaining principal of, redemption premium, if any, and interest on such defeased Bonds.

Money so deposited with the Escrow Agent which remains unclaimed three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Escrow Agent in default with respect to any covenant in the Indenture or the Bonds contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Escrow Agent, before making payment to the Issuer, may, at the expense of the Issuer, cause a notice to be published in an authorized newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

[END OF ARTICLE XIV]

ARTICLE XV

MISCELLANEOUS PROVISIONS

SECTION 15.01. Limitations on Recourse. No personal recourse shall be had for any claim based on the Indenture or the Bonds against any member of the Council of the Issuer, officer, employee or agent, past, present or future, of the Issuer or of any successor body as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

The Bonds are payable solely from the Pledged Revenues, and any other moneys held by the Trustee under the Indenture for such purpose. There shall be no other recourse under the Bonds, the Indenture or otherwise, against the Issuer or any other property now or hereafter owned by it.

SECTION 15.02. Payment Dates. In any case where an Interest Payment Date or the maturity date of the Bonds or the date fixed for the redemption of any Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 15.03. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Bonds.

SECTION 15.04. Illegal Provisions Disregarded. If any term of the Indenture or the Bonds or the application thereof for any reason or circumstances shall to any extent be held invalid or unenforceable, the remaining provisions or the application of such terms or provisions to Persons and situations other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision hereof and thereof shall be valid and enforced to the fullest extent permitted by law.

SECTION 15.05. Substitute Notice. If for any reason it shall be impossible to make duplication of any notice required hereby in a newspaper or newspapers, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 15.06. Notices. Any notice, demand, direction, request or other instrument authorized or required by the Indenture to be given to or filed with the Issuer or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of the Indenture if and when personally delivered and receipted for, or sent by registered United States mail, return receipt requested, addressed as follows:

(a) As to the Issuer –

County Administrator
Lancaster County, South Carolina
Post Office Box 1809
Lancaster, South Carolina 29721-1809

(b) As to the Trustee -

Wells Fargo, N.A.

[7077 Bonneval Road, Suite 400]
Jacksonville, Florida 32216
Attn: Corporate Trust Department

Any of the foregoing may, by notice sent to each of the others, designate a different or additional address to which notices under the Indenture are to be sent.

All documents received by the Trustee under the provisions of the Indenture and not required to be redelivered shall be retained in its possession, subject at all reasonable times to the inspection of the Issuer, any Bondholder and the agents and representatives thereof as evidence in writing.

SECTION 15.07. Controlling Law. The Indenture shall be governed by and construed in accordance with the laws of the State of South Carolina.

SECTION 15.08. Successors and Assigns. All the covenants, promises and agreements in the Indenture contained by or on behalf of the Issuer or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15.09. Headings for Convenience Only. The table of contents and descriptive headings in this Trust Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 15.10. Counterparts. This Trust Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 15.11. Appendices and Exhibits. Any and all appendices or exhibits referred to in and attached to this Trust Indenture are hereby incorporated herein and made a part hereof for all purposes.

(Signature page to follow)

IN WITNESS WHEREOF, Lancaster County, South Carolina has caused this Master Trust Indenture to be executed by the Chairman of its County Council and its seal to be hereunto affixed and attested by the Clerk to Council and Wells Fargo Bank, N.A. has caused this Master Trust Indenture to be executed by one of its authorized officers and its seal to be hereunto affixed and attested by an authorized officer, all as of the day and year first above written.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

(SEAL)

ATTEST

Clerk to Council

WELLS FARGO BANK, N.A., as Trustee

(SEAL)

By: _____
Its: _____

ATTEST

By: _____
Its: _____

EXHIBIT A

LEGAL DESCRIPTION OF WALNUT CREEK IMPROVEMENT DISTRICT

The present boundaries of the Walnut Creek Improvement District are as follows:

All that certain piece, parcel or tract of land lying, being and situate on the eastern margin of U.S. Highway 521 in Indian Land Township, Lancaster County, South Carolina, containing 814.88 acres, more or less, as shown and described on that certain plat entitled "Boundary Survey for Lawson's Bend, LLC" prepared by Kenneth M. Green, SCPLS No. 14529, dated February 1, 2005, last revised May 2, 2005, recorded May 4, 2005, in Plat Book 2005, Page 255, Register of Deeds Office for Lancaster County, South Carolina, reference to which plat is hereby made for a more particular description of the 814.88 acre tract.

Tax Map Nos.: 020-00-002.00; 020-00-005.00; 020-00-006.00; 020-00-007.00; 020-00-008.00; 020-00-009.00; 015-00-055.01; 015-00-028; 015-00-024.00; 015-00-024.01 and 015-00-011.00

All those certain pieces, parcels or tracts of land, being Two tracts of land, lying, being and situated near the North Carolina and South Carolina State Line, in Indian Land Township, Lancaster County, South Carolina, containing a total of Twenty-four (24) acres, more or less, tract No. 1 being the home tract and containing 18 acres and described as follows, being bound on the south by Railroad, West by Bishop lands, now or formerly, North by dirt road, and East by Lee Helms; tract no. 2 containing 6 acres, more or less and being bounded on the West by other lands of Gene Morgan, North by Stuart Ingram and John McDonald lands, East by lands deeded to Devew Hudson, and South by a Dirt Road.

ALSO: "All that certain piece, parcel or tract of land lying, being and situate in Indian Land Township, Lancaster County, South Carolina, containing 12 acres and being described as follows: Beginning at the center of Waxhaw-Osceola Road and running North a distance of 2227 feet to a stone, thence running thence East a distance of 237.6 feet to a stake, thence running South to the center of the said Waxhaw-Osceola Dirt Road approximately 2227 feet, thence running West along the center of the road 237.6 feet to the point of beginning. Being bound on the West by Bishop lands; North by Bishop lands; East by Kathleen Morgan; and South by Waxhaw-Osceola Dirt Road."

Tax Map No. 015-00-017.00

All that certain piece, parcel or lot of land lying and being situated in the Indian Land Township, Lancaster County, South Carolina and being more particularly described as follows: Beginning at a found ½" pipe on the northern side of Hancock Road, said iron being at the common southern property corner of the Sandler at Kensington, LLC property (DB 228 PG 216) and the Ronald B. Massey property (DB E6 PG 4504), said ½" pipe being the Point of Beginning (POB); thence N04°21'48"E for a distance of 177.04' to a found 1" pipe; thence N09°08'00"E for a distance of 485.35' to a found #4 rebar; thence S83°28'59"E for a distance of 150.07' to a found #4 rebar; thence N06°32'52"E for a distance of 1565.06' to a found #4 rebar; thence S61°43'57"E for a distance of 419.81' to a found nail at the base of a fence post, said nail being on or near the North Carolina-South Carolina State line, thence along a line locally recognized as the State Line S06°32'33"W for a distance of 2112.19' to found #5 rebar; thence leaving said line N79°15'58"W for a distance of 556.90' to the POB and containing 21.983 acres more or less."

Tax Map No. 015-00-013.00

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project includes the following improvements:

- (a) roadway system consisting of streets, curbs, gutters, bridges, intersection improvements, right-of-way improvements, street lighting and signage, Hancock and Claude Phillips Road improvements;
- (b) sanitary sewer system consisting of force mains, gravity mains, pump stations and related facilities;
- (c) water system consisting of four inch, six inch, eight inch and ten inch water mains, valves, joints, fire hydrants and related facilities;
- (d) stormwater drainage system designed to meet current standards;
- (e) other public improvements including but not limited to a recreational area and facilities, a combined Sheriff and EMS substation and related equipment, and such other improvements as allowed under the terms of the Act and as may be approved by the County Council of Lancaster County, South Carolina.
- (f) Other improvements, which are not to be financed as part of the Improvement District, include electric service, natural gas services, telephone service, and cable television service; and

Improvements described in paragraph (a) through (e) above are described in more detail in the Engineer's Report.

EXHIBIT C

FORM OF BOND

[Unless this bond is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to Lancaster County, South Carolina, or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

No. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LANCASTER COUNTY, SOUTH CAROLINA
WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REVENUE BOND, SERIES _____**

**Interest
Rate**

**Maturity
Date**

**Dated
Date**

CUSIP

Registered Owner:

Principal Amount:

Lancaster County, South Carolina (the "Issuer"), on behalf of the Edgewater Improvement District (the "District"), created pursuant to Title 4, Chapter 35 of the Code of Laws of South Carolina 1976, as amended (the "Act"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner set forth above, or registered assigns (the "Owner"), on the Maturity Date shown hereon, unless this bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the hereinafter defined Indenture) shall have been duly made or provided for, the Principal Amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date (as defined herein) to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on _____ 1 and _____ 1 of each year (each, an "Interest Payment Date"), commencing on _____, 20____, until payment of said Principal Amount has been made or provided for, at the Interest Rate per annum set forth above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the 15th day next preceding such Interest Payment Date (the "Record Date"); provided, however, that on or after the occurrence and continuance of an Event of Default under Section 9.02(a) of the Indenture relating to a failure to pay Debt Service (as defined in the Indenture), when due, the payment of interest and principal or Redemption Price or Sinking Fund Installments (as such terms are defined in the Indenture) shall be made by the Paying Agent (as defined herein) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than 15 and not less than ten

days prior to the date of such proposed payment, appears on the registration books of the Registrar as the Owner of this bond. Any payment of principal, Maturity Amount (as defined in the Indenture) or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wells Fargo Bank, N.A., as paying agent (the "Paying Agent"). Payment of interest shall be made by check or draft mailed by the Paying Agent and Registrar (or by wire transfer to an account within the continental United States, and at the expense of, the Owner if such Owner requests such method of payment in writing on or prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the Owner owns not less than \$1,000,000 in aggregate principal amount of the hereafter defined _____ Bonds). Interest on this bond will be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a duly authorized issue of bonds of the Issuer designated "Walnut Creek Improvement District Assessment Revenue Bonds, Series _____" in the aggregate principal amount of \$ _____ (the "Bonds"), issued under a Master Trust Indenture and a _____ Supplemental Indenture, dated _____, _____ (collectively, the "Indenture"), between the Issuer and Wells Fargo Bank, N.A., as trustee (the "Trustee"). The Bonds are issued for the purpose of (i) refunding \$ _____ principal amount of the Issuer's \$24,115,000 original principal amount Lancaster County, South Carolina, Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A; (ii) paying certain costs associated with the issuance of the Bonds; and (iii) funding the _____ Debt Series Reserve Fund for the benefit of the Bonds, in an amount equal to the _____ Debt Service Reserve Requirement.

THIS BOND IS A SPECIAL OBLIGATION OF THE ISSUER. NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE OF SOUTH CAROLINA (THE "STATE") CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE). THIS BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON DOES NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE ISSUER OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE ISSUER OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS BOND. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS BOND, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE TRUST ESTATE (AS DEFINED IN THE INDENTURE), ALL AS PROVIDED IN THE INDENTURE.

This bond is issued under and pursuant to the Constitution and laws of the State, including the Act and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Bonds, the nature and extent of the security thereby created, the covenants of the Issuer with respect to the levy and collection of Assessments (as defined in the Indenture), the terms and conditions under which the Bonds are or may be issued, the rights, duties, obligations and immunities of the Issuer and the Trustee under the Indenture and the rights of the Owners of the Bonds, and, by the acceptance of

this bond, the Owner assents to all of the provisions of the Indenture. The Bonds are equally and ratably secured by the Trust Estate, without preference or priority of one bond over another. The Indenture permits the issuance of additional Bonds (as defined in the Indenture) ranking on a parity with the Bonds as to the lien and pledge of the Trust Estate, but solely for the purposes of refunding Outstanding Bonds.

The Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$1,000 or any integral multiple thereof (an "Authorized Denomination"). This bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of Wells Fargo Bank, N.A., in Jacksonville, Florida, as Registrar (the "Registrar"), upon surrender of this bond, accompanied by an assignment and a written instrument of transfer in form satisfactory to the Registrar, subject to such reasonable regulations as the Issuer or the Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the 2006 Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Registrar in Jacksonville, Florida, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The Bonds are subject to redemption at the option of the Issuer on and after _____ 1, _____, in whole or in part at any time at a Redemption Price equal to _____ % of the principal amount of the Bonds to be redeemed for the period until _____ 1, _____, and thereafter at par, in each case plus accrued interest to the date fixed for redemption.

The Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the _____ Principal Sub-Account in satisfaction of applicable Sinking Fund Installments at a Redemption Price equal to 100 percent of the principal amount thereof, without premium, together with accrued interest to the date of redemption on _____ 1 of the years and in the principal amounts set forth below:

Year (_____ 1)	Principal Amount	Year (_____ 1)	Principal Amount

Any Bonds that are purchased by the Issuer with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of Bonds. Sinking Fund Installments are also subject to recalculation, as provided in the Indenture, as the result of the redemption of Bonds so as to reamortize the remaining Outstanding principal balance of the Bonds.

The Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Registrar, at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) from Prepayments (as defined in the Indenture) deposited into the _____ Prepayment Sub-Account of the _____ Redemption Account; or

(b) from amounts transferred to the _____ Prepayment Sub-Account of the _____ Redemption Account resulting from a reduction in the _____ Reserve Requirement as provided for in the Indenture, and, on the date on which the amount on deposit in the _____ Debt Service Reserve Fund, together with other moneys available therefor, are sufficient to pay and redeem all of the Bonds then Outstanding, including accrued interest thereon.

If less than all of the Bonds shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of Bonds is required to be mailed by the Registrar, postage prepaid, not less than 30 nor more than 45 days prior to the redemption date to each registered Owner of Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Bonds or such portions thereof on such date, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

The Owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default (as defined in the Indenture) under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any _____ Bond which remain unclaimed for [six] years after the date when such _____ Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such _____ Bond became due and payable, shall at the written request of the Issuer be repaid by the Trustee or the Paying Agent to the Issuer, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Federal Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This bond is issued with the intent that the laws of the State shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State and the ordinances and resolutions of the Issuer to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Indenture, have happened, exist and have been performed as so required. This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, Lancaster County, South Carolina, South Carolina has caused this bond to bear the signature of its Chairman of County Council and the official seal of the Issuer to be impressed, imprinted or reproduced hereon and attested by the signature of the Clerk to County Council.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

(SEAL)

ATTEST

Clerk to County Council

FORM OF CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds designated herein, described in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory

Date of Authentication:

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ (Name and address of Transferee) the within bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to
Minors Act _____
(State)

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

Additional abbreviations may also be used though not in above list.

EXHIBIT B

FIRST SUPPLEMENTAL TRUST INDENTURE

BETWEEN

LANCASTER COUNTY, SOUTH CAROLINA

AND

WELLS FARGO BANK, N.A.

as Trustee

Dated _____, 2015

Authorizing and Securing

**§ _____
LANCASTER COUNTY, SOUTH CAROLINA
WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REFUNDING REVENUE BONDS
SERIES 2015A-1**

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THIS FIRST SUPPLEMENTAL TRUST INDENTURE (the "First Supplemental Indenture"), dated _____, 2015 between LANCASTER COUNTY, SOUTH CAROLINA (the "Issuer"), a body politic and political subdivision organized and existing under the laws of the State of South Carolina, and WELLS FARGO BANK, N.A., a national banking association duly organized and existing under the laws of the United States of America and having corporate trust offices in Jacksonville, Florida (said national banking association and any bank or trust company becoming successor trustee under this First Supplemental Indenture being hereinafter referred to as the "Trustee");

W I T N E S S E T H:

WHEREAS, the Issuer is a body politic and political subdivision organized and existing under the laws of the State of South Carolina, and

WHEREAS, the Walnut Creek Improvement District (formerly known as the Edenmoor Improvement District) established by the Issuer is described more fully in Exhibit A to the Master Trust Indenture dated _____, 2015, between the Issuer and the Trustee (the "Master Indenture"), referred to as the "Improvement District" and consists of approximately 868+ acres of land located within the Improvement District, as such premises may be further expanded or contracted pursuant to the Act; and

WHEREAS, the Improvement District was established for the purposes of financing a portion of the cost of the Improvements as identified in the Improvement Plan by the imposition of assessments, by special district bonds, by revenue bonds of the Issuer, or from general revenues from any source not restricted from such use by law, or by any combination of such funding sources; and

WHEREAS, the Issuer has heretofore issued the \$24,115,000 original principal amount Lancaster County, South Carolina, Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A (the "Series 2006A Bonds"), pursuant to the Master Trust Indenture dated as of June 1, 2006, as amended and supplemented (as heretofore amended and supplemented, the "Original Master Indenture"), between the Issuer and the Trustee; and

WHEREAS, pursuant to the Master Indenture and this First Supplemental Indenture (hereinafter sometimes collectively referred to as the "Indenture"), the Issuer has determined to issue \$_____ aggregate principal amount of Lancaster County, South Carolina, Walnut Creek Improvement District Assessment Bonds, Series 2015A-1 (the "Series 2015A-1 Bonds"), in order to provide funds for (i) the refunding of a portion of the Series 2006A Bonds (the "Refunded Bonds"), (ii) the funding of the Series 2015A-1 Debt Service Reserve Account, and (iii) the payment of the costs of issuance of the Series 2015A-1 Bonds; and

WHEREAS, the Series 2015A-1 Bonds will be secured by a pledge of Pledged Revenues (as hereinafter defined) to the extent provided herein;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2015A-1 Bonds, the security and payment of the principal or redemption price thereof (as the case may be) and interest thereon, the rights of the Bondholders and the performance and observance of all of the covenants contained herein and in said Series 2015A-1 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Series 2015A-1 Bonds by the Owners thereof, from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer does hereby assign, transfer, set over and pledge to Wells Fargo Bank, N.A., as Trustee, its successors in trust and its assigns forever, and grants a lien on all of the right, title and interest of the Issuer in and to the Pledged Revenues (hereinafter defined) as security for the payment of the principal, redemption or purchase price

of (as the case may be) and interest on the Series 2015A-1 Bonds issued hereunder, all in the manner hereinafter provided, and the Issuer further hereby agrees with and covenants unto the Trustee as follows:

TO HAVE AND TO HOLD the same and any other revenues, property, contracts or contract rights, accounts receivable, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, which may, by delivery, assignment or otherwise, be subject to the lien created by the Indenture with respect to the Series 2015A-1 Bonds.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2015A-1 Bonds issued and to be issued under this First Supplemental Indenture, without preference, priority or distinction as to lien or otherwise (except as otherwise specifically provided in this First Supplemental Indenture) of any one Series 2015A-1 Bond over any other Series 2015A-1 Bond, all as provided in the Indenture.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal or redemption price of the Series 2015A-1 Bonds issued, secured and Outstanding hereunder and the interest due or to become due thereon, at the times and in the manner mentioned in such Series 2015A-1 Bonds and the Indenture, according to the true intent and meaning thereof and hereof, and the Issuer shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this First Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this First Supplemental Indenture to be and remain in full force and effect.

ARTICLE I

DEFINITIONS

In this First Supplemental Indenture capitalized terms used without definition shall have the meanings ascribed thereto in the Master Indenture and, in addition, the following terms shall have the meanings specified below, unless otherwise expressly provided or unless the context otherwise requires:

“Assessment Ordinance” shall mean Ordinance No. 713 enacted by the Council on January 30, 2006, as corrected and confirmed by Resolution No. 527 adopted by the Council on May 22, 2006 and amended by Ordinance No. 2015-__ enacted by the Council on ____, 2015, as amended and supplemented from time to time.

“Assessment Methodology” shall mean the Assessment Report prepared by MuniCap, Inc. and adopted by the Council on January 30, 2006, as amended and supplemented from time to time.

“Assessments” shall have the meaning set forth in the Indenture.

“Authorized Denomination” shall mean, with respect to the Series 2015A-1 Bonds, initially minimum denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof, and thereafter, denominations of \$5,000 and any integral multiple thereof.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement for the benefit of the owners of the Series 2015A-1 Bonds, dated the date of closing, by and among the Issuer, and MuniCap, Inc., as dissemination agent, in connection with the issuance of the Series 2015A-1 Bonds.

“Council” shall mean the Issuer Council of the Issuer.

“Defeasance Securities” shall mean, with respect to the Series 2015A-1 Bonds, to the extent permitted by law, (a) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (b) hereof), and (b) Government Obligations (including obligations issued or held in book entry form on the books of the Department of Treasury), which are non-callable and non-prepayable.

“Indenture” shall mean the Master Trust Indenture, dated ____, 2015 by and between the Issuer and the Trustee, and this First Supplemental Indenture, and as further supplemented and amended with respect to matters pertaining solely to the Indenture or the Series 2015A-1 Bonds (as opposed to supplements or amendments relating to Series of Bonds other than the Series 2015A-1 Bonds).

“Interest Payment Date” shall mean June 1 and December 1 of each year, commencing June 1, 2016.

“Issuer” shall mean Lancaster County, South Carolina.

“Ordinance” shall mean Ordinance No. 2015-__ enacted by the Council on ____, 2015, pursuant to which the Issuer authorized the issuance of not exceeding \$12,000,000 aggregate principal amount of its assessment bonds.

“Paying Agent” shall mean Wells Fargo Bank, N.A., and its successors and assigns as Paying Agent hereunder.

"Pledged Revenues" shall have the meaning set forth in the Indenture.

"Prepayment" shall mean the payment by any owner of property of the amount of Assessments encumbering its property, in whole or in part, prior to its scheduled due date, including optional prepayments and prepayments which become due pursuant to the "true-up" mechanism contained in the Assessment Ordinance and the Assessment Methodology. "Prepayments" shall include, without limitation, the Series 2015A-1 Prepayment Principal.

"Principal Payment Date" shall mean December 1 of each year, commencing December 1, ____.

"Registrar" shall mean Wells Fargo Bank, N.A. and its successors and assigns as Registrar hereunder.

"Regular Record Date" shall mean the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

"Series 2015A-1 Account" or "Series 2015A-1 Accounts" shall mean any account established pursuant to this First Supplemental Trust Indenture.

"Series 2015A-1 Administrative Expenses Account" shall mean the Account so designated, established as a separate account within the Administrative Expenses Fund pursuant to Section 4.01(h) of this First Supplemental Indenture.

"Series 2015A-1 Bonds" shall mean the \$ _____ aggregate principal amount of Lancaster County, South Carolina, Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2015A-1, or such other appropriate series designation, to be issued as fully registered Bonds in accordance with the provisions of the Indenture, and secured and authorized by the Indenture.

"Series 2015A-1 Costs of Issuance Account" shall mean the account so designated and established pursuant to Section 4.01(a) of this First Supplemental Indenture.

"Series 2015A-1 Debt Service Reserve Requirement" shall mean, with respect to the Series 2015A-1 Bonds, _____.

"Series 2015A-1 Debt Service Reserve Account" shall mean the Account so designated, established as a separate account within the Debt Service Reserve Fund pursuant to Section 4.01(f) of this First Supplemental Indenture.

"Series 2015A-1 Fund" or "Series 2015A-1 Funds" shall mean any fund established pursuant to this First Supplemental Trust Indenture.

"Series 2015A-1 General Account" shall mean the Account so designated, established as a separate account under the Bond Redemption Fund pursuant to Section 4.01(h) of this First Supplemental Indenture.

"Series 2015A-1 Interest Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to section 4.01(d) of this First Supplemental Indenture.

“Series 2015A-1 Prepayment Account” shall mean the Account so designated, established as a separate account within the Bond Redemption Fund pursuant to Section 4.01(g) of this First Supplemental Indenture.

“Series 2015A-1 Prepayment Principal” shall mean the portion of a Prepayment corresponding to the principal amount of Assessments being prepaid.

“Series 2015A-1 Principal Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 4.01(c) of this First Supplemental Indenture.

“Series 2015A-1 Revenue Account” shall mean the Account so designated, established as a separate account within the Revenue Fund pursuant to Section 4.01(b) of this First Supplemental Indenture.

“Series 2015A-1 Sinking Fund Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 4.01(e) of this First Supplemental Indenture.

“Series 2015A-1 Sub-account” or “Series 2015A-1 Sub-accounts” shall mean any sub-account established pursuant to this First Supplemental Trust Indenture.

“Supplemental Indenture” shall mean this First Supplemental Trust Indenture, dated _____, 2015, by and between the Issuer and the Trustee, as supplemented or amended.

“Tax Certificate” shall mean the Federal Tax Certificate of the Issuer, dated the date of closing.

The words “hereof”, “herein”, “hereto”, “hereby”, and “hereunder” (except in the forms of Series 2015A-1 Bonds), refer to the entire Indenture.

Every “request”, “requisition”, “order”, “demand”, “application”, “notice”, “statement”, “certificate”, “consent”, or similar action hereunder by the Issuer shall, unless the form or execution thereof is otherwise specifically provided, be in writing signed by the Authorized Officer of the Issuer.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa.

[End of Article I]

ARTICLE II

THE SERIES 2015A-1 BONDS

SECTION 2.01. Amounts and Terms of Series 2015A-1 Bonds; Issue of Series 2015A-1 Bonds. No Series 2015A-1 Bonds may be issued under this First Supplemental Indenture except in accordance with the provisions of this Article II and Articles II and III of the Indenture.

(a) The total principal amount of Series 2015A-1 Bonds that may be issued under this First Supplemental Indenture is expressly limited to \$_____. The Series 2015A-1 Bonds shall be numbered consecutively from R-1 and upwards.

(b) Any and all Series 2015A-1 Bonds shall be issued substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture and with such additional changes as may be necessary or appropriate to conform to the provisions of the Resolution. The Issuer shall issue the Series 2015A-1 Bonds upon execution of this First Supplemental Indenture and satisfaction of the requirements of Section 3.01 of the Indenture; and the Trustee shall, at the Issuer's request, authenticate such Series 2015A-1 Bonds and deliver them as specified in the request.

SECTION 2.02. Execution. The Series 2015A-1 Bonds shall be executed by the Issuer as set forth in the Indenture.

SECTION 2.03. Authentication. The Series 2015A-1 Bonds shall be authenticated as set forth in the Master Indenture. No Series 2015A-1 Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, as provided in the Indenture.

SECTION 2.04. Purpose, Designation and Denominations of, and Interest Accruals on, the Series 2015A-1 Bonds.

(a) The Series 2015A-1 Bonds are being issued hereunder in order to provide funds, together with other amounts, (i) to refinance the Refunded Bonds, (ii) to fund the Series 2015A-1 Debt Service Reserve Account, and (iii) to pay the costs of issuance of the Series 2015A-1 Bonds. The Series 2015A-1 Bonds shall be designated "Lancaster County, South Carolina, Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2015A-1," and shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The Series 2015A-1 Bonds shall be dated their date of delivery. Interest on the Series 2015A-1 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2015A-1 Bonds shall be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a June 1 or December 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to _____, _____, in which case from _____, _____, or unless the date of authentication thereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date.

(c) Except as otherwise provided in Section 2.07 of this First Supplemental Indenture in connection with a book entry only system of registration of the Series 2015A-1 Bonds, the principal or Redemption Price of the Series 2015A-1 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent upon presentation of such Series 2015A-1 Bonds. Except as otherwise provided in Section 2.07 of this First Supplemental

Indenture in connection with a book entry only system of registration of the Series 2015A-1 Bonds, the payment of interest on the Series 2015A-1 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2015A-1 Bonds by check or draft drawn on the Paying Agent and mailed on the applicable Interest Payment Date to each Owner as such Owner appears on the Bond Register maintained by the Registrar as of the close of business on the Regular Record Date, at his address as it appears on the Bond Register. Any interest on any Series 2015A-1 Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Series 2015A-1 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Series 2015A-1 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date.

SECTION 2.05. Debt Service on the Series 2015A-1 Bonds.

(a) The Series 2015A-1 Bonds will mature in the principal amounts on December 1, in the years (the "Principal Payment Dates"), and bear interest at the rates per annum, set forth below:

(b) Interest on the Series 2015A-1 Bonds will be computed in all cases on the basis of a 360 day year of twelve 30 day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by the Series 2015A-1 Bonds on the day before the default occurred.

SECTION 2.06. Disposition of Series 2015A-1 Bond Proceeds.

(a) The net proceeds of sale of the Series 2015A-1 Bonds of \$_____ (representing the principal amount thereof, less an Underwriter's discount of \$_____, [plus original issue premium of \$_____]) shall as soon as practicable upon the delivery thereof to the Trustee by the Issuer be applied as follows:

(i) \$_____ shall be deposited with Wells Fargo Bank, N.A., as Trustee and Escrow Agent for the Refunded Bonds, together with other available moneys, into an escrow account, to be used to refinance the Refunded Bonds;

(ii) \$_____ (which is an amount equal to the Series 2015A-1 Debt Service Reserve Requirement) shall be deposited in the Series 2015A-1 Debt Service Reserve Account of the Debt Service Reserve Fund; and

(iii) \$ _____ constituting the costs of issuance of the Series 2015A-1 Bonds shall be deposited in the Series 2015A-1 Costs of Issuance Account to be disbursed for costs of issuance as set forth in Section 4.01(a) herein;

SECTION 2.07. Book-Entry Form of Series 2015A-1 Bonds. The Series 2015A-1 Bonds shall be issued as one fully registered bond per maturity of each series and deposited with The Depository Trust Company, New York, New York ("DTC"), which is responsible for establishing and maintaining records of ownership for its participants.

The Issuer has executed a blanket letter of representations with DTC providing for such book-entry-only system, in accordance with the provisions of Section 2.11 of the Indenture. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Series 2015A-1 Bonds in the form of fully registered Series 2015A-1 Bonds in accordance with the instructions from Cede & Co.

SECTION 2.08. Appointment of Registrar and Paying Agent. The Issuer shall keep, at the designated corporate trust office of the Registrar, books (the "Bond Register") for the registration, transfer and exchange of the Series 2015A-1 Bonds, and hereby appoints Wells Fargo Bank, N.A., as its Registrar to keep such books and make such registrations, transfers, and exchanges as required hereby. Wells Fargo Bank, N.A., hereby accepts its appointment as Registrar and its duties and responsibilities as Registrar hereunder. Registrations, transfers and exchanges shall be without charge to the Bondholder requesting such registration, transfer or exchange, but such Bondholder shall pay any taxes or other governmental charges on all registrations, transfers and exchanges. The Issuer hereby appoints Wells Fargo Bank, N.A., as Paying Agent for the Series 2015A-1 Bonds. Wells Fargo Bank, N.A. hereby accepts its appointment as Paying Agent and its duties and responsibilities as Paying Agent hereunder.

SECTION 2.09. Special Obligations. The Series 2015A-1 Bonds shall be special obligations of the Issuer. Neither the Series 2015A-1 Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation (other than Article X, Section 14(10) of the State Constitution authorizing indebtedness payable solely from a source of revenue derived other than from a tax or license). The Series 2015A-1 Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the Issuer or a charge against the general credit or taxing power of the Issuer. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Indenture, any Supplemental Indenture, or the Series 2015A-1 Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Indenture, any Supplemental Indenture, or the Series 2015A-1 Bonds, shall be payable solely from, and shall be secured solely by, the Pledged Revenues and the Pledged Funds, all as provided herein and in the applicable Supplemental Indenture.

ARTICLE III

REDEMPTION OF SERIES 2015A-1 BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2015A-1 Bonds shall be subject to redemption at the times and in the manner provided in Article VIII of the Indenture and in this Article III. All payments of the Redemption Price of the Series 2015A-1 Bonds shall be made on the dates hereinafter required. Except as otherwise provided in this Section 3.01, if less than all the Series 2015A-1 Bonds are to be redeemed pursuant to an Extraordinary Mandatory Redemption, the Trustee shall select

the Series 2015A-1 Bonds or portions of the Series 2015A-1 Bonds to be redeemed. Partial redemptions of Series 2015A-1 Bonds shall be made in such a manner that the remaining Series 2015A-1 Bonds held by each Bondholder shall be in Authorized Denominations, except for the last remaining Series 2015A-1 Bond.

(a) **Optional Redemption.** The 2015A-1 Bonds are not subject to optional redemption prior to December 1, _____. The 2015A-1 Bonds may, at the option of the Issuer, be called for redemption prior to maturity as a whole or in part at any time, on or after December 1, ____, at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the date of redemption.

If less than all of the 2015A-1 Bonds are called for redemption, the Trustee shall select the 2015A-1 Bonds or portions of the 2015A-1 Bonds to be redeemed by lot in such reasonable manner as the Trustee in its discretion may determine. The portion of 2015A-1 Bonds to be redeemed shall be in an Authorized Denomination.

(b) **Extraordinary Mandatory Redemption in Whole or in Part.** The Series 2015A-1 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Series 2015A-1 Bonds to be redeemed, without penalty, plus interest accrued to the redemption date, as follows:

(i) from Series 2015A-1 Prepayment Principal deposited into the Series 2015A-1 Prepayment Account within the Bond Redemption Fund following the payment in whole or in part of Assessments on any portion of the property within the Improvement District in accordance with the provisions of Section 4.05(a) of this First Supplemental Indenture, including excess moneys transferred from each of the Series 2015A-1 Debt Service Reserve Account to the Series 2015A-1B General Account within the Bond Redemption Fund resulting from such Assessment prepayments pursuant to Section 4.01(h)(ii) of this First Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2015A-1 Accounts and Series 2015A-1 Sub-accounts in the Series 2015A-1 Funds and Series 2015A-1 Accounts (other than the Rebate Fund) sufficient to pay and redeem all Series 2015A-1 Outstanding Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Indenture.

(iii) from excess moneys transferred from the Series 2015A-1 Revenue Account to the Series 2015A-1 General Account within the Bond Redemption Fund in accordance with Section 6.03 of the Indenture and Section 4.02 of this First Supplemental Indenture.

(iv) following condemnation or the sale of any portion of the Series 2006 Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Series 2006 Project to the Trustee by or on behalf of the Issuer for deposit into the Series 2015A-1 General Account within the Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the Issuer to redeem Series 2015A-1 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the Issuer shall describe to the Trustee in writing.

(v) following the damage or destruction of all or substantially all of the Series 2006 Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to

the Trustee for deposit to the Series 2015A-1 General Account within the Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series 2015A-1 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Series 2006 Project would not be economical or would be impracticable.

(vi) from amounts on deposit in the Series 2015A-1 Debt Service Reserve Account in excess of the Series 2015A-1 Debt Service Reserve Requirement, and transferred to the Series 2015A-1 General Account within the Bond Redemption Fund in accordance with Section 4.01(f)(i) hereof to be used for the extraordinary mandatory redemption of the Series 2015A-1 Bonds.

(vii) from amounts on deposit in the Series 2015A-1 Debt Service Reserve Account in excess of the Series 2015A-1 Debt Service Reserve Requirement and transferred to the Series 2015A-1 Prepayment Account within the Bond Redemption Fund in accordance with Section 6.05 of the Indenture and Section 4.01(f)(ii) hereof to be used, together with any Assessment prepayments on deposit in the Series 2015A-1 Prepayment Account within the Bond Redemption Fund, as the case may be, for the Extraordinary Mandatory Redemption of the Series 2015A-1 Bonds.

Upon the redemption or maturity of the Series 2015A-1B Bonds, all monies directed to be transferred pursuant to this Section 3.01 to the Series 2015A-1B General Account shall be transferred to the Series 2015A-1 General Account.

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(c) Mandatory Sinking Fund Redemption. The Series 2015A-1 Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2015A-1 Sinking Fund Account established under the Indenture in satisfaction of applicable Sinking Fund Installment at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

<u>Year (December 1)</u>	<u>Principal Amount</u>	<u>Year (December 1)</u>	<u>Principal Amount</u>
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*Final Maturity

SECTION 3.02. Notice of Redemption. When required to redeem Series 2015A-1 Bonds under any provision of this First Supplemental Indenture or directed to redeem Series 2015A-1 Bonds by the Issuer, the Trustee shall give or cause to be given to Owners of the Series 2015A-1 Bonds to be redeemed notice of the redemption, as set forth in Section 8.02 of the Indenture.

[End of Article III]

ARTICLE IV

ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS; ADDITIONAL COVENANTS OF THE ISSUER; PREPAYMENTS; REMOVAL OF SPECIAL ASSESSMENT LIENS

SECTION 4.01. Establishment of Certain Funds and Accounts.

(a) The Trustee shall establish an account designated as the "Series 2015A-1 Costs of Issuance Account." Proceeds of the Series 2015A-1 Bonds shall be deposited into the Series 2015A-1 Costs of Issuance Account in the amounts set forth in Section 2.06 of this First Supplemental Indenture, and shall be used to pay costs of issuance upon written direction of the Issuer to the Trustee.

(b) Pursuant to Section 6.03 of the Indenture, the Trustee shall establish separate accounts within the Revenue Fund designated as the "Series 2015A-1 Revenue Account." Assessments (except for Prepayments of Assessments which shall be deposited in the Series 2015A-1 Prepayment Account) shall be deposited by the Trustee into the Series 2015A-1 Revenue Account, both of which shall be applied as set forth in Article VI of the Indenture and Section 4.02 of this First Supplemental Indenture.

(c) Pursuant to Section 6.04 of the Indenture, the Trustee shall establish separate accounts within the Debt Service Fund designated as the "Series 2015A-1 Principal Account." Moneys shall be deposited into the Series 2015A-1 Principal Account as provided in Article VI of the Indenture and Section 4.02 of this First Supplemental Indenture, and applied for the purposes provided therein.

(d) Pursuant to Section 6.04 of the Indenture, the Trustee shall establish separate accounts within the Debt Service Fund designated as the "Series 2015A-1 Interest Account." Moneys deposited into the Series 2015A-1 Interest Account pursuant to the Indenture and Section 4.02 of this First Supplemental Indenture, shall be applied for the purposes provided therein and as provided in this Section 4.01(d) of this First Supplemental Indenture.

(e) Pursuant to Section 6.04 of the Indenture, the Trustee shall establish separate accounts within the Debt Service Fund designated as the "Series 2015A-1 Sinking Fund Account." Moneys shall be deposited into the Series 2015A-1 Sinking Fund Account as provided in Article VI of the Indenture and applied for the purposes provided therein and in Section 3.01(c) of this First Supplemental Indenture.

(f) Pursuant to Section 6.05 of the Indenture, the Trustee shall establish separate accounts within the Debt Service Reserve Fund designated as the "Series 2015A-1 Debt Service Reserve Account."

(i) Proceeds of the Series 2015A-1 Bonds shall be deposited into the Series 2015A-1 Debt Service Reserve Account in the amount set forth in Section 2.06(a) of this First Supplemental Indenture, and such moneys, together with any other moneys deposited into the Series 2015A-1 Debt Service Reserve Account pursuant to the Indenture, shall be applied for the purposes provided therein and in this Section 4.01(f) of this First Supplemental Indenture. On each June 1 and December 1 (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Series 2015A-1 Debt Service Reserve Account and transfer any excess therein above the Series 2015A-1 Debt Service Reserve Requirement to be deposited Series 2015A-1 General Account within the Bond Redemption Fund to be used for the extraordinary mandatory redemption of Series 2015A-1 Bonds in accordance with Section 3.01(b)(vii).

(ii) Notwithstanding the foregoing paragraph (i), in the event that the amount of proceeds of the Series 2015A-1 Bonds on deposit in the Series 2015A-1 Debt Service Reserve Account exceeds the Series 2015A-1 Debt Service Reserve Requirement due to a decrease in the amount of Series 2015A-1 Bonds that will be outstanding as a result of an optional prepayment by the owner of a lot or parcel of land of an Assessment against such lot or parcel as provided in Section 4.05(a) of this First Supplemental Indenture, the amount to be released shall be transferred at the written direction of the Issuer from the Series 2015A-1 Debt Service Reserve Account to the Series 2015A-1 Prepayment Account within the Bond Redemption Fund, as a credit against the 2015A-1 Prepayment Principal otherwise required to be made by the owner of such lot or parcel in accordance with Section 3.01(b)(viii).

(g) Upon the redemption or maturity of the Series 2015A-1 Bonds, all monies directed to be transferred pursuant to this Section 4.01 to the Series 2015A-1 General Account shall be transferred to the Series 2015A-1 General Account.

(h) Pursuant to Section 6.06 of the Indenture, the Trustee shall establish separate accounts within the Bond Redemption Fund designated as the "Series 2015A-1 General Account" and the "Series 2015A-1 Prepayment Account." Except as otherwise provided in this First Supplemental Indenture, moneys to be deposited into the Bond Redemption Fund as provided in Article VI of the Indenture shall be deposited to the Series 2015A-1 General Account within the Bond Redemption Fund.

(i) Moneys in the Series 2015A-1 General Account within the Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, except for moneys received as prepayments of Assessments pursuant to Section 4.05 below, to make such deposits into the Rebate Fund, if any, as the Issuer may direct in accordance with the Tax Certificate, such moneys thereupon to be used solely for the purposes specified in the Tax Certificate. Any moneys so transferred from the Series 2015A-1 General Account within the Bond Redemption Fund to the Rebate Fund shall thereupon be free from the lien and pledge of the Indenture;

SECOND, to be used to call for redemption pursuant to Section 3.01(b)(ii), (iii), (iv), (v), (vi), (vii) and (viii) hereof an amount of Series 2015A-1 Bonds equal to the amount of money transferred to the Series 2015A-1 General Account within the Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the direction of an Authorized Officer, to call for redemption on each Interest Payment Date on which Series 2015A-1 Bonds are subject to optional redemption pursuant to Section 3.01(a) hereof such amount of Series 2015A-1 Bonds as, with the redemption premium, may be practicable; provided, however, that not less than \$5,000 principal amount of Series 2015A-1 Bonds shall be called for redemption at one time.

(ii) Moneys in the Series 2015A-1 Prepayment Account within the Bond Redemption Fund (including all earnings on investments held in such Prepayment Account within the Bond Redemption Fund) shall be accumulated therein to be used to the extent that the need therefor arises to call for redemption pursuant to Section 3.01(b)(i) and (ix) hereof an amount of Series 2015A-1 Bonds equal to the amount of money transferred to the Series 2015A-1 Prepayment Account within the Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, and as directed by the

Issuer pursuant to the Assessment Proceedings, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate.

(h) Pursuant to Section 6.07 of the Indenture, the Trustee shall establish a separate account within the Administrative Expenses Fund designated as the "Series 2015A-1 Administrative Expenses Account."

SECTION 4.02. Series 2015A-1 Revenue Account. The Trustee shall transfer from amounts on deposit in the Series 2015A-1 Revenue Accounts within the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, there shall be deposited into the Series 2015A-1 Administrative Expenses Account of the Administrative Expenses Fund the portion of the Assessments imposed and collected for the Series 2015A-1 Administrative Expenses. The Trustee is authorized to pay such Series 2015A-1 Administrative Expenses upon receipt of a written direction signed by an Authorized Officer;

SECOND, no later than the Business Day next preceding December 1, ____ for the Series 2015A-1 Bonds, to the Series 2015A-1 Principal Account within the Debt Service Fund, an amount from the Series 2015A-1 Revenue Account equal to the principal amount of Series 2015A-1 Bonds Outstanding maturing on December 1, ____, if any, less any amounts on deposit in the Series 2015A-1 Principal Account not previously credited;

THIRD, with respect to the Series 2015A-1 Bonds, no later than the Business Day next preceding each December 1, commencing December 1, ____, to the Series 2015A-1 Sinking Fund Account within the Debt Service Fund, an amount from the Series 2015A-1 Revenue Account equal to the principal amount of the Series 2015A-1 Bonds subject to sinking fund redemption on such December 1, less any amount on deposit in the Series 2015A-1 Sinking Fund Account not previously credited;

FOURTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2015A-1 Bonds remain Outstanding, to the Series 2015A-1 Debt Service Reserve Account, an amount from the Series 2015A-1 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2015A-1 Debt Service Reserve Requirement for the Series 2015A-1 Bonds; and

FIFTH, subject to the following paragraph the balance of any moneys remaining after making the foregoing deposits shall remain therein.

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the Issuer, withdraw any moneys held for the credit of the Series 2015A-1 Revenue Account which are not otherwise required to be deposited pursuant to this Section and deposit such moneys as directed to the credit of the Series 2015A-1 General Account within the Bond Redemption Fund as determined by the Issuer in accordance with the provisions of this First Supplemental Indenture. Special Assessment prepayments shall be deposited directly into the Series 2015A-1 Prepayment Account within the Bond Redemption Fund as provided in the Indenture.

SECTION 4.03. Power to Issue Series 2015A-1 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2015A-1 Bonds, to execute and deliver the Indenture and to pledge the Pledged Revenues for the benefit of the Series 2015A-1 Bonds to the extent set forth herein. The Pledged Revenues are not and shall not be subject to any other

lien senior to or on a parity with the lien created in favor of the Series 2015A-1 Bonds, except as otherwise permitted under the Indenture. The Series 2015A-1 Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Owners of the Series 2015A-1 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.04. [Reserved].

SECTION 4.05. Prepayments; Removal of Special Assessment Liens.

(a) Any owner of a parcel of land within Bond Area 1 of the District which is subject to the Assessments may, at its option and on a per parcel basis, or under certain circumstances described in the Assessment Proceedings in connection with Prepayments derived from application of the "true-up" mechanism therein, shall, require the Issuer to reduce or release and extinguish the lien upon such parcel(s) by virtue of the levy of the Assessments by paying to the Issuer (i) at any time, all of the Assessments levied on such parcel(s), or (ii) no more than once, a portion of the Assessments levied on such parcel(s), which shall constitute Series 2015A-1 Prepayment Principal, as directed by the Issuer pursuant to the provisions of Section 4.01(h)(ii) of this First Supplemental Indenture, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within 40 calendar days before an Interest Payment Date), attributable to the property subject to the Assessments owned by such owner; provided, however, to the extent that such payments are to be used to redeem Series 2015A-1 Bonds, in the event the amount in the Series 2015A-1 Debt Service Reserve Account will exceed the Series 2015A-1 Debt Service Reserve Requirement as a result of a Prepayment in accordance with this Section 4.05(a) and the resulting redemption in accordance with Section 3.01(b)(i) of this First Supplemental Indenture of Series 2015A-1 Bonds, the excess amount shall be transferred from the Series 2015A-1 Debt Service Reserve Account to the Series 2015A-1 Prepayment Account within the Bond Redemption Fund, as a credit against the Series 2015A-1 Prepayment Principal otherwise required to be paid by the owner of such lot or parcel, upon written instructions of the Issuer to the Trustee together with a certificate of an Authorized Officer of the Issuer stating that, after giving effect to such transfers sufficient moneys will be on deposit in the Series 2015A-1 Debt Service Reserve Account to equal or exceed the Series 2015A-1 Debt Service Reserve Requirement and, after giving effect to the proposed redemption of Series 2015A-1 Bonds, there will be sufficient Pledged Revenues to pay the principal and interest, when due, on all Series 2015A-1 Bonds that will remain Outstanding.

(b) Upon receipt of Series 2015A-1 Prepayment Principal as described in paragraph (a) above, subject to satisfaction of the conditions set forth therein, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the Issuer an affidavit or affidavits, as the case may be, executed by the Issuer, to the effect that the Assessment has been paid in whole or in part and that such Assessment lien is thereby reduced, or released and extinguished, as the case may be. Upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the Series 2015A-1 Prepayment Account within the Bond Redemption Fund to be applied in accordance with clause (i) of Section 3.01(b) of this First Supplemental Indenture, to the redemption of Series 2015A-1 Bonds or in accordance with Section 4.01(h)(ii) of this First Supplemental Indenture.

[End of Article IV]

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.01. Interpretation of Supplemental Indenture. This First Supplemental Indenture amends and supplements the Indenture with respect to the Series 2015A-1 Bonds, and all of the provisions of the Indenture, to the extent not inconsistent herewith, are incorporated in this First Supplemental Indenture by reference. To the maximum extent possible, the Indenture and the Supplemental Indenture shall be read and construed as one document.

SECTION 5.02. Amendments. Any amendments to this First Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Indenture.

SECTION 5.03. Counterparts. This First Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 5.04. Appendices and Exhibits. Any and all schedules, appendices or exhibits referred to in and attached to this First Supplemental Indenture are hereby incorporated herein and made a part of this First Supplemental Indenture for all purposes.

SECTION 5.05. Payment Dates. In any case in which an Interest Payment Date or the maturity date of the Series 2015A-1 Bonds or the date fixed for the redemption of any Series 2015A-1 Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 5.06. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Series 2015A-1 Bonds.

(Signature page to follow)

IN WITNESS WHEREOF, Lancaster County, South Carolina has caused this First Supplemental Trust Indenture to be executed by the Chairman of its County Council and its seal to be hereunto affixed and attested by the Clerk to Council has caused this First Supplemental Trust Indenture to be executed by one of its authorized officers and its seal to be hereunto affixed and attested by an authorized officer, all as of the day and year first above written.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

(SEAL)

ATTEST

Clerk to Council

WELLS FARGO BANK, N.A., as Trustee

(SEAL)

By: _____
Its: _____

ATTEST

By: _____
Its: _____

EXHIBIT A

FORM OF SERIES 2015A-1 BOND

[Unless this bond is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to Lancaster County, South Carolina, or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LANCASTER COUNTY, SOUTH CAROLINA
WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REVENUE BOND, SERIES 2015A-1

Interest
Rate

Maturity
Date

Dated
Date

CUSIP

Registered Owner:

Principal Amount:

Lancaster County, South Carolina (the "Issuer"), on behalf of the Walnut Creek Improvement District (the "District"), created pursuant to Title 4, Chapter 35 of the Code of Laws of South Carolina 1976, as amended (the "Act"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner set forth above, or registered assigns (the "Owner"), on the Maturity Date shown hereon, unless this bond shall have been called for redemption in whole or in part and payment of the Redemption Price shall have been duly made or provided for, the Principal Amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date (as defined herein) to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing on _____, _____, until payment of said Principal Amount has been made or provided for, at the Interest Rate per annum set forth above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the 15th day next preceding such Interest Payment Date (the "Record Date"); provided, however, that on or after the occurrence and continuance of an Event of Default under Section 9.02(a) of the Indenture relating to a failure to pay Debt Service, when due, the payment of interest and principal or Redemption Price or Sinking Fund Installment shall be made by the Paying Agent (as defined herein) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than 15 and not less than ten days prior to the date of such proposed payment, appears on the registration books of the Registrar as the

Owner of this Series 2015A-1 Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wells Fargo Bank, N.A., as paying agent (the "Paying Agent"). Payment of interest shall be made by check or draft mailed by the Paying Agent and Registrar (or by wire transfer to an account within the continental United States, and at the expense of, the Owner if such Owner requests such method of payment in writing on or prior to the Record Date for the interest payment to such account as shall be specified in such request, but only if the Owner owns not less than \$1,000,000 in aggregate principal amount of the hereafter defined Series 2015A-1 Bonds). Interest on this bond will be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a duly authorized issue of bonds of the Issuer designated "Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2015A-1" in the aggregate principal amount of \$_____ (the "Series 2015A-1 Bonds"), issued under a Master Trust Indenture and First Supplemental Trust Indenture, dated _____, 2015 (together the "Indenture"), between the Issuer and Wells Fargo Bank, N.A., as trustee (the "Trustee"). The Bonds are issued for the purpose of (i) refunding \$_____ principal amount of the Issuer's \$24,115,000 original principal amount Lancaster County, South Carolina, Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A; (ii) paying certain costs associated with the issuance of the Bonds; and (iii) funding the Series 2015A-1 Debt Series Reserve Account for the benefit of the Bonds, in an amount equal to the Series 2015A-1 Debt Service Reserve Requirement.

Terms not specifically defined herein has gave the definitions given such terms in the Indenture.

THIS SERIES 2015A-1 BOND IS A SPECIAL OBLIGATION OF THE ISSUER. NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE OF SOUTH CAROLINA (THE "STATE") CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE). THIS SERIES 2015A-1 BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON DOES NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE ISSUER OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE ISSUER OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS SERIES 2015A-1 BOND. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS SERIES 2015A-1 BOND, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE TRUST ESTATE, ALL AS PROVIDED IN THE INDENTURE.

This Series 2015A-1 Bond is issued under and pursuant to the Constitution and laws of the State, including the Act and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Series 2015A-1 Bonds, the nature and extent of the security thereby created, the covenants of the Issuer with respect to the levy and collection of Assessments, the terms and

conditions under which the Series 2015A-1 Bonds are or may be issued, the rights, duties, obligations and immunities of the Issuer and the Trustee under the Indenture and the rights of the Owners of the Series 2015A-1 Bonds, and, by the acceptance of this bond, the Owner assents to all of the provisions of the Indenture. The Series 2015A-1 Bonds are equally and ratably secured by the Trust Estate, without preference or priority of one bond over another. The Indenture permits the issuance of additional Bonds ranking on a parity with the Series 2015A-1 Bonds as to the lien and pledge of the Trust Estate solely for the purposes of refunding Outstanding Bonds.

The Series 2015A-1 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"). This bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of Wells Fargo Bank, N.A. in Jacksonville, Florida, as Registrar (the "Registrar"), upon surrender of this bond, accompanied by an assignment and a written instrument of transfer in form satisfactory to the Registrar, subject to such reasonable regulations as the Issuer or the Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Series 2015A-1 Bond or Series 2015A-1 Bonds, in the same aggregate principal amount as the Series 2015A-1 Bond or Series 2015A-1 Bonds transferred, will be issued to the transferee. At the corporate trust office of the Registrar in Jacksonville, Florida, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Series 2015A-1 Bonds may be exchanged for an equal aggregate principal amount of Series 2015A-1 Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The 2015A-1 Bonds are not subject to optional redemption prior to December 1, _____. The 2015A-1 Bonds may, at the option of the Issuer, be called for redemption prior to maturity as a whole or in part at any time, on or after December 1, _____, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

If less than all of the 2015A-1 Bonds are called for redemption, the Trustee shall select the 2015A-1 Bonds or portions of the 2015A-1 Bonds to be redeemed by lot in such reasonable manner as the Trustee in its discretion may determine. The portion of 2015A-1 Bonds to be redeemed shall be in an Authorized Denomination.

As more particularly set forth in the Indenture, any Series 2015A-1 Bonds that are purchased by the Issuer with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of Series 2015A-1 Bonds. In addition, the above Sinking Fund Installments are subject to recalculation, as provided in the Indenture, as the result of certain purchases or the redemption of Series 2015A-1 Bonds other than in accordance with scheduled Sinking Fund Installments so as to reamortize the remaining Outstanding principal of the Series 2015A-1 Bonds.

The 2015A-1 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price of 100% of the principal amount of the Series 2015A-1 Bonds to be redeemed, without premium, plus interest accrued to the date of redemption, as follows:

- (a) from Series 2015A-1 Prepayment Principal deposited into the Series 2015A-1 Prepayment Account within the Bond Redemption Fund following the payment in whole or in part of Assessments on any portion of the property within the District specially benefited by the Project in accordance with the provisions of the Indenture, including excess moneys transferred from the Series 2015A-1 Reserve Account to the Series 2015A-1 Prepayment Account within the

Bond Redemption Fund resulting from such Assessment prepayments pursuant to the Indenture; or

(b) from moneys, if any, on deposit in the Series 2015A-1 Accounts and Sub-accounts within the Funds and Series 2015A-1 Accounts (other than the Rebate Fund) sufficient to pay and redeem all Outstanding Series 2015A-1 Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Indenture; or

(c) from excess moneys transferred from the Series 2015A-1 Revenue Account to the Series 2015A-1 General Account within the Bond Redemption Fund in accordance with the Indenture; or

(d) following condemnation or the sale of any portion of the 2006 Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the 2006 Project to the Trustee by or on behalf of the Issuer for deposit into the Series 2015A-1 General Account within the Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the Issuer to redeem Series 2015A-1 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the Issuer shall describe to the Trustee in writing; or

(e) following the damage or destruction of all or substantially all of the 2006 Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to the Trustee for deposit to the Series 2015A-1 General Account within the Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series 2015A-1 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least 45 days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable.

If less than all of the Series 2015A-1 Bonds are to be redeemed pursuant to an Extraordinary Mandatory Redemption, the Trustee shall, except as otherwise provided in the Indenture, select the Series 2015A-1 Bonds or portions of the Series 2015A-1 Bonds to be redeemed by lot. The portion of Series 2015A-1 Bonds to be redeemed shall be in an Authorized Denomination.

The Trustee shall cause notice of each redemption, either in whole or in part, to be mailed at least 30 but not more than 60 days prior to the redemption or purchase date to all Owners of Series 2015A-1 Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the 5th day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Series 2015A-1 Bonds for which notice was duly mailed in accordance with the Indenture. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Series 2015A-1 Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Series 2015A-1 Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Series 2015A-1 Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

The Series 2015A-1 Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2015A-1 Principal Sub-Account in satisfaction of applicable Sinking Fund Installment at a Redemption Price equal to 100 percent of the principal amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

<u>Year (December 1)</u>	<u>Principal Amount</u>	<u>Year (December 1)</u>	<u>Principal Amount</u>
--------------------------	-------------------------	--------------------------	-------------------------

* Final Maturity

Any Series 2015A-1 Bonds that are purchased by the Issuer with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of Series 2015A-1 Bonds. Sinking Fund Installments are also subject to recalculation, as provided in the Indenture, as the result of the redemption of Series 2015A-1 Bonds so as to reamortize the remaining Outstanding principal balance of the Series 2015A-1 Bonds.

The Owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default (as defined in the Indenture) under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2015A-1 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Series 2015A-1 Bond which remain unclaimed for six years after the date when such Series 2015A-1 Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six years after the date of

deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bond became due and payable, shall at the written request of the Issuer be repaid by the Trustee or the Paying Agent to the Issuer, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Federal Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the Series 2015A-1 Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture. This bond is issued with the intent that the laws of the State shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State and the ordinances and resolutions of the Issuer to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Indenture, have happened, exist and have been performed as so required. This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, Lancaster County, South Carolina, South Carolina has caused this bond to bear the signature of its Chairman of County Council and the official seal of the Issuer to be impressed, imprinted or reproduced hereon and attested by the signature of the Clerk to County Council.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

(SEAL)

ATTEST:

Clerk to County Council

FORM OF CERTIFICATE OF AUTHENTICATION

This Series 2015A-1 Bond is one of the Series 2015A-1 Bonds designated herein, described in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory

Date of Authentication:

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ (Name and address of Transferee) the within bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to
Minors Act _____
(State)

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

Additional abbreviations may also be used though not in above list.

EXHIBIT C

AMENDED AND RESTATED MASTER TRUST INDENTURE

between

LANCASTER COUNTY, SOUTH CAROLINA

and

**WELLS FARGO BANK, N.A.,
as Trustee**

Dated _____, 2015

relating to

WALNUT CREEK IMPROVEMENT DISTRICT

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EXHIBIT A	LEGAL DESCRIPTION OF WALNUT CREEK IMPROVEMENT DISTRICT
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THIS AMENDED AND RESTATED MASTER TRUST INDENTURE, dated as of _____, 2015 (the "Trust Indenture"), by and between **LANCASTER COUNTY, SOUTH CAROLINA**, a body politic and political subdivision organized and existing under the laws of the State of South Carolina (the "Issuer"), and **WELLS FARGO BANK, N.A.**, a national banking association existing under the laws of the United States and having the authority to exercise corporate trust powers, as trustee (the "Trustee"), is being executed to provide for the issuance by the Issuer of certain obligations related to the **WALNUT CREEK IMPROVEMENT DISTRICT**, an improvement district established pursuant to the hereafter defined Act the legal description of which is included in Exhibit A attached hereto (the "District").

WHEREAS, pursuant to the County Public Works Improvement Act, codified as Chapter 35 of Title 4 of the Code of Laws of South Carolina 1976, as amended and the Revenue Bond Act for Utilities, codified as Chapter 21 of Title 6 of the Code of Laws of South Carolina 1976, as amended (the "Act"), the Issuer may acquire, own, construct, establish, install, enlarge, improve, expand, operate, maintain and repair, and sell, lease, and otherwise dispose of any "improvement" in an "improvement district" (within the meaning of the Act) and finance such acquisition, construction, establishment, installation, enlargement, improvement, expansion, operation, maintenance, and repair, in whole or in part, by the imposition of "assessments" (within the meaning of the Act), through the issuance of special district bonds, general obligation bonds or revenue bonds from general revenues from any source not restricted from such use by law, or by any combination of such funding sources; and

WHEREAS, pursuant to Ordinance No. 713 enacted by the County Council of the Issuer (the "Council") on January 30, 2006, as corrected and confirmed by Resolution No. 527 adopted by the Council on May 22, 2006 (the "Improvement District Ordinance"), the Issuer created the District (formerly known as the Edenmoor Improvement District) relating to an approximately 868-acre residential development known as "Edenmoor" (the "Development"), and approved the Assessment Roll A, including the Rate and Method of Apportionment of Assessment A attached as an appendix thereto (the "Original Assessment Roll A"), relating to the imposition of Assessments to secure the payment of Series A Bonds (as defined in the Original Assessment Roll A) and the Assessment Roll B, including the Rate and Method of Apportionment of Assessment A attached as an appendix thereto (the "Original Assessment Roll B"), relating to the imposition of Assessments to secure the payment of Series B Bonds (as defined in the Original Assessment Roll B); and

WHEREAS, the Issuer has heretofore issued the \$24,115,000 original principal amount Lancaster County, South Carolina, Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A (the "Series 2006A Bonds"), and \$11,500,000 original principal amount Lancaster County, South Carolina, Edenmoor Improvement District Assessment Revenue Bonds, Series 2006B (the "Series 2006B Bonds"), pursuant to the Master Trust Indenture dated as of June 1, 2006, as amended and supplemented (as heretofore amended and supplemented, the "Original Master Indenture"), between the Issuer and the Trustee, which Series 2006A Bonds comprise Series A Bonds for purposes of the Original Assessment Roll A and are secured by Assessment A (as such terms are defined in the Original Assessment Roll A) and which Series 2006B Bonds comprise Series B Bonds for purposes of the Original Assessment Roll B and are secured by Assessment B (as such terms are defined in the Original Assessment Roll B); and

WHEREAS, pursuant to Ordinance No. 2015-__ enacted by the Council on _____, 2015 (the "Amending Ordinance"), the Issuer made certain modifications to the District, including (1) subdividing the District so it relates to specific parcels within the Development (referenced herein as Bond Area 1, Bond Area 2 and Bond Area 3) and (2) modifying and updating the Assessment A applicable to each such Bond Area and, correspondingly, specific sub-series of Series A Bonds (as such terms are defined in the Original Assessment Roll A) which are presently outstanding and/or may be

hereafter issued to refund such outstanding bonds, and the Issuer approved an Assessment Roll A for each of Bond Area 1, Bond Area 2 and Bond Area 3; and

WHEREAS, pursuant to Ordinance No. 2015-__ enacted by the Council on ____, 2015, and the Master Trust Indenture dated ____, 2015, as supplemented (as so supplemented, the "2015A-1 Master Indenture"), the Issuer has issued on this date \$____ original principal amount Lancaster County, South Carolina, Walnut Creek Improvement District Assessment Revenue Bonds, Series 2015A-1 (the "Series 2015A-1 Bonds") for the purpose of refunding a portion of the Series 2006A Bonds (the "Refunded Bonds"), the payment of which Series 2015A-1 Bonds and any Additional Bonds (as defined in the 2015A-1 Master Indenture) issued thereafter will be secured by certain pledged revenues, including an Assessment A imposed in Bond Area 1 (the "Assessment A-1") pursuant to the Assessment Roll A for Bond Area 1, originally dated ____, 2015 ("Assessment Roll A-1"); and

WHEREAS, simultaneous with the issuance of the Series 2015A-1 Bonds, the Issuer is now executing this Trust Indenture in order to amend and restate the Original Master Indenture in its entirety, and pursuant to this Trust Indenture, (1) the Series 2006A Bonds remaining outstanding after the issuance of the Series 2015A-1 Bonds (the "Remaining 2006A Bonds") will be exchanged for Series 2006A-2 Bonds and Series 2006A-3 Bonds (as such terms are defined herein), (2) the Series 2006A-2 Bonds and any Additional Bonds (as defined herein) issued hereafter will be secured by and payable from the Series A-2 Pledged Revenues, including the Assessment A-2 (as such terms are defined herein), but will not be secured by or payable from Assessment A-1, (3) the Series 2006A-3 Bonds and any Additional Bonds issued hereafter will be secured by and payable from the Series A-3 Pledged Revenues, including the Assessment A-3 (as such terms are defined herein), but will not be secured by or payable from Assessment A-1, and (4) certain other supplements and modifications to the Original Master Indenture are made consistent with the foregoing;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

In consideration of the premises and acceptance by the Trustee of the trusts hereby created and the issuance and acceptance of the Series 2006A-2 Bonds and the Series 2006A-3 Bonds in exchange for the Remaining 2006A Bonds and the Series 2006B Bonds in exchange for the original Series 2006B Bonds by the Owners (as such terms are defined herein), and of the sum of \$10.00, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Trust Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, and premium, if any, and interest on, the Bonds issued hereunder according to their tenor and effect, any reimbursement due to a Credit Facility Issuer (hereinafter defined), if any, for any drawing on its Credit Facility (hereinafter defined), as required under the terms of the corresponding Credit Facility Agreement (hereinafter defined) and to secure the performance and observance by the Issuer of all of the covenants expressed or implied herein, in the Supplemental Indenture (as defined herein), if any, authorizing the issuance of Bonds, in the Bonds and in the Credit Facility Agreement (if any), the Issuer does hereby assign and pledge the following (the "Trust Estate") to the Trustee and its successors in trust, and assigns and pledges forever: (i)(A) the Series A-2 Pledged Revenues (as defined herein) as security for the payment of the principal of the Series A-2 Bonds (as defined herein) and the interest and premium, if any, thereon, (B) the Series A-3 Pledged Revenues (as defined herein) as security for the payment of the principal of the Series A-3 Bonds (as defined herein) and the interest and premium, if any, thereon, and (C) the Series B Pledged Revenues (as defined herein) as security for the payment of the principal of the Series B Bonds (as defined herein) and the interest and premium, if any, thereon (provided that the Debt Service Fund and Debt Service Reserve Fund established for a particular Series of Bonds, shall be pledged only to the payment of such Series of

Bonds); and (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee as security for any Bonds issued pursuant to this Trust Indenture by the Issuer or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of a Supplemental Indenture, if any, authorizing such Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of the principal of such Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that the Trust Estate established and held hereunder for the Bonds shall be held separate and in trust solely for the benefit of the Owners of the Bonds;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or held or hereafter acquired, forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, except as otherwise expressly provided herein, (a) with respect to the Series A-2 Bonds for the equal and proportionate benefit and security of all present and future Owners of the Series A-2 Bonds, without preference, priority or distinction as to lien or otherwise of any Series A-2 Bond over any other Series A-2 Bond, (b) with respect to the Series A-3 Bonds for the equal and proportionate benefit and security of all present and future Owners of the Series A-3 Bonds, without preference, priority or distinction as to lien or otherwise of any Series A-3 Bond over any other Series A-3 Bond, (c) with respect to the Series B Bonds for the equal and proportionate benefit and security of all present and future Owners of the Series B Bonds, without preference, priority or distinction as to lien or otherwise of any Series B Bond over any other Series B Bond, (d) for enforcement of the payment of the Bonds, in accordance with their terms and the terms of this Trust Indenture and the Supplemental Indenture, if any, authorizing the issuance of such Bonds, and all other sums payable hereunder, under the Supplemental Indenture, if any, authorizing Bonds or on the Bonds, and (e) for the enforcement of and compliance with the obligations, covenants and conditions of the Master Indenture (as defined herein) except as otherwise expressly provided herein, as if all the Bonds at any time Outstanding (as defined herein) had been authenticated, executed and delivered simultaneously with the execution and delivery of this Trust Indenture, all as herein set forth.

IT IS HEREBY COVENANTED, DECLARED AND AGREED (a) that the Master Indenture creates a continuing pledge equally and ratably to secure the payment in full of the principal of, and premium, if any, and interest on all Bonds which may from time to time be Outstanding hereunder, except as otherwise expressly provided herein, (b) that the Trust Estate shall immediately be subject to this pledge and assignment without any physical delivery thereof or further act, (c) that this pledge and assignment shall be valid and enforceable against all parties having any claims of any kind in tort, contract or otherwise against the Issuer, irrespective of whether such parties have notice thereof, and (d) that the Bonds are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with, and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in the Master Indenture and the Issuer covenants and agrees with the Trustee, except as otherwise expressly provided herein, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

In this Trust Indenture and any indenture supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) terms defined in the recitals hereto shall have the same meaning throughout the Indenture, and in addition, the following terms shall have the meanings specified below:

“Accounts” shall mean any accounts established pursuant to the Indenture.

“Act” shall mean the County Public Works Improvement Act, codified as Chapter 35 of Title 4 of the Code of Laws of South Carolina 1976, as amended and the Revenue Bond Act for Utilities, codified as Chapter 21 of Title 6 of the Code of Laws of South Carolina 1976, as amended.

“Administrative Expenses” means the reasonable and necessary expenses, directly or indirectly, incurred by the Issuer with respect to Bond Area 2 or Bond Area 3, as applicable, of the Improvement District, the Master Indenture or any supplemental indenture including but not limited to costs of imposing and collecting Assessments (including the commissions, fees, expenses and any other charges of the Assessment Consultant, Assessor, Auditor, Treasurer (as such terms are defined herein) and the Issuer’s finance department personnel), and costs, fees and expenses of consultants, appraisers, engineers, legal counsel or the Trustee, Registrar or Paying Agent.

“Administrative Expenses Fund” shall mean the fund so designated in and created pursuant to Section 6.07 hereof.

“Administrator” shall mean the then Administrator or acting Administrator of the Issuer.

“Annual Budget” shall mean the Issuer’s budget of maintenance expenses for the Project for a Fiscal Year, as the same may be amended from time to time.

“Assessment A-2” shall mean all non *ad valorem* assessments, including Delinquent Assessments, consisting of Assessment A for Bond Area 2 within the District, which are imposed and collected pursuant to the Act and the Assessment Proceedings, including penalties, interest and expenses collected by the Issuer.

“Assessment A-3” shall mean all non *ad valorem* assessments, including Delinquent Assessments, consisting of Assessment A for Bond Area 3 within the District, which are imposed and collected pursuant to the Act and the Assessment Proceedings, including penalties, interest and expenses collected by the Issuer.

“Assessment B” shall mean all non *ad valorem* assessments, including Delinquent Assessments, consisting of Assessment B for Bond Area 2 and Bond Area 3 within the District, which are imposed and collected pursuant to the Act and the Assessment Proceedings, including penalties, interest and expenses collected by the Issuer.

“Assessments” shall mean, collectively, Assessment A-2, Assessment A-3 and Assessment B.

“Assessment Consultant” shall mean Municap, Inc. or such other firm selected by the Issuer qualified to assist with the administration of the Improvement District.

“Assessment Proceedings” shall mean the proceedings of the Issuer with respect to (1) the establishment, imposition and collection of Assessment A-2, including the Assessment Roll A-2 as authorized and approved pursuant to the Improvement District Ordinance, as amended by the Amending Ordinance, (2) the establishment, imposition and collection of Assessment A-3, including the Assessment Roll A-3 as authorized and approved pursuant to the Improvement District Ordinance, as amended by the Amending Ordinance and (3) the establishment, imposition and collection of Assessment B, including the Assessment Roll B as authorized and approved pursuant to the Improvement District Ordinance, as amended by the Amending Ordinance.

“Assessment Roll A-2” shall mean the Assessment Roll A for Bond Area 2, originally dated ____, 2015 and filed in the office of the Clerk of Court for the Issuer authorized by the Assessment Proceedings.

“Assessment Roll A-3” shall mean the Assessment Roll A for Bond Area 3, originally dated ____, 2015 and filed in the office of the Clerk of Court for the Issuer authorized by the Assessment Proceedings.

“Assessment Roll B” shall mean the Assessment Roll B for Bond Area 2 and Bond Area 3, originally dated ____, 2015 and filed in the office of the Clerk of Court for the Issuer authorized by the Assessment Proceedings.

“Authenticating Agent” shall mean the Trustee, or such other qualified agent as may be appointed pursuant to a Supplemental Indenture.

“Authorized Officer” shall mean the County Administrator or such other person or persons appointed by the Council and designated by the Issuer to act for the foregoing, either generally or with respect to the execution of any particular document or other specific matter.

“Authorized Denomination” shall mean, except as provided in any Supplemental Indenture, the denomination of \$5,000 or any integral multiple thereof.

“Bond Area 2” shall mean the parcels comprising a portion of the District, upon which Assessment A-2 is imposed, as described in Assessment Roll A-2, and upon which Assessment B is imposed, as described in Assessment Roll B.

“Bond Area 3” shall mean the parcels comprising a portion of the District, upon which Assessment A-3 is imposed, as described in Assessment Roll A-3, and upon which Assessment B is imposed, as described in Assessment Roll B.

“Bonds” shall mean the Walnut Creek Improvement District Assessment Revenue Bonds issued in one or more Series and exchanged or delivered (as applicable) pursuant to the provisions of this Trust Indenture and the applicable Supplemental Indenture and Bonds subsequently issued to refund all or a portion of the Bonds or issued for the purposes authorized by the Council.

“Bond Counsel” shall mean Counsel of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions.

“Bondholder,” “Holder of Bonds,” “Holder” or “Owner” or any similar term shall mean any Person or Persons who shall be the registered owner of any Outstanding Bond or Bonds, as evidenced on the Bond Register of the Issuer kept by the Registrar.

“Bond Redemption Fund” shall mean the Fund so designated which is established pursuant to Section 6.06 hereof.

“Bond Register” shall have the meaning specified in Section 2.04 of this Trust Indenture.

“Business Day” shall mean any day other than a Saturday or Sunday or legal holiday or a day on which the principal office of the Issuer, the Trustee, the Registrar or any Paying Agent is closed.

“Certified Public Accountant” shall mean a Person, who shall be Independent, appointed by the Council, actively engaged in the business of public accounting and duly certified as a certified public accountant under the laws of the State.

“Chairman” shall mean the Chairman of the County Council, in his or her absence or unavailability, the person succeeding to or performing his or her principal functions.

“Clerk” shall mean the Clerk to the County Council, or in his or her absence or unavailability, the person succeeding to or performing his or her principal functions.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Consulting Engineer” shall mean the Independent engineer or engineering firm or corporation at the time employed by the Issuer under the provisions of Section 9.17 of this Trust Indenture to perform and carry out duties imposed on the Consulting Engineer by the Indenture.

“Continuing Disclosure Agreement” shall mean a Continuing Disclosure Agreement, by and between the Issuer and Municap, Inc., as dissemination agent, in connection with the issuance of a Series of Bonds hereunder, to the extent required pursuant to the requirements of the Rule.

“Cost of Issuance Accounts” shall mean, with respect to Bonds of a Series, the accounts so created pursuant to Section 6.12(a) or a Supplemental Indenture.

“Council” shall mean the County Council of the Issuer.

“Counsel” shall mean an attorney-at-law or law firm (who may be counsel for the Issuer) satisfactory to the Trustee.

“County Assessor” shall mean the Assessor of the Issuer.

“County Auditor” shall mean the Auditor of the Issuer.

“County Treasurer” shall mean the County Treasurer of the Issuer.

“Credit Facility” shall mean any credit enhancement mechanism such as an irrevocable letter of credit, a surety bond, a policy of municipal bond insurance, a corporate or other guaranty, a purchase agreement, a credit agreement or deficiency agreement or other similar facility applicable to the Bonds, as established pursuant to a Supplemental Indenture, pursuant to which the entity providing such facility agrees to provide funds to make payment of the principal of and interest on the Bonds. Notwithstanding anything to the contrary contained in the Indenture, the Bonds may be issued without a Credit Facility; the decision to provide a Credit Facility in respect of any Bonds shall be within the absolute discretion of the Issuer.

“Credit Facility Agreement” shall mean any agreement pursuant to which a Credit Facility Issuer issues a Credit Facility.

“Credit Facility Issuer” shall mean the issuer or guarantor of any Credit Facility.

“Debt Service Fund” shall mean the Fund so designated which is established pursuant to Section 6.04 hereof.

“Debt Service” or “Debt Service Requirements,” with reference to a specified period, shall mean:

(a) interest payable on the Bonds during such period, subject to reduction for amounts held as capitalized interest in the Funds and Accounts established under the Indenture; and

(b) amounts required to be paid into any mandatory sinking fund account with respect to the Bonds during such period; and

(c) amounts required to pay the principal of the Bonds maturing during such period and not to be redeemed prior to or at maturity through any sinking fund account.

“Debt Service Reserve Fund” shall mean the Fund so designated which is established pursuant to Section 6.05 hereof.

“Debt Service Reserve Insurance Policy” shall mean the insurance policy, surety bond or other evidence of insurance, if any, deposited to the credit of the Debt Service Reserve Fund or any account thereof in lieu of or in partial substitution for cash or securities on deposit therein, which policy, bond or the evidence of insurance constitutes an unconditional senior obligation of the issuer thereof. The issuer thereof shall be a municipal bond insurer which satisfies any criteria or standards set forth in the Supplemental Indenture related to the applicable Series of Bonds.

“Debt Service Reserve Letter of Credit” shall mean the irrevocable, transferable letter or line of credit, if any, deposited for the credit of the Debt Service Reserve Fund or any account thereof in lieu of or in partial substitution for cash or securities on deposit therein, which letter or line of credit constitutes an unconditional senior obligation of the issuer thereof. The issuer of such letter or line of credit shall be a banking association, bank or trust company or branch thereof which satisfies any criteria or standards set forth in the Supplemental Indenture related to the applicable Series of Bonds.

“Debt Service Reserve Requirement” shall mean, for each Series of Bonds, an amount equal to the amount specified herein or in a Supplemental Indenture.

“Defeasance Securities” shall mean, to the extent permitted by law, (a) cash or (b) non-callable Government Obligations.

“Delinquent Assessments” shall mean, collectively, any and all installments of any Assessments which are not paid within 30 days of the date on which such installments are due and payable.

“Depository” shall mean any bank or trust company duly authorized by law to engage in the banking business and designated by the Issuer as a depository of moneys subject to the provisions of this Trust Indenture.

“District” or “Improvement District” shall mean the Walnut Creek Improvement District (formerly known as the Edenmoor Improvement District), an improvement district created and established pursuant to the Act, as such premises may be further expanded or contracted pursuant to the Act.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” shall mean any of the events described in Section 10.01 hereof.

“Fiscal Year” shall mean the period of twelve (12) months beginning July 1 of each calendar year and ending on June 30 of the following calendar year, and also shall mean the period from actual execution hereof to and including the next succeeding June 30; or such other consecutive twelve-month period as may hereafter be established pursuant to an ordinance as the fiscal year of the Issuer for budgeting and accounting purposes as authorized by law.

“Fund” or “Funds” shall mean any fund established pursuant to the Master Indenture.

“Generally Accepted Accounting Principles” shall mean those accounting principles applicable in the preparation of financial statements of municipalities.

“Government Obligations” shall mean (a) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America; and (b) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”).

“Indenture” shall mean, with respect to any Series of Bonds, this Trust Indenture as supplemented by the Supplemental Trust Indenture pursuant to which such Series of Bonds is issued.

“Independent” shall mean a Person who is not a member of the Council, an officer or employee of the Issuer, or which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is a member of the Council, or an officer or employee of the Issuer; provided, however, that the fact that such Person is retained regularly by or regularly transacts business with the Issuer shall not make such Person an employee within the meaning of this definition.

“Interest Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

“Interest Payment Date” shall mean the date specified in the Supplemental Indenture pursuant to which a Series of Bonds is issued.

“Interest Period” shall mean the period from and including any Interest Payment Date to and excluding the next succeeding Interest Payment Date; provided, however, that upon final payment of any Bond at maturity or upon redemption or mandatory purchase, the Interest Period shall extend to, but not include, the date of such final payment, which shall always be a Business Day.

“Investment Securities” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

- (a) Government Obligations, which are also:

- (i) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"),
 - (ii) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America,
 - (iii) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or
 - (iv) Evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;
- (b) Federal Housing Administration debentures;
- (c) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
- (i) Federal Home Loan Mortgage Corporation (FHLMC) obligations,
 - (ii) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - Senior Debt obligations,
 - (iii) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and note,
 - (iv) Federal Home Loan Banks (FHL Banks) Consolidated debt obligations,
 - (v) Federal National Mortgage Association (FNMA) Senior debt obligations Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),
 - (vi) Student Loan Marketing Association (SLMA) Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date),
 - (vii) Financing Corporation (FICO) Debt obligations, and
 - (viii) Resolution Funding Corporation (REFCORP) Debt obligations;
- (d) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term

obligations of which are rated "A-1" or better by S&P, including the Trustee or its affiliates;

- (e) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million, including the Trustee or its affiliates;
- (f) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's;
- (g) Money market funds rated "AAm" or "AAm-G" by S&P, or better, including the Trustee or its affiliates;
- (h) "State Obligations", which means:
 - (i) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "Aa" by Moody's and "AA" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated,
 - (ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (i) above and rated "A-1+" by S&P and "MIG-1" by Moody's;
- (i) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:
 - (i) The municipal obligations are (A) not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions,
 - (ii) The municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations,
 - (iii) The principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification"),
 - (iv) The cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligation,

- (v) No substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification, and
 - (vi) The cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;
- (j) Repurchase agreements with an Eligible Provider which for purposes of this section shall mean: (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and "A2" by Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and "A2" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; provided that:
- (i) The market value of the collateral, which collateral shall be limited to those Investment Securities defined in (a), (b) and (c) above, is maintained at 103% of all funds on deposit plus accrued interest and valued at least weekly (with a market value approach);
 - (ii) The Trustee or a third party acting solely as agent therefor or for the Issuer (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);
 - (iii) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that such collateral is free and clear of any third-party liens or claims and that to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);
 - (iv) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must deliver notice of such downgrade to the Issuer and the Trustee, in writing, within five (5) Business Days after the occurrence of such downgrade and the provider shall, at its option, within ten (10) Business Days of receipt of publication of such downgrade, either:
 - (a) Assign the repurchase agreement to an Eligible Provider acceptable to the Issuer and the Trustee,
 - (b) Obtain a Guaranty in a form and from an Eligible Provider acceptable to the Issuer and the Trustee

In the event that the Provider fails to take one of the remedies provided for in (j)(iv)(a) or (j) (iv)(b) above, then the provider must, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Issuer), within ten (10) days of receipt of such direction repay the principal of and accrued but unpaid interest on the investment agreement, in either case with no penalty or premium to the Issuer or Trustee,

- (k) Investment agreements with an Eligible Provider which for purposes of this section shall mean a domestic or foreign bank or corporation, the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt of the guarantor, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's; provided that, by the terms of the investment agreement:
 - (i) Interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Series 2006 Bonds;
 - (ii) The invested funds are available for withdrawal without penalty or premium, for permitted project or program purposes, at any time upon not more than seven days' prior notice; and the Issuer and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;
 - (iii) The investment agreement shall state that it is an unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;
 - (iv) The Issuer or the Trustee receives the opinion of domestic counsel (which opinion shall be also addressed to the Issuer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable to the Issuer and Trustee;
 - (v) The investment agreement shall provide that if during its term
 - (A) The provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider must deliver notice of such downgrade to the Issuer and the Trustee, in writing, within five (5) business days after the occurrence of such downgrade and shall, at its option, within ten Business Days of receipt of publication of such downgrade, either:
 - (i) Assign the investment agreement to an Eligible Provider acceptable to the Issuer and the Trustee, or

- (ii) Collateralize the investment agreement by delivering or transferring in accordance with applicable State and federal laws (other than by means of entries on the provider's books) to the Issuer, the Trustee or the Holder of the Collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or
- (iii) Obtain a Guaranty in a form and from an Eligible Provider acceptable to the Issuer and the Trustee
- (iv) Take any other action acceptable to the Issuer and the Trustee.

In the event that the provider fails to take one of the remedies provided for in (k)(v)(A)(i), (k)(v)(A)(ii), (k)(v)(A)(iii) or (k)(v)(A)(iv) above, then the provider must, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Issuer), within ten (10) days of receipt of such direction repay the principal of and accrued but unpaid interest on the investment agreement, in either case with no penalty or premium to the Issuer or the Trustee,

- (B) The provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must deliver notice of such downgrade to the Issuer and the Trustee, in writing, within five (5) Business Days after the occurrence of such downgrade and the provider shall, at its option, within ten (10) Business Days of receipt of publication of such downgrade, either:

- (i) Assign the investment agreement to an Eligible Provider acceptable to the Issuer and the Trustee,
- (ii) Obtain a Guaranty in a form and from an Eligible Provider acceptable to the Issuer and the Trustee

In the event that the Provider fails to take one of the remedies provided for in (k)(v)(B)(i) or (k)(v)(B)(ii) above, then the provider must, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Issuer), within ten (10) days of receipt of such direction repay the principal of and accrued but unpaid interest on the investment agreement, in either case with no penalty or premium to the Issuer or Trustee,

- (vi) The investment agreement shall state that in the event collateral is required to be pledged by the provider under the terms of the investment agreement that at the time such collateral is delivered, that, 1) such collateral is free and clear of any third-party liens or claims and 2) to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected security

interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession). In conjunction with the delivery of such collateral the provider agrees to provide an opinion of counsel at the time of delivery, at the providers expense that such collateral is free and clear of any third-party liens or claims and that to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession).

(vii) The investment agreement must provide that if during its term

- (A) The provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Issuer or the Trustee (who shall give such direction if so directed by the Issuer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Trustee, as appropriate, and
- (B) The provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Trustee, as appropriate.

"Issuer" shall mean Lancaster County, South Carolina.

"Master Indenture" shall mean this Trust Indenture, as supplemented from time to time in accordance with the provisions of Article XIII hereof.

"Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

"Outstanding," in connection with a Series of Bonds, shall mean, as of the time in question, all Bonds of such Series authenticated and delivered under the Indenture, except:

(a) all Bonds theretofore cancelled or required to be cancelled under Section 2.07 hereof;

(b) Bonds for the payment, redemption or purchase of which moneys and/or Defeasance Securities, the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance with Article XIV hereof, shall have been or shall concurrently be deposited with the Trustee; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article II hereof.

In determining whether the Holders of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are known by the Trustee to be held on behalf of the Issuer shall be disregarded for the purpose of any such determination; provided, however, this provision does not affect the right of the Trustee to deal in Bonds as set forth in Section 11.09 hereof.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Paying Agent" shall mean initially, the Trustee and thereafter any successor thereto appointed in accordance with Section 11.20 of this Trust Indenture.

"Person" or "Persons" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, governmental body, political subdivision, municipality, municipal authority or any other group or organization of individuals.

"Pledged Funds" shall mean the funds created pursuant to Articles V and VI hereof excepting the Rebate Fund.

"Pledged Revenues", with respect to the Series A-2 Bonds, the Series A-3 Bonds or the Series B Bonds, shall mean the Series A-2 Pledged Revenues, Series A-3 Pledged Revenues or Series B Revenues, as applicable.

"Principal Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

"Project" shall mean, with respect to the Series 2006A Bonds, the improvements described in Exhibit B hereto.

"Rebate Fund" shall mean the Fund, if any, so designated, which is established pursuant to an arbitrage rebate agreement, into which shall be deposited certain moneys in accordance with the provisions of said arbitrage rebate agreement.

"Record Date" shall mean, as the case may be, the applicable Regular or Special Record Date.

"Redemption Price" shall mean the principal amount of any Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Registrar" shall mean initially the Trustee which entity shall have the responsibilities set forth in Section 2.04 of this Trust Indenture, and thereafter any successor thereto appointed in accordance with Section 11.20 of this Trust Indenture.

"Regular Record Date" shall mean the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

"Regulatory Body" shall mean and include (a) the United States of America and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America, (b) the State, any political subdivision thereof and any department of or

corporation, agency or instrumentality heretofore or hereafter created, designated or established by the State, (c) the Issuer and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the Issuer, and (d) any other public body, whether federal, state or local or otherwise having regulatory jurisdiction and authority over the Issuer.

“Revenue Fund” shall mean the Fund so designated which is established pursuant to Section 6.03 hereof.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of Standard & Poor’s Financial Services LLC, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

“Series” shall mean all of the Bonds authenticated and delivered at one time on original issuance, including Bonds issued in exchange for Series 2006A Bonds, Series 2006B Bonds or other outstanding Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof and the applicable Supplemental Indenture, regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously hereunder or under the same Supplemental Indenture if designated as separate Series of Bonds by the Issuer upon original issuance. Two or more Series of Bonds may be issued simultaneously under separate Supplemental Indentures, under the terms of this Trust Indenture. For all purposes of this Trust Indenture, the Series 2006A-2 Bonds, the Series 2006A-3 Bonds and the Series 2006B Bonds shall constitute separate Series of Bonds.

“Series A-2 Bonds” shall mean the Series 2006A-2 Bonds issued hereunder in exchange for a portion of the outstanding Remaining 2006A Bonds, and any Bonds issued pursuant to a Supplemental Indenture which are secured by and payable from the Series A-2 Pledged Revenues on a parity therewith.

“Series A-2 Pledged Revenues” shall mean (a) revenues from the Assessment A-2 and any other revenues designated as such by the Issuer, and (b) all moneys on deposit in the Pledged Funds established under the Master Indenture in respect of the Series A-2 Bonds, all of which shall constitute the security for and source of payment of the Series A-2 Bonds and may consist of any source of funds not constituting a general tax as may be available and authorized by the Issuer; provided, however that the Debt Service Fund and Debt Service Reserve Fund established for a particular Series of Bonds shall be pledged only to the payment of such Series of Bonds.

“Series A-3 Bonds” shall mean the Series 2006A-3 Bonds issued hereunder in exchange for the outstanding Remaining 2006A Bonds (other than the portion of outstanding Remaining 2006A Bonds for which the Series 2006A-2 Bonds are issued in exchange therefor), and any Bonds issued pursuant to a Supplemental Indenture which are secured by and payable from the Series A-3 Pledged Revenues on a parity therewith.

“Series A-3 Pledged Revenues” shall mean (a) revenues from the Assessment A-3 and any other revenues designated as such by the Issuer, and (b) all moneys on deposit in the Pledged Funds established under the Master Indenture in respect of the Series A-3 Bonds, all of which shall constitute the security for and source of payment of the Series A-3 Bonds and may consist of any source of funds not constituting a general tax as may be available and authorized by the Issuer; provided, however that the

Debt Service Fund and Debt Service Reserve Fund established for a particular Series of Bonds shall be pledged only to the payment of such Series of Bonds.

“Series B Bonds” shall mean the Series 2006B Bonds issued hereunder in exchange for the outstanding Series 2006B Bonds originally issued, and any Bonds issued pursuant to a Supplemental Indenture which are secured by and payable from the Series B Pledged Revenues on a parity therewith.

“Series B Pledged Revenues” shall mean (a) revenues from the Assessment B and any other revenues designated as such by the Issuer, and (b) all moneys on deposit in the Pledged Funds established under the Master Indenture in respect of the Series B Bonds, all of which shall constitute the security for and source of payment of the Series B Bonds and may consist of any source of funds not constituting a general tax as may be available and authorized by the Issuer; provided, however that the Debt Service Fund and Debt Service Reserve Fund established for a particular Series of Bonds shall be pledged only to the payment of such Series of Bonds.

“Series 2006 Bonds” shall mean the Series 2006A-2 Bonds, Series 2006A-3 Bonds and Series 2006B Bonds issued under this Trust Indenture.

“Series 2006 Prepayment Principal” shall mean the portion of a Prepayment corresponding to the principal amount of Assessments being prepaid.

“Series 2006A Debt Service Reserve Requirements” shall mean, collectively, the Series 2006A-2 Debt Service Reserve Requirement and the Series 2006A-3 Debt Service Reserve Requirement.

“Series 2006A-2 Bonds” shall mean the \$_____ aggregate principal amount of Lancaster County, South Carolina, Walnut Creek Improvement District Assessment Revenue Bonds, Series 2006A-2, to be issued pursuant to Section 2.01(b) hereof.

“Series 2006A-2 Debt Service Reserve Requirement” shall have the meaning set forth in Section 6.12(f) hereof.

“Series 2006A-2 General Account” shall mean the Account so designated, established as a separate account under the Bond Redemption Fund pursuant to Section 6.12(g) hereof.

“Series 2006A-2 Interest Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.12(d) hereof.

“Series 2006A-2 Prepayment Account” shall mean the Account so designated, established as a separate account within the Bond Redemption Fund pursuant to Section 6.12(g) hereof.

“Series 2006A-2 Principal Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.12(c) hereof.

“Series 2006A-2 Revenue Account” shall mean the Account so designated, established as a separate account within the Revenue Fund pursuant to Section 6.12(b) hereof.

“Series 2006A-2 Sinking Fund Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.12(e) hereof.

“Series 2006A-3 Bonds” shall mean the \$_____ aggregate principal amount of Lancaster County, South Carolina, Walnut Creek Improvement District Assessment Revenue Bonds, Series 2006A-3, to be issued pursuant to Section 2.01(b) hereof.

“Series 2006A-3 Debt Service Reserve Requirement” shall have the meaning set forth in Section 6.12(f) hereof.

“Series 2006A-3 General Account” shall mean the Account so designated, established as a separate account under the Bond Redemption Fund pursuant to Section 6.12(g) hereof.

“Series 2006A-3 Interest Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.12(d) hereof.

“Series 2006A-3 Prepayment Account” shall mean the Account so designated, established as a separate account within the Bond Redemption Fund pursuant to Section 6.12(g) hereof.

“Series 2006A-3 Principal Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.12(c) hereof.

“Series 2006A-3 Revenue Account” shall mean the Account so designated, established as a separate account within the Revenue Fund pursuant to Section 6.12(b) hereof.

“Series 2006A-3 Sinking Fund Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.12(e) hereof.

“Series 2006B Bonds” shall mean the \$_____ aggregate principal amount of Lancaster County, South Carolina, Walnut Creek Improvement District Assessment Revenue Bonds, Series 2006B, to be issued pursuant to Section 2.01(b) hereof.

“Series 2006B General Account” shall mean the Account so designated, established as a separate account under the Bond Redemption Fund pursuant to Section 6.12(g) hereof.

“Series 2006B Interest Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.12(d) hereof.

“Series 2006B Prepayment Account” shall mean the Account so designated, established as a separate account within the Bond Redemption Fund pursuant to Section 6.12(g) hereof.

“Series 2006B Principal Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.12(c) hereof.

“Series 2006B Revenue Account” shall mean the Account so designated, established as a separate account within the Revenue Fund pursuant to Section 6.12(b) hereof.

“Sinking Fund Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

“Sinking Fund Installment” shall mean those payments made pursuant to Section 8.01(c) hereof and the applicable Supplemental Indenture.

“Special Record Date” shall mean such date as shall be fixed for the payment of defaulted interest on the Bonds in accordance with Section 2.01 hereof.

"State" shall mean the State of South Carolina.

"Supplemental Indenture" and "indenture supplemental hereto" shall mean any indenture amending or supplementing this Trust Indenture or any Supplemental Indenture hereto which may be entered into in accordance with the provisions of this Trust Indenture.

"Tax Certificate" shall mean the Federal Tax Certificate of the Issuer, dated the date hereof.

"Trust Indenture" shall mean, this Amended and Restated Master Trust Indenture dated _____, 2015, by and between the Issuer and the Trustee.

The words "hereof", "herein", "hereto", "hereby", and "hereunder" (except in the form of Bond), refer to the entire Master Indenture.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa.

[END OF ARTICLE I]

ARTICLE II

THE BONDS

SECTION 2.01. Amounts and Terms of Bonds; Details of Bonds; Series 2006 Bonds. (a) The Issuer is hereby authorized to issue the Bonds in one or more Series pursuant to the terms and conditions of this Trust Indenture and the applicable Supplemental Indenture. The Bonds shall be issued in Authorized Denominations and, except for the Series 2006A-2 Bonds, Series 2006A-3 Bonds and Series 2006B Bonds described below, within each Series shall be numbered consecutively from R-1 and upwards and in substantially the form attached hereto as Exhibit C, with such appropriate variations, omissions and insertions as are permitted or required by this Trust Indenture or as otherwise provided in a Supplemental Indenture. All Bonds shall be issued only upon satisfaction of the conditions set forth in Article III hereof; and the Trustee shall, at the Issuer's request, authenticate such Bonds and deliver them as specified in such request.

Each Bond shall be dated, shall have such Interest Payment Dates, shall bear interest from such date or dates and at such rate or rates until the maturity thereof, payable on such Interest Payment Dates, and shall be stated to mature (subject to the right of prior redemption), all as provided herein or in, or pursuant to, a Supplemental Indenture.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender on the respective dates of payment thereof for the payment of public and private debts. Unless otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, the principal of all Bonds shall be payable at the principal corporate trust office of the Paying Agent upon the presentation and surrender of such Bonds as the same shall become due and payable.

The Bonds shall be special obligations of the Issuer. Neither the Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation (other than Article X, Section 14(10) of the State Constitution authorizing indebtedness payable solely from a source of revenues derived other than from a tax or license). The Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the Issuer or a charge against the general credit or taxing power of the Issuer. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Trust Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Trust Indenture, any Supplemental Indenture, or the Bonds of a Series, shall be payable solely from, and shall be secured solely by, the respective Pledged Revenues, all as provided herein and in the applicable Supplemental Indenture.

Except to the extent otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, interest on any Bond is payable on any Interest Payment Date by check or draft mailed on the Interest Payment Date to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date, at his address as it appears on the Bond Register. The Bonds shall bear interest from the Interest Payment Date next preceding the date on which they are authenticated unless authenticated on an Interest Payment Date in which event they shall bear interest from such Interest Payment Date, or unless authenticated before the first Interest Payment Date in which event they shall bear interest from their date; provided, however, that if a Bond is authenticated between a Record Date and the next succeeding Interest Payment Date, such Bond shall bear interest from such succeeding Interest Payment Date; provided further, however, that if at the time of authentication of any Bond interest thereon is in default, such Bond shall bear interest from the date to which interest has been

paid. Any interest on any Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Bonds of a Series in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Trustee and Paying Agent, upon requesting the same in a writing received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date, which writing shall specify the bank, which shall be a bank within the United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Trustee and Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by such Bonds on the day before the default occurred.

The Trustee is hereby constituted and appointed as Paying Agent for the Bonds.

(b) The Series 2006A-2 Bonds shall be numbered consecutively from A-2R-1 and upwards in substantially the form attached hereto as Exhibit D-I. The Series 2006A-3 Bonds shall be numbered consecutively from A-3R-1 and upwards in substantially the form attached hereto as Exhibit D-I. The Series 2006B Bonds shall be numbered consecutively from BR-1 and upwards in substantially the form attached hereto as Exhibit D-II.

The Series 2006A-2 Bonds and Series 2006A-3 Bonds are being issued in exchange for the Remaining 2006A Bonds, and the Series 2006B Bonds are being issued in exchange for the outstanding Series 2006B Bonds. The Series 2006 Bonds shall be designated "Lancaster County, South Carolina, Walnut Creek Improvement District Assessment Revenue Bonds," with appropriate variations to identify each Series thereof, and shall be issued as fully registered bonds without coupons in Authorized Denominations.

The Series 2006 Bonds shall initially dated _____, 2015, and shall also show the date of authentication thereof. Interest on the Series 2006 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2006 Bonds shall accrue from their dated date and be due and payable on each Interest Payment Date, commencing _____, _____.

The Series 2006A-2 Bonds will mature on December 1, 2037 and bear interest at the rate of 5.75% per annum, subject to the right of prior redemption in accordance with their terms. The Series 2006A-3 Bonds will mature on December 1, 2037 and bear interest at the rate of 5.75% per annum, subject to the right of prior redemption in accordance with their terms. The Series 2006B Bonds will mature on December 1, 2016 and bear interest at the rate of 5.375% per annum, subject to the right of prior redemption in accordance with their terms. Interest on the Series 2006 Bonds will be computed in all cases on the basis of a 360 day year of twelve 30 day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by the Series 2006 Bonds on the day before the default occurred.

The Series 2006 Bonds shall be issued as one fully registered bond per maturity of each Series and deposited with The Depository Trust Company, New York, New York ("DTC"), which is responsible for establishing and maintaining records of ownership for its participants. The Issuer has entered into a blanket letter of representations with DTC dated _____, _____, providing for such book-entry-only system, in accordance with the provisions of Section 2.11 hereof. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Series 2006 Bonds in the form of fully registered Series 2006 Bonds in accordance with the instructions from Cede & Co.

Except as otherwise provided in Section 2.11 hereof or the foregoing paragraph in connection with a book entry only system of registration of the Series 2006 Bonds, the principal or Redemption Price of the Series 2006 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent upon presentation of such Series 2006 Bonds. Except as otherwise provided in Section 2.11 hereof or the foregoing paragraph in connection with a book entry only system of registration of the Series 2006 Bonds, the payment of interest on the Series 2006 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2006 Bonds by check or draft drawn on the Paying Agent and mailed on the applicable Interest Payment Date to each Owner as such Owner appears on the Bond Register maintained by the Registrar as of the close of business on the Regular Record Date, at his address as it appears on the Bond Register. Any interest on any Series 2006 Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Series 2006 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Series 2006 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date.

SECTION 2.02. Execution. The Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Council, and the seal of the Issuer shall appear thereon (which may be in facsimile) and shall be attested by the manual or facsimile signature of its Clerk to Council. Bonds executed as above provided may be issued and shall, upon request of the Issuer, be authenticated by the Trustee, notwithstanding that one or both of the officers of the Issuer whose signatures appear on such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds.

SECTION 2.03. Authentication; Authenticating Agent. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created.

The Trustee may appoint an Authenticating Agent and the Trustee shall be entitled to be reimbursed for payments made to any Authenticating Agent as reasonable compensation for its services.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of the Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee, the Issuer and any Paying Agent. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent, the Issuer and any Paying Agent. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee shall promptly appoint a successor Authenticating Agent, shall give written notice of such appointment to the Issuer and the Paying Agent, shall mail a notice of such appointment to all Holders of Bonds as the names and addresses of such Holders appear on the Bond Register.

SECTION 2.04. Registration and Registrar. The Trustee is hereby constituted and appointed as the Registrar for the Bonds. The Registrar shall act as registrar and transfer agent for the Bonds. The Issuer shall cause to be kept at an office of the Registrar a register (herein sometimes referred to as the "Bond Register" or "Register") in which, subject to the provisions set forth in Section 2.08 below and such other regulations as the Issuer and Registrar may prescribe, the Issuer shall provide for the registration of the Bonds and for the registration of transfers and exchanges of such Bonds. The Issuer shall cause the Registrar to designate, by a written notification to the Trustee, a specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register is kept.

The Registrar when it is not also the Trustee, forthwith following each Record Date and at any other time as reasonably requested by the Trustee, certify and furnish to the Trustee, and to any Paying Agent as such Trustee shall specify, the names, addresses, and holdings of Bondholders and any other relevant information reflected in the Bond Register, and the Trustee and any such Paying Agent shall for all purposes be entitled to rely upon the information so furnished to it and shall have no liability or responsibility in connection with the preparation thereof.

SECTION 2.05. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond shall become mutilated, the Issuer shall execute and the Trustee or Authenticating Agent, as the case may be, shall thereupon authenticate and deliver a new Bond of like Series, tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or Authenticating Agent, as the case may be, of such mutilated Bond for cancellation, and the Issuer and the Trustee or Authenticating Agent, as the case may be, may require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Issuer and the Trustee or Authenticating Agent, as the case may be; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Issuer shall execute, and thereupon the Trustee or Authenticating Agent, as the case may be, shall authenticate and deliver a new Bond of like Series, tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Issuer may, with the consent of the Trustee or Authenticating Agent, as the case may be, pay to the Owner the principal amount of and accrued interest on such Bond upon the maturity thereof and compliance with the aforesaid conditions by such Owner, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this Section 2.05 shall constitute an additional contractual obligation of the Issuer, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

SECTION 2.06. Temporary Bonds. Pending preparation of definitive Bonds, or by agreement with the original purchasers of all Bonds, the Issuer may issue and, upon its request, the Trustee shall authenticate in lieu of definitive Bonds one or more temporary printed or typewritten Bonds of substantially the tenor recited above. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds. So long as Cede & Co., or any other nominee of DTC is the registered Owner of the Bonds, the definitive Bonds shall be in typewritten form.

SECTION 2.07. Cancellation and Destruction of Surrendered Bonds. All Bonds surrendered for payment or redemption and all Bonds surrendered for exchange shall, at the time of such payment, redemption or exchange, be promptly transferred by the Registrar, Paying Agent or Authenticating Agent to, and cancelled and destroyed by, the Trustee. The Trustee shall deliver to the Issuer a certificate of destruction in respect of all Bonds destroyed in accordance with this Section.

SECTION 2.08. Registration, Transfer and Exchange. As provided in Section 2.04 hereof, the Issuer shall cause a Bond Register in respect of the Bonds to be kept at the designated office of the Registrar.

Upon surrender for registration or transfer of any Bond at the designated office of the Registrar, and upon compliance with the conditions for the transfer of Bonds set forth in this Section 2.08, the Issuer shall execute and the Trustee (or Registrar or Authenticating Agent as described in Section 2.03 hereof) shall authenticate and deliver, in the name of the designated transferees, one or more new Bonds of a like aggregate principal amount and of the same Series and maturity.

At the option of the Bondholder, Bonds may be exchanged for other Bonds of a like aggregate principal amount and of the same Series and maturity, upon surrender of the Bonds to be exchanged at any such office or agency. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute and the Trustee (or Registrar or Authenticating Agent as described in Section 2.03 hereof) shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange of Bonds shall be valid obligations of the Issuer, evidencing the same debt and entitled to the same benefits under the Indenture as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing.

Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the Issuer nor the Registrar on behalf of the Issuer shall be required (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

SECTION 2.09. Persons Deemed Owners. The Issuer, the Trustee, any Paying Agent, the Registrar, or the Authenticating Agent shall deem and treat the person in whose name any Bond is registered as the absolute Owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, any Paying Agent, the Registrar or the Authenticating Agent) for the purpose of receiving payment of or on account of the principal or Redemption Price of and interest on such Bond, and for all other purposes, and the Issuer, the Trustee, any Paying Agent, the Registrar and the Authenticating Agent shall not be affected by any notice to the contrary. All such payments so made to any such Owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bond.

SECTION 2.10. Limitation on Incurrence of Certain Indebtedness. The Issuer will not issue Bonds, except upon the conditions and in the manner provided or as otherwise permitted in the Indenture, provided that the Issuer may enter into agreements with issuers of Credit Facilities which involve liens on Pledged Revenues on a parity with that of the Bonds or portion thereof which is supported by such Credit Facilities.

SECTION 2.11. Qualification for Depository Trust Company. To the extent provided herein or in a Supplemental Indenture or authorized and directed by an Ordinance of the Issuer authorizing the issuance of a Series of Bonds, the Trustee shall be authorized to enter into agreements with DTC and other depository trust companies, including, but not limited to, agreements necessary for wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC, and other depository trust companies in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery, courier service, telegram, telecopy or other similar means of communication.

So long as there shall be maintained a book-entry-only system with respect to a Series of Bonds, the following provisions shall apply:

The Bonds shall initially be registered in the name of Cede & Co. as nominee for DTC, which will act initially as securities depository for the Bonds and so long as the Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, the Bonds shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Bonds ("Beneficial Owners").

Principal and interest on the Bonds prior to and at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee or the Issuer.

The Bonds shall initially be issued in the form of one fully registered Bond for each maturity of each Series and shall be held in such form until maturity. Individuals may purchase beneficial interests in Authorized Denominations in book-entry-only form, without certificated Bonds, through DTC Participants and Indirect Participants.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE BONDS, ANY NOTICES TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICES TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO BENEFICIAL OWNERS.

The Issuer and the Trustee shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Bonds in the form of fully registered Bonds in accordance with the instructions from Cede & Co.

In the event DTC, any successor of DTC or the Issuer elects to discontinue the book-entry only system, the Trustee shall deliver bond certificates in accordance with the instructions from DTC or its successor and after such time Bonds may be exchanged for an equal aggregate principal amount of Bonds in other Authorized Denominations and of the same maturity and Series upon surrender thereof at the designated corporate trust office of the Trustee.

ARTICLE III

ISSUE OF BONDS

SECTION 3.01. Issue of Bonds. Subject to the provisions of Section 2.01 hereof, the Issuer may issue one or more Series of Bonds hereunder and under Supplemental Indentures from time to time for the purpose of refunding all or a portion of a Series of Bonds or for such other purposes as may be authorized by the Council, and to pay the costs of the issuance of such Bonds and any amounts required to be deposited with respect to such Bonds in the Funds and Accounts established under the Indenture. In connection with the issuance of a Series of Bonds the Trustee shall, at the request of the Issuer, authenticate the Bonds and deliver or cause them to be authenticated and delivered, as specified in the request.

[END OF ARTICLE III]

ARTICLE IV

[RESERVED]

[END OF ARTICLE IV]

ARTICLE V

[RESERVED]

[END OF ARTICLE V]

ARTICLE VI

ASSESSMENTS; APPLICATION THEREOF TO FUNDS AND ACCOUNTS

SECTION 6.01. Assessments; Lien of Indenture on Pledged Revenues. The Issuer hereby covenants that it shall levy Assessments, and evidence and certify the same to the County Treasurer or shall cause the County Auditor to certify the same on the tax roll to the County Treasurer for collection by the County Treasurer and enforcement by the County Treasurer or the Issuer, pursuant to the Act or any successor statutes, as applicable, to the extent and in the amount necessary to pay the Debt Service Requirement on Bonds issued and Outstanding hereunder.

The Issuer shall, within 30 days of receipt thereof, pay to the Trustee for deposit in the Series Account of the Revenue Fund established under Section 6.03 hereof all Assessments received by the Issuer from the levy thereof on property within Bond Area 2 and Bond Area 3, as applicable, of the District subject to Assessments for the payment of the related Series of Bonds; provided, however, that amounts received as prepayments of Assessments shall be deposited directly into the Bond Redemption Fund established hereunder or in any account thereof established pursuant hereto or to the applicable Supplemental Indenture. The Issuer shall notify the Trustee at the time of deposit of any amounts received as prepayments of Assessments and shall identify the related Series of Bonds.

There are hereby pledged for the payment of the principal or Redemption Price of and interest on all Bonds of each Series issued and Outstanding under the Indenture and all reimbursements due to any Credit Facility Issuer for any drawing with respect to such Series of Bonds on its Credit Facility, including, without limitation, interest thereon, as required under the terms of the applicable Credit Facility Agreement, the Pledged Revenues; provided, however, that unless otherwise specifically provided herein or in a Supplemental Indenture relating to a Series of Bonds with respect to the Pledged Revenues securing such Series of Bonds, the Pledged Revenues securing a Series of Bonds shall secure only such Series of Bonds and Bonds issued on a parity therewith and shall not secure any other Bonds or Series of Bonds. The Pledged Revenues shall immediately be subject to the lien and pledge of the Indenture without any physical delivery hereof or further act; provided, however, that the lien and pledge of the Indenture shall not apply to any moneys transferred by the Trustee to the Rebate Fund. The foregoing notwithstanding, to the extent provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, such Series of Bonds may be made payable from and secured by less than all of the Pledged Revenues, and any one or more of the provisions of this Trust Indenture may be made inapplicable to such Series of Bonds, all as more specifically provided in the corresponding Supplemental Indenture; provided, however, that any such provisions shall apply only to the particular Series of Bonds authorized by such Supplemental Indenture and shall not affect in any manner whatsoever any Outstanding Series of Bonds.

SECTION 6.02. Funds and Accounts Relating to the Bonds. The Funds and Accounts specified in this Article VI shall be established under the Indenture (subject to Section 6.12, relating to the Series 2006 Bonds) and each Supplemental Indenture pursuant to which a Series of Bonds is issued for the benefit of the specific Series of Bonds issued pursuant to such Supplemental Indenture and any Series issued on a parity therewith and, unless expressly otherwise provided herein or in said Supplemental Indenture, shall not apply to Bonds Outstanding hereunder issued under any other indenture supplemental hereto. All moneys, including, without limitation, proceeds of a Series of Bonds, on deposit to the credit of the Funds and Accounts established hereunder and under a Supplemental Indenture (except for moneys transferred to the Rebate Fund) shall be pledged to the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series of Bonds issued hereunder and under such Supplemental Indenture, and any Series issued on a parity therewith.

SECTION 6.03. Revenue Fund. The Trustee is hereby authorized and directed to establish a Revenue Fund and pursuant to Section 6.12(b) hereof (relating to the Series 2006 Bonds) or a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder, into which the Trustee shall immediately deposit any and all Assessments received from the levy thereof within Bond Area 2 and Bond Area 3 of the District or any portion thereof (other than Assessment prepayments) and any amounts received as the result of any foreclosure or other remedial action for nonpayment of Assessments for the payment of the related Series of Bonds and other payments required hereunder or under the applicable Supplemental Indenture (unless such Assessments and/or other payments are specifically designated by the Issuer pursuant to a Supplemental Indenture for deposit into the Rebate Fund or any other Fund or Account established hereunder or under a Supplemental Indenture) and each Series Account therein shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. The Trustee shall transfer from amounts on deposit in the Series Account in the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, there shall be deposited into the Administrative Expenses Fund the portion of the Assessments imposed and collected for Administrative Expenses. The Trustee is authorized to pay such Administrative Expenses upon receipt of a requisition signed by an Authorized Officer;

SECOND, upon receipt but no later than the Business Day preceding the first June 1 for which there is an insufficient amount from Bond proceeds (or investment earnings thereon) on deposit in the applicable Series Interest Account to be applied to the payment of interest on the Bonds of a Series due on the next succeeding June 1, and no later than the Business Day next preceding each June 1 thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Interest Account of the Debt Service Fund, an amount equal to the interest on the related Series of Bonds becoming due on the next succeeding June 1, less any amount on deposit in such Interest Account not previously credited;

THIRD, beginning on the date set forth herein or in the related Supplemental Indenture, and no later than the Business Day next preceding each December 1 thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the Principal Account of the Debt Service Fund, an amount equal to the principal amount of Bonds of such Series maturing on the next succeeding principal payment date, less any amount on deposit in the applicable Series Principal Account not previously credited;

FOURTH, upon receipt but no later than the Business Day preceding the first December 1 for which there remains an insufficient amount from Bond proceeds (or investment earnings thereon) on deposit in the applicable Series Interest Account to be applied to the payment of interest on the Bonds of a Series due on the next succeeding December 1, and no later than the Business Day next preceding each December 1 thereafter while Bonds of such Series issued under the Indenture remain Outstanding, to the applicable Series Interest Account of the Debt Service Fund, an amount equal to the interest on the Bonds of such Series becoming due on the next succeeding December 1, less any amount on deposit in the Interest Account not previously credited;

FIFTH, beginning on the date set forth herein or in the related Supplemental Indenture, and no later than the Business Day next preceding each December 1 thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Sinking Fund Account of the Debt Service Fund, an amount equal to the principal amount of Bonds of such Series subject to mandatory sinking fund redemption on the next succeeding principal payment

date, less any amount on deposit in the applicable Series Sinking Fund Account not previously credited;

SIXTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Account of the Debt Service Reserve Fund, an amount equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement; and

SEVENTH, subject to the following paragraph the balance of any moneys remaining after making the foregoing deposits shall remain therein.

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the Issuer, withdraw any moneys held for the credit of the Revenue Fund which are not otherwise required to be deposited pursuant to this Section, Section 6.13 hereof (relating to the Series 2006 Bonds) or a Supplemental Indenture relating to a Series of Bonds and deposit such moneys as directed to the credit of the applicable Series Account of the Bond Redemption Fund in accordance with the provisions hereof. Assessment Prepayments pledged to a particular Series of Bonds shall be deposited directly into the applicable Series Account of the Bond Redemption Fund as provided herein or the Supplemental Indenture related to such Series of Bonds.

SECTION 6.04. Debt Service Fund. The Trustee is hereby authorized and directed to establish a Debt Service Fund which shall consist of amounts deposited therein by the Trustee and any other amounts the Issuer may pay to the Trustee for deposit therein with respect to the related Series of Bonds. The Debt Service Fund shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. The Trustee shall establish within the Debt Service Fund pursuant hereto (related to the Series 2006 Bonds) or to a Supplemental Indenture, a Series Principal Account, a Series Interest Account and a Series Sinking Fund Account for each Series of Bonds, which accounts shall be separate and apart from all other Funds and Accounts established under the Indenture and from all other moneys of the Trustee.

The Trustee at all times shall make available to any Paying Agent the funds in the Series Principal Account and the Series Interest Account of the Debt Service Fund to pay the principal of the applicable Series of Bonds as they mature upon surrender thereof and the interest on the applicable Series of Bonds as it becomes payable, respectively. When a Series of Bonds is redeemed, the amount, if any, in the Debt Service Fund representing interest thereon shall be applied to the payment of accrued interest in connection with such redemption.

The Trustee shall apply moneys in the Series Sinking Fund Account in the Debt Service Fund for purchase or redemption of the applicable Series of Bonds in amounts and maturities set forth herein or in the Supplemental Indenture. Whenever Bonds of a Series are to be purchased out of such Series Sinking Fund Account, if the Issuer shall notify the Trustee that the Issuer wishes to arrange for such purchase, the Trustee shall comply with the Issuer's arrangements provided they conform to the Indenture.

Except to the extent otherwise provided herein (related to the Series 2006 Bonds) or in a Supplemental Indenture, purchases and redemptions out of the Series Sinking Fund Account shall be made as follows:

(a) The Trustee shall apply the amounts required to be transferred to the Series Sinking Fund Account (less any moneys applied to the purchase of Bonds of the applicable Series pursuant to the next sentence hereof) on the principal payment date in each of the years set forth herein or

in a Supplemental Indenture to the redemption of Bonds of a Series in the amounts, manner and maturities and on the dates set forth in a Supplemental Indenture, at a Redemption Price of 100% of the principal amount thereof. At the written direction of the Issuer, the Trustee shall apply moneys from time to time available in the Series Sinking Fund Account to the purchase of Bonds of the applicable Series which mature in the aforesaid years, at prices not higher than the principal amount thereof, in lieu of redemption as aforesaid, provided that firm purchase commitments can be made before the notice of redemption would otherwise be required to be given. In the event of purchases at less than the principal amount thereof, the difference between the amount in the Series Sinking Fund Account representing the principal amount of the Bonds so purchased and the purchase price thereof (exclusive of accrued interest) shall be transferred to the related Series Interest Account of the Debt Service Fund.

(b) Accrued interest on purchased Bonds of a Series shall be paid from the related Series Interest Account of the Debt Service Fund.

(c) In lieu of paying the Debt Service Requirements necessary to allow any mandatory redemption of Bonds of a Series from the related Series Sinking Fund Account, the Issuer may present to the Trustee Bonds of a Series purchased by the Issuer pursuant to subparagraph (a) above and furnished for such purposes; provided, however, that no Bonds of such Series so purchased shall be credited towards the Debt Service Requirements in respect of the mandatory redemption of Bonds of such Series for which notice of redemption has been given pursuant to Section 8.02 of this Trust Indenture. Any Bond so purchased shall be presented to the Trustee for cancellation. In such event, the Debt Service Requirements with respect to the Bonds of a Series for the period in which the purchased Bonds are presented to the Trustee shall, for all purposes hereunder, be reduced by an amount equal to the aggregate principal amount of any such Bonds so presented.

SECTION 6.05. Debt Service Reserve Fund. The Trustee is hereby authorized and directed to establish a Debt Service Reserve Fund and pursuant to Section 6.12(f) hereof (related to the Series 2006 Bonds) or to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder or thereunder. The Debt Service Reserve Fund and each Series Account therein shall be held by the Trustee for the benefit of each related Series of Bonds; provided, however, that notwithstanding anything to the contrary contained in this Trust Indenture (including Section 6.12(f) hereof) or the Supplemental Indenture authorizing the issuance of a Series of Bonds may provide that the Debt Service Reserve Fund is not applicable and no account therein shall secure such Series of Bonds. The Debt Service Reserve Fund and each Series Account therein shall constitute an irrevocable trust fund to be applied solely as set forth herein and shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Unless otherwise provided herein or in the Supplemental Indenture authorizing the issuance of a Series of Bonds, on the date of issuance and delivery of a Series of Bonds an amount of Bond proceeds equal to the Debt Service Reserve Requirement in respect of such Series of Bonds, calculated as of the date of issuance and delivery of such Series of Bonds, shall be deposited in the related Series Account of the Debt Service Reserve Fund. As long as there exists no default under the Indenture and the amount in the Series Account of the Debt Service Reserve Fund is not reduced below the then applicable Debt Service Reserve Requirement with respect to such Series of Bonds, earnings on investments in the Series Account of the Debt Service Reserve Fund shall be transferred to the related Series Account of the Revenue Fund. Otherwise, earnings on investments in each Series Account of the Debt Service Reserve Fund shall be retained therein until applied as set forth herein. Unless otherwise provided herein or in a Supplemental Indenture, in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Debt Service Reserve Requirement as a result of an optional prepayment by the owner of a lot or parcel of land of an Assessment against such lot or parcel, which Assessment is pledged for the payment and security of such Series of Bonds, the excess amount shall be transferred from the Series

Account of the Debt Service Reserve Fund to the Bond Redemption Fund established for such Series of Bonds, as a credit against the principal amount of the prepayment otherwise required to be made by the owner of such lot or parcel. In the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Series Account of the Debt Service Reserve Requirement for any other reason, the excess amount shall be transferred from the Series Account of the Debt Service Reserve Fund to the related Series Account of the Revenue Fund. If needed, any additional excess monies in the Debt Service Reserve Fund will also be available to transfer to the Administrative Expense Fund for the payment of Administrative Expenses

Whenever for any reason on an Interest or Principal Payment Date or mandatory redemption date with respect to a related Series of Bonds secured by a Series Account of the Debt Service Reserve Fund the amount in the related Series Interest Account, the related Series Principal Account or the related Series Sinking Fund Account, as the case may be, is insufficient to pay all amounts payable on such Series of Bonds therefrom on such payment dates, the Trustee shall, without further instructions, transfer the amount of any such deficiency from the related Series Account of the Debt Service Reserve Fund into the related Series Interest Account, the related Series Principal Account and the related Series Sinking Fund Account, as the case may be, with priority to the related Series Interest Account and then, proportionately according to the respective deficiencies therein, to the related Series Principal Account and the related Series Sinking Fund Account, to be applied to pay the Series of Bonds secured by the Series Account of the Debt Service Reserve Fund.

Notwithstanding the foregoing, in lieu of the required deposits into the related Series Account of the Debt Service Reserve Fund, the Issuer may cause to be deposited into the Series Account of the Debt Service Reserve Fund a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit either in lieu of any cash amount required to be deposited therein in connection with the issuance of any Series of Bonds or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, then on deposit in the Series Account of the Debt Service Reserve Fund, which Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date or principal payment date on which a deficiency exists which cannot be remedied by moneys in any other Fund or Account held pursuant to the Indenture and available for such purpose. If any such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit is substituted for moneys on deposit in the Series Account of the Debt Service Reserve Fund, or if at any time there are excess moneys in the Series Account of the Debt Service Reserve Fund, the excess moneys in the Series Account of the Debt Service Reserve Fund shall be transferred to and deposited in the related Series Account of the Revenue Fund. If a disbursement is made from a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit, the Issuer shall be obligated to either reinstate the maximum limits of such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit immediately following such disbursement or to deposit into the Series Account of the Debt Service Reserve Fund, as provided in the Indenture for restoration of withdrawals from the Series Account of the Debt Service Reserve Fund, funds in the amount of the disbursement made under such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit.

In the event that upon the occurrence of any deficiency in a Series Interest Account, a Series Principal Account or a Series Sinking Fund Account, the Series Account of the Debt Service Reserve Fund is then funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, the Trustee shall, on an Interest or Principal Payment Date or mandatory redemption date to which such deficiency relates, draw upon the Debt Service Reserve Letter of Credit or cause to be paid under the Debt Service Reserve Insurance Policy an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the Debt Service Reserve Letter of Credit or Debt Service Reserve

Insurance Policy as applicable, and any corresponding reimbursement or other agreement governing the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy; provided, however, that if at the time of such deficiency the Series Account of the Debt Service Reserve Fund is only partially funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, prior to drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, the Trustee shall first apply any cash and securities on deposit in the Series Account of the Debt Service Reserve Fund to remedy the deficiency in accordance with the second paragraph of this Section 6.05 and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as provided in this sentence. Amounts drawn on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be applied as set forth in the second paragraph of this Section 6.05. Any amounts drawn under a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be reimbursed to the issuer thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy.

SECTION 6.06. Bond Redemption Fund. The Trustee is hereby authorized and directed to establish a Series Bond Redemption Fund for each Series of Bonds issued hereunder into which shall be deposited, moneys in the amounts and at the times provided in Sections 6.01, 6.03, 6.05, 9.08(c) and 9.11(c) of this Trust Indenture. The Series Bond Redemption Fund shall constitute an irrevocable trust fund to be applied solely as set forth in the applicable Indenture and shall be held by the Trustee separate and apart from all other Funds and Accounts held under such Indenture and from all other moneys of the Trustee. All earnings on investments held in the Series Bond Redemption Fund shall be retained therein and applied as set forth below.

Moneys in the Series Bond Redemption Fund (including all earnings on investments held in the Series Bond Redemption Fund) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, except for moneys received as prepayments of Assessments pursuant to Section 9.08 below, to make such deposits into the Series Rebate Fund, if any, as the Issuer may direct in accordance with an arbitrage rebate agreement, such moneys thereupon to be used solely for the purposes specified in said arbitrage rebate agreement. Any moneys so transferred from the Series Bond Redemption Fund to the Series Rebate Fund shall thereupon be free from the lien and pledge of the related Indenture;

SECOND, to be used to call for redemption pursuant to clause (b) of Section 8.01 hereof an amount of Bonds of the applicable Series equal to the amount of money transferred to the Series Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the direction of an Authorized Officer, to call for redemption on each Interest Payment Date on which Bonds of the applicable Series are subject to optional redemption pursuant to Section 8.01(a) hereof such amount of Bonds of the applicable Series as, with the redemption premium, may be practicable; provided, however, that not less than Five Thousand Dollars (\$5,000) principal amount of Bonds of the applicable Series shall be called for redemption at one time.

Any such redemption shall be made in accordance with the provisions of Article VIII of this Trust Indenture. The Issuer shall pay all expenses in connection with such redemption.

SECTION 6.07. Administrative Expenses Fund. The Trustee is hereby authorized and directed to establish an Administrative Expenses Fund and pursuant hereto (relating to the Series 2006 Bonds) or to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder into which shall be deposited, moneys in the amounts and at the times provided in Section 6.03 of this Trust Indenture. Moneys in each Series Administrative Expenses Account shall be used only for the purpose of paying Administrative Expenses.

SECTION 6.08. Drawings on Credit Facility. With respect to Bonds in respect of which there has been issued a Credit Facility, the Trustee shall draw on the Credit Facility, in accordance with the provisions for drawing under such Credit Facility, and within the requisite time period, all as set forth in the Credit Facility Agreement or the Supplemental Indenture.

SECTION 6.09. Procedure When Funds Are Sufficient to Pay All Bonds of a Series. If at any time the moneys held by the Trustee in the Funds and Accounts hereunder and under a Supplemental Indenture and available therefor are sufficient to pay the principal or Redemption Price of, as the case may be, and interest on all Bonds of a Series then Outstanding under such Indenture to maturity or prior redemption, together with any amounts due the Issuer and the Trustee, Paying Agent, Registrar, Credit Facility Issuer, the Trustee, at the direction of the Issuer, shall apply the amounts in the Funds and Accounts to the payment of the aforesaid obligations and the Issuer shall not be required to pay over any further Pledged Revenues with respect to such Series of Bonds unless and until it shall appear that there is a deficiency in the Funds and Accounts held by the Trustee.

SECTION 6.10. Certain Moneys to Be Held for Series Bondowners Only. Each Series of Bonds issued pursuant to this Trust Indenture and a Supplemental Indenture shall be secured by Pledged Revenues and otherwise may be secured by such other security (including, but not limited to, Credit Facilities) established herein or by the pertinent Supplemental Indenture. Moneys and investments in the various Funds and Accounts created hereunder (relating to the Series 2006 Bonds) or under a Supplemental Indenture expressly and solely for the benefit of the Series of Bonds issued hereunder or under such Supplemental Indenture shall be held in trust by the Trustee for the benefit of the Holders of, and Credit Facility Issuer with respect to, Bonds of that Series only.

SECTION 6.11. Unclaimed Moneys. In the event any Bond shall not be presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Trustee in default with respect to any covenant in the Indenture or the Bonds contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Trustee, before making payment to the Issuer, may, at the expense of the Issuer, cause a notice to be published in an authorized newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

SECTION 6.12. Establishment of Certain Funds and Accounts for Series 2006 Bonds; Transfer of Amounts from Existing Funds and Accounts.

(a) The Trustee shall establish separate accounts with respect to each of the Series 2006A-2 Bonds, the Series 2006A-3 Bonds and the Series 2006B Bonds, designated as the "Series 2006A-2 Costs of Issuance Account," "Series 2006A-3 Costs of Issuance Account" and "Series 2006B Costs of Issuance Account." Amounts deposited into the respective Series 2006 Costs of Issuance Accounts [direction from Indenture sources?] shall be used to pay costs of issuance upon written direction of the Issuer to the Trustee.

(b) Pursuant to Section 6.03 hereof, the Trustee shall establish and/or continue (as applicable) separate accounts within the Revenue Fund designated as the "Series 2006A-2 Revenue Account", the "Series 2006A-3 Revenue Account" and the "Series 2006B Revenue Account." The existing Series 2006A Revenue Account shall be closed and the amounts therein shall be applied as follows: (1) \$_____ shall be transferred to the Series 2006A-2 Revenue Account and (2) \$_____ shall be transferred to the Series 2006A-3 Revenue Account. Assessments (except for Prepayments of Assessments which shall be deposited in the respective Series 2006 Prepayment Account) shall be deposited by the Trustee into the respective Series 2006 Revenue Account, both of which shall be applied as set forth in Article VI hereof, including Section 6.13.

(c) Pursuant to Section 6.04 hereof, the Trustee shall establish and/or continue (as applicable) separate accounts within the Debt Service Fund designated as the "Series 2006A-2 Principal Account," "Series 2006A-3 Principal Account," and a "Series 2006B Principal Account." The existing Series 2006A Principal Account shall be closed and the amounts therein shall be applied as follows: (1) \$_____ shall be transferred to the Series 2006A-2 Principal Account and (2) \$_____ shall be transferred to the Series 2006A-3 Principal Account. Moneys shall be deposited into the respective Series 2006 Principal Accounts as provided in Article VI hereof, including Section 6.13, and applied for the purposes provided therein.

(d) Pursuant to Section 6.04 hereof, the Trustee shall establish and/or continue (as applicable) separate accounts within the Debt Service Fund designated as the "Series 2006A-2 Interest Account," "Series 2006A-3 Interest Account" and the "Series 2006B Interest Account." The existing Series 2006A Interest Account shall be closed and the amounts therein shall be applied as follows: (1) \$_____ shall be transferred to the Series 2006A-2 Interest Account and (2) \$_____ shall be transferred to the Series 2006A-3 Interest Account. Moneys deposited into the respective Series 2006 Interest Accounts pursuant to Article VI hereof, including Section 6.13, shall be applied for the purposes provided herein.

(e) Pursuant to Section 6.04 hereof, the Trustee shall establish separate accounts within the Debt Service Fund designated as the "Series 2006A-2 Sinking Fund Account" and "Series 2006A-3 Sinking Fund Account." The existing Series 2006A Sinking Fund Account shall be closed and the amounts therein shall be applied as follows: (1) \$_____ shall be transferred to the Series 2006A-2 Sinking Fund Account and (2) \$_____ shall be transferred to the Series 2006A-3 Sinking Fund Account. Moneys shall be deposited into the respective Series 2006A Sinking Fund Accounts as provided in Article VI hereof and applied for the purposes provided therein and in Section 8.05(c) hereof.

(f) Pursuant to Section 6.05 hereof, the Trustee shall establish separate accounts within the Debt Service Reserve Fund designated as the "Series 2006A-2 Debt Service Reserve Account" and "Series 2006A-3 Debt Service Reserve Account". The existing Series 2006A Debt Service Reserve Account shall be closed and the amounts therein shall be applied as follows: (1) \$_____ shall be transferred to the Series 2006A-2 Debt Service Reserve Account, which constitutes the Series 2006A-1 Debt Service Reserve Requirement and (2) \$_____ shall be transferred to the Series 2006A-3 Debt Service Reserve Account, which constitutes the Series 2006A-3 Debt Service Reserve Requirement. No Series Account shall be established in the Debt Service Reserve Fund with respect to the Series 2006B Bonds.

(i) The amounts deposited into the respective Series 2006A Debt Service Reserve Accounts pursuant to this Section 6.12(f), together with any other moneys deposited thereto pursuant to the Master Indenture, shall be applied for the purposes provided herein. On each June 1 and December 1 (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the respective Series 2006A Debt Service Reserve

Accounts and transfer any excess therein above the respective Series 2006A Debt Service Reserve Requirement to the respective Series 2006A Interest Account, Series 2006A Principal Account or Series 2006A Sinking Fund Account, at the direction of the Issuer, to be used for the purposes otherwise specified herein.

(ii) Notwithstanding the foregoing paragraph (i), in the event that the amount on deposit in the respective Series 2006A Debt Service Reserve Account exceeds the respective Series 2006A Debt Service Reserve Requirement due to a decrease in the amount of respective Series 2006A Bonds that will be outstanding as a result of an optional prepayment by the owner of a lot or parcel of land of an Assessment against such lot or parcel as provided in Section 6.14(a) hereof, the amount to be released shall be transferred at the written direction of the Issuer from the respective Series 2006A Debt Service Reserve Account to the respective Series 2006A Prepayment Account within the Bond Redemption Fund, as a credit against the 2006A Prepayment Principal otherwise required to be made by the owner of such lot or parcel in accordance with Section 8.05(b)(viii) hereof.

(g) Pursuant to Section 6.06 hereof, the Trustee shall establish and/or continue (as applicable) separate accounts within the Bond Redemption Fund designated as the "Series 2006A-2 General Account," the "Series 2006A-3 General Account," the "Series 2006B General Account," the "Series 2006A-2 Prepayment Account," the "Series 2006A-3 Prepayment Account" and the "Series 2006B Prepayment Account." Except as otherwise provided herein, moneys to be deposited into the Bond Redemption Fund as provided in Article VI hereof shall be deposited to the respective Series 2006 General Account within the Bond Redemption Fund.

(i) Moneys in the respective Series 2006 General Account within the Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, except for moneys received as prepayments of Assessments pursuant to Section 6.14 below, to make such deposits into the Rebate Fund, if any, as the Issuer may direct in accordance with the Tax Certificate, such moneys thereupon to be used solely for the purposes specified in the Tax Certificate. Any moneys so transferred from the Series 2006 General Account within the Bond Redemption Fund to the Rebate Fund shall thereupon be free from the lien and pledge of the Indenture;

SECOND, to be used to call for redemption pursuant to Section 8.05(b)(ii), (v), (vi), (vii) and (viii) hereof an amount of Series 2006 Bonds equal to the amount of money transferred to the respective Series 2006 General Account within the Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the direction of an Authorized Officer, to call for redemption on each Interest Payment Date on which Series 2006 Bonds are subject to optional redemption pursuant to Section 8.05(a) hereof such amount of Series 2006 Bonds as, with the redemption premium, may be practicable; provided, however, that not less than \$5,000 principal amount of Series 2006 Bonds shall be called for redemption at one time.

(ii) Moneys in the respective Series 2006 Prepayment Accounts within the Bond Redemption Fund (including all earnings on investments held in such Prepayment Accounts within the Bond Redemption Fund) shall be accumulated therein to be used to the extent that the need therefor arises to call for redemption pursuant to Section 8.05(b)(i) and (ix) hereof an amount of Series 2006 Bonds equal to the amount of money transferred to the respective Series 2006 Prepayment Accounts

within the Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, and as directed by the Issuer pursuant to the Assessment Proceedings, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate.

(h) Pursuant to Section 6.07 hereof, there is hereby continued a separate account within the Administrative Expenses Fund designated as the "Series 2006 Administrative Expenses Account."

[Provisions to transfer amounts to Interest/Principal/Sinking Fund Accounts to pay interest or principal payments on 2006A Bonds being refunded with 2015A-1 Bonds, on Remaining 2006A Bonds or on 2006B Bonds from April 15, 2013 to present?]

SECTION 6.13. Series 2006 Revenue Accounts.

(a) The Trustee shall transfer from amounts on deposit in the Series 2006A-2 Revenue Account within the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, there shall be deposited into the Series 2006 Administrative Expenses Account of the Administrative Expenses Fund the portion of Assessments (allocable to Assessment A-2) imposed and collected for the Series 2006 Administrative Expenses. The Trustee is authorized to pay such Series 2006 Administrative Expenses upon receipt of a requisition signed by an Authorized Officer;

SECOND, upon receipt but no later than the Business Day preceding each June 1 to the Series 2006A-2 Interest Account within the Debt Service Fund, an amount from the Series 2006A-2 Revenue Account equal to the interest on the Series 2006A-2 Bonds becoming due on the next succeeding June 1, less any amounts on deposit in the respective Series 2006A-2 Interest Account not previously credited;

THIRD, no later than the Business Day next preceding December 1, 2037, to the Series 2006A-2 Principal Account within the Debt Service Fund, an amount from the Series 2006A-2 Revenue Account equal to the principal amount of Series 2006A-2 Bonds Outstanding maturing on December 1, 2037, less any amounts on deposit in the Series 2006A-2 Principal Account not previously credited;

FOURTH, upon receipt but no later than the Business Day preceding each December 1 to the Series 2006A-2 Interest Account within the Debt Service Fund, an amount from the Series 2006A-2 Revenue Account equal to the interest on the Series 2006A-2 Bonds becoming due on the next succeeding December 1, less any amount on deposit in the Series 2006A-2 Interest Account not previously credited;

FIFTH, no later than the Business Day next preceding each December 1, commencing December 1, [2015], to the Series 2006A-2 Sinking Fund Account within the Debt Service Fund, an amount from the Series 2006A-2 Revenue Account equal to the principal amount of the Series 2006A-2 Bonds subject to sinking fund redemption on such December 1, less any amount on deposit in the Series 2006A-2 Sinking Fund Account not previously credited;

SIXTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2006A-2 Bonds remain Outstanding, to the Series 2006A-2 Debt

Service Reserve Account, an amount from the Series 2006A-2 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2006A-2 Debt Service Reserve Requirement for the Series 2006A-2 Bonds; and

SEVENTH, subject to the following paragraph the balance of any moneys remaining after making the foregoing deposits shall remain therein.

(b) The Trustee shall transfer from amounts on deposit in the Series 2006A-3 Revenue Account within the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, there shall be deposited into the Series 2006 Administrative Expenses Account of the Administrative Expenses Fund the portion of Assessments (allocable to Assessment A-3) imposed and collected for the Series 2006 Administrative Expenses. The Trustee is authorized to pay such Series 2006 Administrative Expenses upon receipt of a requisition signed by an Authorized Officer;

SECOND, upon receipt but no later than the Business Day preceding each June 1 to the Series 2006A-3 Interest Account within the Debt Service Fund, an amount from the Series 2006A-3 Revenue Account equal to the interest on the Series 2006A-3 Bonds becoming due on the next succeeding June 1, less any amounts on deposit in the respective Series 2006A-3 Interest Account not previously credited;

THIRD, no later than the Business Day next preceding December 1, 2037, to the Series 2006A-3 Principal Account within the Debt Service Fund, an amount from the Series 2006A-3 Revenue Account equal to the principal amount of Series 2006A-3 Bonds Outstanding maturing on December 1, 2037, less any amounts on deposit in the Series 2006A-3 Principal Account not previously credited;

FOURTH, upon receipt but no later than the Business Day preceding each December 1 to the Series 2006A-3 Interest Account within the Debt Service Fund, an amount from the Series 2006A-3 Revenue Account equal to the interest on the Series 2006A-3 Bonds becoming due on the next succeeding December 1, less any amount on deposit in the Series 2006A-3 Interest Account not previously credited;

FIFTH, no later than the Business Day next preceding each December 1, commencing December 1, [2015], to the Series 2006A-3 Sinking Fund Account within the Debt Service Fund, an amount from the Series 2006A-3 Revenue Account equal to the principal amount of the Series 2006A-3 Bonds subject to sinking fund redemption on such December 1, less any amount on deposit in the Series 2006A-3 Sinking Fund Account not previously credited;

SIXTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2006A-2 Bonds remain Outstanding, to the Series 2006A-3 Debt Service Reserve Account, an amount from the Series 2006A-3 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2006A-3 Debt Service Reserve Requirement for the Series 2006A-3 Bonds; and

SEVENTH, subject to the following paragraph the balance of any moneys remaining after making the foregoing deposits shall remain therein.

(c) The Trustee shall transfer from amounts on deposit in the Series 2006B Revenue Account within the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, there shall be deposited into the Series 2006 Administrative Expenses Account of the Administrative Expenses Fund the portion of Assessments (allocable to Assessment B) imposed and collected for the Series 2006 Administrative Expenses. The Trustee is authorized to pay such Series 2006 Administrative Expenses upon receipt of a requisition signed by an Authorized Officer;

SECOND, upon receipt but no later than the Business Day preceding each June 1 to the Series 2006B Interest Account within the Debt Service Fund, an amount from the Series 2006B Revenue Account equal to the interest on the Series 2006B Bonds becoming due on the next succeeding June 1, less any amounts on deposit in the Series 2006B Interest Account not previously credited;

THIRD, no later than the Business Day next preceding December 1, 2016, to the Series 2006B Principal Account within the Debt Service Fund, an amount from the Series 2006B Revenue Account equal to the principal amount of Series 2006B Bonds Outstanding maturing on December 1, 2016, if any, less any amounts on deposit in the Series 2006B Principal Account not previously credited;

FOURTH, upon receipt but no later than the Business Day preceding each December 1 to the Series 2006B Interest Account within the Debt Service Fund, an amount from the Series 2006B Revenue Account equal to the interest on the Series 2006B Bonds becoming due on the next succeeding December 1, less any amount on deposit in the Series 2006B Interest Account not previously credited; and

FIFTH, subject to the following paragraph the balance of any moneys remaining after making the foregoing deposits shall remain therein.

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the Issuer, withdraw any moneys held for the credit of the respective Series 2006 Revenue Accounts which are not otherwise required to be deposited pursuant to this Section and deposit such moneys as directed to the credit of the respective Series 2006 General Accounts within the Bond Redemption Fund as determined by the Issuer in accordance with the provisions hereof. Assessment prepayments shall be deposited directly into the respective Series 2006 Prepayment Account within the Bond Redemption Fund as provided in the Indenture.

SECTION 6.14. Prepayments; Removal of Special Assessment Liens.

(g) Any owner of a parcel of land within Bond Area 2 or Bond Area 3 of the District which is subject to the Assessments may, at its option and on a per parcel basis, or under certain circumstances described in the Assessment Proceedings in connection with Prepayments derived from application of the "true-up" mechanism therein, shall, require the Issuer to reduce or release and extinguish the lien upon such parcel(s) by virtue of the levy of the Assessments by paying to the Issuer (i) at any time, all of the Assessments levied on such parcel(s), or (ii) no more than once, a portion of the Assessments levied on such parcel(s), which shall constitute Series 2006 Prepayment Principal, as directed by the Issuer pursuant to the provisions of Section 6.12(g)(ii) above, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within 40 calendar days before an Interest Payment Date), attributable to the property

subject to the Assessments owned by such owner; provided, however, to the extent that such payments are to be used to redeem Series 2006 Bonds, in the event the amount in the respective Series 2006A Debt Service Reserve Account will exceed the respective Series 2006A Debt Service Reserve Requirement as a result of a Prepayment in accordance with this Section 6.14(a) and the resulting redemption in accordance with Section 8.05(b)(i) hereof of the respective Series 2006 Bonds, the excess amount shall be transferred from the respective Series 2006A Debt Service Reserve Account to the respective Series 2006A Prepayment Account within the Bond Redemption Fund, as a credit against the Series 2006A Prepayment Principal otherwise required to be paid by the owner of such lot or parcel, upon written instructions of the Issuer to the Trustee together with a certificate of an Authorized Officer of the Issuer stating that, after giving effect to such transfers sufficient moneys will be on deposit in the respective Series 2006A Debt Service Reserve Account to equal or exceed the respective Series 2006A Debt Service Reserve Requirement and, after giving effect to the proposed redemption of the respective Series 2006A Bonds, there will be sufficient Pledged Revenues to pay the principal and interest, when due, on all respective Series 2006A Bonds that will remain Outstanding.

(h) Upon receipt of Series 2006 Prepayment Principal as described in paragraph (a) above, subject to satisfaction of the conditions set forth therein, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the Issuer an affidavit or affidavits, as the case may be, executed by the Issuer, to the effect that the respective Assessment has been paid in whole or in part and that such Assessment lien is thereby reduced, or released and extinguished, as the case may be. Upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the respective Series 2006 Prepayment Account within the Bond Redemption Fund to be applied in accordance with clause (i) of Section 8.05(b) hereof, to the redemption of Series 2006 Bonds or in accordance with Section 6.12(g)(ii) above.

[END OF ARTICLE VI]

ARTICLE VII

SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS

SECTION 7.01. Deposits and Security Therefor. All moneys received by the Trustee hereunder or under a Supplemental Indenture for deposit in any Fund or Account established under the Indenture or such Supplemental Indenture shall be considered trust funds, shall not be subject to lien or attachment, except for the lien created by the Indenture, and shall be deposited in the trust department of the Trustee, until or unless invested or deposited as provided in Section 7.02 hereof.

SECTION 7.02. Investment or Deposit of Funds. Except to the extent otherwise provided herein or in a Supplemental Indenture with respect to a specific Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in the Series Account in the Debt Service Fund and any Series Bond Redemption Fund created under any Supplemental Indenture only in Investment Securities. Except to the extent otherwise provided in a Supplemental Indenture with respect to a specific Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in any Series Account of the Debt Service Reserve Fund in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth herein. All securities securing investments under this Section shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, subject to Section 6.05 of this Trust Indenture and unless otherwise provided herein or in a Supplemental Indenture with respect to a specific Series of Bonds, any interest and other income so received shall be deposited in the related Series Account of the Revenue Fund. Upon request of the Issuer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as provided hereinafter. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the related Series Account of the Revenue Fund.

Subject to the provisions of Section 9.26 of this Trust Indenture, moneys in any of the Funds and Accounts established pursuant to the Indenture, when held by the Trustee, shall be immediately invested by the Trustee subject to all written directions from the Issuer. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale upon the investment instructions of the Issuer or otherwise, including that set forth in the first sentence of this paragraph. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Trust Indenture.

SECTION 7.03. Valuation of Funds. The Trustee shall value the assets in each of the Funds and Accounts established hereunder or under any Supplemental Indenture on June 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the Issuer a report of the status of each Fund and Account as of the valuation date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be

deemed a part thereof, subject to Section 7.02 hereof. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder or under any Supplemental Indenture, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or redemption price thereof (whichever is lower), except for investments in any account of the Debt Service Reserve Fund which shall be valued at the original cost thereof, all to the extent that any such obligation is then redeemable at the option of the holder.

[END OF ARTICLE VII]

ARTICLE VIII

REDEMPTION AND PURCHASE OF BONDS

SECTION 8.01. Redemption Dates and Prices. The Bonds may be made subject to optional, mandatory and extraordinary redemption and purchase, either in whole or in part, by the Issuer, prior to maturity in the amounts, at the times and in the manner provided in this Article VIII and in a Supplemental Indenture.

(a) *Optional Redemption.* Bonds of a Series shall be subject to optional redemption at the direction of the Issuer, at the times and upon payment of the purchase price as provided herein (related to the Series 2006 Bonds) or in a Supplemental Indenture.

(b) *Extraordinary Mandatory Redemption in Whole or in Part.* Except as otherwise provided herein with respect to the Series 2006 Bonds or in a Supplemental Indenture with respect to Bonds of the related Series, Bonds of a Series are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date, (i) from moneys deposited into the related Series Bond Redemption Fund following the payment in full of Assessments on any parcel or portion of lands within the District in accordance with the provisions of Section 9.08(a) hereof; (ii) from moneys deposited into the related Series Bond Redemption Fund following the payment in full of Assessments on any parcel or portion of the lands within Bond Area 2 or Bond Area 3 of the District as a result of any prepayment of Assessments in accordance with Section 9.08(b) hereof; (iii) when sufficient moneys are on deposit in the related Series Funds and Accounts (other than the Rebate Fund) to pay and redeem all Outstanding Bonds of a Series and accrued interest thereon to the redemption date in addition to all amounts owed to Persons under the Indenture; (iv) from moneys in excess of the Series Account of the Debt Service Reserve Requirement in the Series Account of the Debt Service Reserve Fund transferred to the Series Bond Redemption Fund pursuant to Section 6.05 hereof; (v) from excess moneys transferred from the Series Account of the Revenue Fund to the Series Bond Redemption Fund in accordance with Section 6.03 of this Trust Indenture; or (vi) from moneys, if any, on deposit in the Series Bond Redemption Fund pursuant to Section 9.11(c) hereof following condemnation or the sale of any portion of Bond Area 2 or Bond Area 3 of the District benefited by the Project to a governmental entity under threat of condemnation by such governmental entity or the damage or destruction of all or substantially all of the Project when such moneys are not to be used pursuant to 9.11(c) to repair, replace or restore the Project; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable.

(c) *Mandatory Sinking Fund Redemption.* Bonds of a Series shall be subject to mandatory sinking fund redemption at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date, in the years and amounts set forth herein (related to the Series 2006 Bonds) or in a Supplemental Indenture.

In connection with such mandatory sinking fund redemption of Bonds, amounts shall be transferred from the applicable Series Account of the Revenue Fund to the Series Sinking Fund Account of the Debt Service Fund, all as more particularly described in Section 6.03 hereof.

The principal amounts of scheduled Sinking Fund Installments shall be reduced as specified by the Issuer or as provided in Section 8.04 hereof by any principal amounts of the Bonds redeemed pursuant to Section 8.01(a) and (b) hereof or purchased pursuant to Section 6.04 hereof.

Upon any redemption of Bonds other than in accordance with scheduled Sinking Fund Installments, the Issuer shall cause to be recalculated and delivered to the Trustee revised Sinking Fund Installments recalculated so as to amortize the Outstanding principal amount of Bonds of such Series in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Bonds of such Series. The Sinking Fund Installments as so recalculated shall not result in an increase in the aggregate of the Sinking Fund Installments for all Bonds of such Series in any year. In the event of a redemption or purchase occurring less than 45 days prior to a date on which a Sinking Fund Installment is due, the foregoing recalculation shall not be made to Sinking Fund Installments due in the year in which such redemption or purchase occurs, but shall be made to Sinking Fund Installments for the immediately succeeding and subsequent years.

SECTION 8.02. Notice of Redemption and of Purchase. Except where otherwise required by a Supplemental Indenture, when required to redeem or purchase Bonds of a Series under any provision of the Indenture or directed to do so by the Issuer, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Owners of Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses and also to any Credit Facility Issuer, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Bonds of such Series for which notice was duly mailed in accordance with this Section 8.02. Such notice shall be given in the name of the Issuer, shall be dated, shall set forth the Bonds of such Series Outstanding which shall be called for redemption or purchase and shall include, without limitation, the following additional information:

- (a) the redemption or purchase date;
- (b) the redemption or purchase price;
- (c) CUSIP numbers, to the extent applicable, and any other distinctive numbers and letters;
- (d) if less than all Outstanding Bonds of a Series to be redeemed or purchased, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed or purchased;
- (e) that on the redemption or purchase date the redemption or purchase price will become due and payable upon surrender of each such Bond or portion thereof called for redemption or purchase, and that interest thereon shall cease to accrue from and after said date; and
- (f) the place where such Bonds are to be surrendered for payment of the redemption or purchase price, which place of payment shall be a corporate trust office of the Trustee.

If at the time of mailing of notice of an optional redemption or purchase, the Issuer shall not have deposited with the Trustee or Paying Agent moneys sufficient to redeem or purchase all the Bonds called for redemption or purchase, such notice shall state that it is subject to the deposit of available moneys therefor with the Trustee or Paying Agent, as the case may be, not later than the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited.

If the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the redemption price and accrued interest on the Bonds so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and among different maturities of Bonds in the same manner as the initial selection of Bonds to be redeemed, and from and after such redemption date, interest on the Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Bonds not been called for redemption.

The notices required to be given by this Section 8.02 shall state that no representation is made as to correctness or accuracy of the CUSIP numbers listed in such notice or printed on the Bonds.

SECTION 8.03. Payment of Redemption Price. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

Payment of the Redemption Price, together with accrued interest, shall be made by the Trustee or Paying Agent to or upon the order of the Owners of the Bonds called for redemption upon surrender of such Bonds. The Redemption Price of the Bonds to be redeemed, the expenses of giving notice and any other expenses of redemption, shall be paid out of the Fund from which redemption is to be made or by the Issuer, or as specified in a Supplemental Indenture.

SECTION 8.04. Partial Redemption of Bonds. Except to the extent otherwise provided in a Supplemental Indenture, if less than all of a Series of Bonds of a maturity are to be redeemed, the Trustee shall select the particular Bonds or portions of the Bonds to be called for redemption by lot in such reasonable manner as the Trustee in its discretion may determine. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(a), such redemption shall be effectuated by redeeming Bonds of such Series of such maturities in such manner as shall be specified by the Issuer in writing, subject to the provisions of Section 8.01 hereof. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(b), such redemption shall be effectuated by redeeming Bonds of such Series pro rata among the maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose, with the portion to be redeemed from each maturity being equal to the product of the aggregate principal amount of Bonds of such Series to be redeemed multiplied times a fraction the numerator of which is the principal amount of the Series of Bonds of such maturity outstanding immediately prior to the redemption date and the denominator of which is the aggregate principal amount of all Bonds of such Series outstanding immediately prior to the redemption date.

SECTION 8.05. Redemption Dates and Prices Related to Series 2006 Bonds. The Series 2006 Bonds shall be subject to redemption at the times and in the manner provided in Article VIII hereof, including this Section 8.05. All payments of the Redemption Price of the Series 2006 Bonds shall be made on the dates hereinafter required. Except as otherwise provided in this Section 8.05, if less than all the Series 2006 Bonds are to be redeemed pursuant to an extraordinary mandatory redemption, the Trustee shall select the Series 2006 Bonds or portions of the Series 2006 Bonds to be redeemed. Partial redemptions of Series 2006A-2 Bonds, Series 2006A-3 Bonds or Series 2006B Bonds shall be made in such a manner that the remaining Series 2006A-2 Bonds, Series 2006A-3 Bonds or Series 2006B Bonds,

respectively, held by each Bondholder shall be in Authorized Denominations, except for the last remaining Series 2006A-2 Bond, Series 2006A-3 Bond or Series 2006B Bond, respectively.

(a) Optional Redemption. The 2006A-2 Bonds are not subject to optional redemption prior to [December 1, 2016]. The Series 2006A-2 Bonds may, at the option of the Issuer, be called for redemption prior to maturity as a whole, at any time, or in part on any Interest Payment Date, on or after December 1, 2016, at the redemption prices expressed as a percentage set forth below plus accrued interest, if any, to the date of redemption, without premium.

Redemption Dates	Redemption Price
December 1, 2016 through November 30, 2017	101%
December 1, 2017 and thereafter	100

If less than all of the Series 2006A-2 Bonds are called for redemption, the Trustee shall select the Series 2006A-2 Bonds or portions of the Series 2006A-2 Bonds to be redeemed by lot in such reasonable manner as the Trustee in its discretion may determine. The portion of Series 2006A-2 Bonds to be redeemed shall be in an Authorized Denomination.

The 2006A-3 Bonds are not subject to optional redemption prior to [December 1, 2016]. The Series 2006A-3 Bonds may, at the option of the Issuer, be called for redemption prior to maturity as a whole, at any time, or in part on any Interest Payment Date, on or after December 1, 2016, at the redemption prices expressed as a percentage set forth below plus accrued interest, if any, to the date of redemption, without premium.

Redemption Dates	Redemption Price
December 1, 2016 through November 30, 2017	101%
December 1, 2017 and thereafter	100

If less than all of the Series 2006A-3 Bonds are called for redemption, the Trustee shall select the Series 2006A-3 Bonds or portions of the Series 2006A-3 Bonds to be redeemed by lot in such reasonable manner as the Trustee in its discretion may determine. The portion of Series 2006A-3 Bonds to be redeemed shall be in an Authorized Denomination.

The 2006B Bonds are not subject to optional redemption prior to their stated maturity.

(b) Extraordinary Mandatory Redemption in Whole or in Part. The Series 2006 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Series 2006 Bonds to be redeemed, without penalty, plus interest accrued to the redemption date, as follows:

(i) from Series 2006 Prepayment Principal deposited into the respective Series 2006 Prepayment Account within the Bond Redemption Fund following the payment in whole or in part of Assessments on any portion of the property within Bond Area 2 or Bond Area 3 of the Improvement District specially benefited by the Project in accordance with the provisions of Section 6.14(a) hereof, including excess moneys transferred from each of the Series 2006A Debt Service Reserve Accounts to the respective Series 2006A General Accounts within the Bond Redemption Fund resulting from such Assessment prepayments pursuant to Section 6.12(g)(ii) hereof.

(ii) from moneys, if any, on deposit in the Series 2006 Accounts and Series 2006 Sub-accounts in the Series 2006 Funds and Series 2006 Accounts (other than the Rebate Fund) sufficient to pay and redeem all Series 2006 Outstanding Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture.

(iii) [Reserved]

(iv) [Reserved]

(v) from excess moneys transferred from the respective Series 2006 Revenue Accounts to the respective Series 2006 General Accounts within the Bond Redemption Fund in accordance with Sections 6.03 and 6.12(g)(i) hereof.

(vi) following condemnation or the sale of any portion of the Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Project to the Trustee by or on behalf of the Issuer for deposit into the respective Series 2006 General Account within the Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the Issuer to redeem Series 2006 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the Issuer shall describe to the Trustee in writing.

(vii) following the damage or destruction of all or substantially all of the Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to the Trustee for deposit to the respective Series 2006 General Account within the Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series 2006 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable.

(viii) from amounts on deposit in each of the Series 2006A Debt Service Reserve Accounts in excess of the respective Series 2006A Debt Service Reserve Requirement, and transferred to the respective Series 2006A General Accounts within the Bond Redemption Fund in accordance with Section 6.12(f)(i) hereof to be used for the extraordinary mandatory redemption of the respective Series 2006A Bonds.

(ix) from amounts on deposit in the respective Series 2006A Debt Service Reserve Account in excess of the respective Series 2006A Debt Service Reserve Requirement and transferred to the respective Series 2006A Prepayment Account within the Bond Redemption Fund in accordance with Sections 6.05 and Section 6.12(f)(ii) hereof to be used, together with any Assessment prepayments on deposit in the respective Series 2006A Prepayment Accounts within the Bond Redemption Fund, as the case may be, for the extraordinary mandatory redemption of the respective Series 2006A Bonds.

(c) **Mandatory Sinking Fund Redemption.** The Series 2006A-2 Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2006A-2 Sinking Fund Account established under the Indenture in satisfaction of applicable Sinking Fund Installment at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

[To be updated]

<u>Year (December 1)</u>	<u>Principal Amount</u>	<u>Year (December 1)</u>	<u>Principal Amount</u>
2008	\$320,000	2023	\$ 735,000
2009	340,000	2024	780,000
2010	355,000	2025	825,000
2011	375,000	2026	870,000
2012	400,000	2027	920,000
2013	420,000	2028	975,000
2014	445,000	2029	1,030,000
2015	470,000	2030	1,090,000
2016	500,000	2031	1,155,000
2017	525,000	2032	1,220,000
2018	560,000	2033	1,290,000
2019	590,000	2034	1,365,000
2020	625,000	2035	1,440,000
2021	660,000	2036	1,525,000
2022	695,000	2037*	1,615,000

*Final Maturity

The Series 2006A-3 Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2006A-3 Sinking Fund Account established under the Indenture in satisfaction of applicable Sinking Fund Installment at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

[To be updated]

<u>Year (December 1)</u>	<u>Principal Amount</u>	<u>Year (December 1)</u>	<u>Principal Amount</u>
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[END OF ARTICLE VIII]

ARTICLE IX

COVENANTS OF THE ISSUER

SECTION 9.01. Power to Issue Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Bonds, to adopt and execute the Master Indenture and to pledge the Series A-2 Pledged Revenues for the benefit of the Series A-2 Bonds and any related Credit Facility Issuer, the Series A-3 Pledged Revenues for the benefit of the Series A-3 Bonds and any related Credit Facility Issuer and the Series B Pledged Revenues for the benefit of the Series B Bonds and any related Credit Facility Issuer, as applicable. The Series A-2 Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Series A-2 Bonds and any related Credit Facility Issuer, the Series A-3 Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Series A-3 Bonds and any related Credit Facility Issuer and the Series B Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Series B Bonds and any related Credit Facility Issuer. The Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Bondholders and any Credit Facility Issuer under the Indenture against all claims and demands of all other Persons whomsoever.

SECTION 9.02. Payment of Principal and Interest on Bonds. The payment of the principal or Redemption Price of and interest on all of the Series A-2 Bonds, Series A-3 Bonds and Series B Bonds issued under the Indenture shall be secured forthwith equally and ratably by a first lien on and pledge of the Series A-2 Pledged Revenues, Series A-3 Pledged Revenues and Series B Pledged Revenues (as the case may be), except to the extent otherwise provided in a Supplemental Indenture; and Series A-2 Pledged Revenues, Series A-3 Pledged Revenues and Series B Pledged Revenues in an amount sufficient to pay the principal or Redemption Price of and interest on the Series A-2 Bonds, Series A-3 Bonds and Series B Bonds (as the case may be) authorized by the Indenture are hereby irrevocably pledged to the payment of the principal or Redemption Price of and interest on the Series A-2 Bonds, Series A-3 Bonds and Series B Bonds (as the case may be) authorized under the Indenture, as the same become due and payable. The Issuer shall promptly pay the interest on and the principal or Redemption Price of every Series A-2 Bond, Series A-3 Bond and Series B Bond (as the case may be) issued hereunder according to the terms thereof, but shall be required to make such payment only out of the Series A-2 Pledged Revenues, Series A-3 Pledged Revenues and Series B Pledged Revenues (as the case may be). The Issuer shall appoint one or more Paying Agents for such purpose, each such agent to be a bank and trust company or a trust company or a national banking association having trust powers.

THE BONDS AUTHORIZED UNDER THE INDENTURE AND THE OBLIGATION EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER, INCLUDING, WITHOUT LIMITATION, THE PROJECT OR ANY PORTION THEREOF IN RESPECT OF WHICH ANY SUCH BONDS ARE BEING ISSUED, OR ANY PART THEREOF, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES AS SET FORTH IN THE INDENTURE. NOTHING IN THE BONDS AUTHORIZED UNDER THE INDENTURE OR IN THE INDENTURE SHALL BE CONSTRUED AS OBLIGATING THE ISSUER TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST THEREON EXCEPT FROM THE PLEDGED REVENUES, OR AS PLEDGING THE FAITH AND CREDIT OF THE ISSUER OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR AS OBLIGATING THE ISSUER, THE ISSUER OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, DIRECTLY OR INDIRECTLY OR CONTINGENTLY, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

SECTION 9.03. Enforcement of Payment of Assessments. The Issuer will assess, impose, collect or cause to be collected and enforce the payment of Assessments for the payment of the Series A-2 Bonds, Series A-3 Bonds and Series B Bonds (as the case may be) in the manner prescribed by the Assessment Proceedings, this Trust Indenture, any Supplemental Indenture and all resolutions, ordinances or laws thereunto, and will pay or cause to be paid the proceeds of such Assessments as received to the Trustee in accordance with the provisions hereof.

SECTION 9.04. Delinquent Assessments. The Issuer covenants to furnish to the Trustee and any Owner of Bonds of the related Series so requesting, on or before March 15 of each year, a list of all Delinquent Assessments and all foreclosure actions currently in progress and the current status of such Delinquent Assessments.

SECTION 9.05. Sale of Tax Deed or Foreclosure of Assessment. Collection of Delinquent Assessments shall be accomplished by the Issuer pursuant to the terms of Sections 12-45-180 and 12-51-40, *et seq.* of the Code of Laws of South Carolina 1976, as amended (or successor provision thereof). If any property shall be purchased by the forfeited land commission in accordance with Section 12-51-55 of the Code of Laws of South Carolina 1976, as amended (or successor provision thereof), and the forfeited land commission subsequently sells such property and remits the proceeds thereof to the County Treasurer, the Issuer shall direct the County Treasurer to deposit any legally available net proceeds of such sale into the Revenue Fund. Not less than ten days prior to the filing of any foreclosure action as herein provided, the Issuer shall cause written notice thereof to be mailed to the Trustee and any designated agents of the Owners of the related Series of Bonds or as provided in the Supplemental Indenture relating to such Series of Bonds. Not less than 30 days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the Issuer, it shall give written notice thereof to the Trustee and any designated agent of the Owners of the related Series of Bonds. The Issuer agrees that it will diligently pursue the measures provided by law for sale of property acquired by it.

SECTION 9.06. Other Obligations Payable from Assessments. The Issuer will not issue or incur any obligations payable from the proceeds of Assessments nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments other than the pledge of the Trust Estate hereunder.

SECTION 9.07. Books and Records with Respect to Assessments. In addition to the books and records required to be kept by the Issuer pursuant to the provisions of Section 9.14 hereof, the Issuer shall keep books and records for the collection of the Assessments, which such books, records and accounts shall be kept separate and apart from all other books, records and accounts of the Issuer. The Administrator or the Administrator's designee, at the end of each Fiscal Year, shall prepare a written report setting forth the collections received, the number and amount of delinquencies, the proceedings taken to enforce collections and cure delinquencies and an estimate of time for the conclusion of such legal proceedings. A signed copy of such audit shall be furnished to the Trustee (solely as a repository of such information) as soon as practicable after such audit shall become available and shall, upon written request, be mailed to any Registered Owner.

SECTION 9.08. Removal of Assessment Liens. Except as otherwise provided in Section 6.14 (relating to the Series 2006 Bonds) or in a Supplemental Indenture with respect to a related Series of Bonds the following procedures shall apply in connection with the removal of Assessment liens:

(a) Any owner of property subject to the Assessments may, at its option, require the Issuer to release and extinguish the lien upon its property by virtue of the levy of the Assessments by paying to the Issuer the entire amount of the Assessment, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made

within forty (40) calendar days before an Interest Payment Date), attributable to the property subject to Assessment owned by such owner.

(b) Upon receipt of a prepayment as described in (a) above, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the Issuer an affidavit or affidavits, as the case may be, executed by an Authorized Officer of the Issuer, to the effect that the Assessment has been paid and that such Assessment lien is thereby released and extinguished. Except as otherwise provided by a Supplemental Indenture, upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the applicable Series Bond Redemption Fund to be applied to the redemption of Bonds in accordance with Section 8.01(b)(i) or (ii) hereof, as the case may be.

SECTION 9.09. Deposit of Assessments. The Issuer covenants to cause any Assessments collected or otherwise received by it to be deposited with the Trustee within 30 days after receipt thereof for deposit into the Revenue Fund (except that amounts received as prepayments of Assessments shall be designated by the Issuer as such upon delivery to the Trustee and shall be deposited directly into the related Series Bond Redemption Fund).

SECTION 9.10. [Reserved].

SECTION 9.11. Public Liability and Property Damage Insurance; Maintenance of Insurance; Use of Insurance and Condemnation Proceeds.

(a) Except as otherwise provided in subsection (c) of this Section, the Issuer will carry or cause to be carried, in respect of the Project, comprehensive general liability insurance (covering bodily injury and property damage) issued by one or more insurance companies authorized or eligible to do business under the laws of the State, in such amounts as is customary for similar operations, or as is more specifically set forth hereinbelow.

(b) At all times, the Issuer shall maintain a practical insurance policy, affording protection against loss caused by damage to or destruction of any component of the Project owned by the Issuer on the same terms and conditions as apply to the Issuer's insurance on other properties owned by it.

(c) All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of the Project or any part thereof are hereby pledged by the Issuer as security for the related Series of Bonds and shall be deposited at the option of the Issuer, but subject to the limitations hereinafter described, either (i) into a separate fund to be established by the Trustee for such purpose, and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the related Series Bond Redemption Fund for the purpose of purchasing or redeeming Bonds according to the provisions set forth in Article VIII hereof. The Issuer shall not be entitled to deposit insurance proceeds or condemnation awards into the separate fund described above in clause (i) of this paragraph (and such proceeds and awards shall be deposited directly into the related Series Bond Redemption Fund pursuant to clause (ii) of this paragraph) unless there shall have been filed with the Issuer and the Trustee within a reasonable time after the damage, destruction or condemnation (A) a certificate from the Consulting Engineer that the proceeds of the insurance or condemnation awards deposited into such separate fund, together with other funds available for such purposes, will be sufficient to repair, rebuild, replace or restore such property to substantially the same condition as it was in prior to its damage, destruction or condemnation (taking into consideration any changes, alterations and modifications that the Issuer may desire), (B) an opinion from the Consulting Engineer that the Project can be repaired, rebuilt, replaced or restored within two (2) years following the

damage, destruction or condemnation thereof and (C) an opinion of the Consulting Engineer that, in each of the three (3) Fiscal Years following completion of such repair, rebuilding, replacement or restoration, the Issuer will be in compliance with its obligations hereunder. If the certificate described in clause (A) of this paragraph is not rendered because such proceeds or awards are insufficient for such purposes, the Issuer may deposit any other legally available funds in such separate fund in an amount required to enable the Consulting Engineer to render its certificate. If the insurance proceeds or condemnation awards deposited in such separate fund are more than sufficient to repair the damaged property or to replace the destroyed or taken property, the balance thereof remaining shall be deposited to the credit of the related Series Account in the Revenue Fund.

SECTION 9.12. Collection of Insurance Proceeds. Copies of all insurance policies referred to in Section 9.11 of this Article shall be available at the offices of the Issuer at all reasonable times to the inspection of the Holders of \$1,000,000 or more in aggregate principal amount of the related Series of Bonds and their agents and representatives duly authorized in writing. The Issuer covenants that it will take such action as may be necessary to demand, collect and sue for any insurance money which may become due and payable under any policy of insurance required under the Indenture, whether such policy is payable to the Issuer or to the Trustee. The Trustee is hereby authorized in its own name to demand, collect, sue and receive any insurance money which may become due and payable under any policies payable to it.

Any appraisal or adjustment of any loss or damage under any policy of insurance required under the Indenture, whether such policy is payable to the Issuer or to the Trustee, and any settlement or payment of indemnity under any such policy which may be agreed upon by the Issuer and any insurer shall be evidenced by a certificate, signed by the Administrator approved by the Consulting Engineer, and filed with the Trustee. The Trustee shall in no way be liable or responsible for the collection of insurance moneys in case of any loss or damage.

SECTION 9.13. Use of Revenues for Authorized Purposes Only. None of the Pledged Revenues shall be used for any purpose other than as provided in the Indenture and no contract or contracts shall be entered into or any action taken by the Issuer or the Trustee which will be inconsistent with the provisions of the Indenture.

SECTION 9.14. Books, Records and Annual Reports. The Issuer shall keep proper books of record and account in accordance with Generally Accepted Accounting Principles (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project, and which, together with all other books and records of the Issuer, including, without limitation, insurance policies, relating to the Project, shall at all times be subject during regular business hours to the inspection of the Trustee.

The Issuer shall annually, within 210 days after the close of each Fiscal Year, file with the Trustee, any rating agency that shall have then in effect a rating on any of the Bonds, any Bondholder that shall have, in writing, requested a copy thereof, and otherwise as provided by law, a copy of an annual report for such year, prepared in accordance with Generally Accepted Accounting Principles by a Certified Public Accountant, relating to its operations and including, without limitation, statements in reasonable detail of financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year relating to the Project, and a summary, with respect to each Fund and Account established under the Indenture, of the receipts therein and disbursements therefrom during such Fiscal Year, and the amounts held therein at the end of such Fiscal Year.

The Issuer shall file with the Trustee annually within 210 days after the close of each Fiscal Year a certificate of an Authorized Officer setting forth (i) a description in reasonable detail of the insurance

then in effect pursuant to the requirements of Section 9.11 hereof and that the Issuer has complied in all respects with such requirements, (ii) whether during such year any material part of the Project has been damaged or destroyed and, if so, the amount of insurance proceeds covering such loss or damage and specifying the Issuer's reasonable and necessary replacement costs, and (iii) whether or not to the knowledge of the signatory, the Issuer is in default with respect to any of the covenants, agreements or conditions on its part contained in the Indenture, and if so, the nature of such default.

The report, statements and other documents required to be furnished by the Issuer to the Trustee pursuant to any provisions of the Indenture shall be available for the inspection of Bondholders at the office of the Trustee.

SECTION 9.15. Observance of Accounting Standards. The Issuer covenants that all the accounts and records of the Issuer relating to the Project will be kept according to Generally Accepted Accounting Principles consistently applied and consistent with the provisions of the Indenture.

SECTION 9.16. Establishment of Fiscal Year, Annual Budget. The Issuer has established a Fiscal Year beginning July 1 of each year and ending June 30 of the following year. The reports and budget of the Issuer shall relate to such Fiscal Year unless and until, in accordance with applicable law, a different Fiscal Year is established by the Issuer.

SECTION 9.17. Employment of Consulting Engineer; Consulting Engineer's Report. The Issuer shall, for the purpose of performing and carrying out the duties imposed on the Consulting Engineer by the Indenture, employ one or more Independent engineers or engineering firms or corporations having a statewide and favorable repute for skill and experience in such work.

SECTION 9.18. Information to Be Filed with Trustee. The Issuer shall cause to be kept on file with the Trustee at all times copies of the schedules of Assessments levied on all property within the District in respect of the Project. The Issuer shall keep accurate records and books of account with respect to the Project.

SECTION 9.19. Covenant Against Sale or Encumbrance; Exceptions. Subject to Section 9.23 hereof, the Issuer covenants that, (a) except for those improvements comprising the Project that are to be conveyed by the Issuer to another governmental entity and (b) except as in this Section permitted, it will not sell, lease or otherwise dispose of or encumber the Project, or any part thereof. The Issuer may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of a Series of Bonds or from Pledged Revenues if the Administrator shall determine, with the approval of the Consulting Engineer, that such items are no longer needed or are no longer useful in connection with the construction, maintenance and operation of the Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or, at the written direction of the Issuer shall be deposited to the credit of the related Series Account in the Revenue Fund.

Upon any sale of property relating to the Project, the aggregate of which in any thirty (30) day period exceeds Fifty Thousand Dollars (\$50,000) under the provisions of this Section, the Issuer shall provide written notice to the Trustee of the property so sold and the amount and disposition of the proceeds thereof.

The Issuer may lease or grant easements, franchises or concessions for the use of any part of the Project not incompatible with the maintenance and operation thereof, and the net proceeds of any such lease, easement, franchise or concession (after the making of provision for payment from said proceeds of all costs incurred in financing, constructing, operating, maintaining or repairing such leases, easements,

franchises or concessions) shall be deposited as received to the credit of related Series Account in the Revenue Fund.

SECTION 9.20. Fidelity Bonds. Every officer, agent or employee of the Issuer having custody or control of any of the Pledged Revenues shall be bonded by a responsible corporate surety in an amount not less than the greatest amount reasonably anticipated to be within the custody or control of such officer, agent or employee at one time.

SECTION 9.21. No Loss of Lien on Pledged Revenues. The Issuer shall not do or omit to do, or suffer to be done or omit to be done, any matter or thing whatsoever whereby the lien of the Bonds on the Pledged Revenues or any part thereof, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to the Rebate Fund held by the Trustee at the written direction of the Issuer.

SECTION 9.22. Compliance With Other Contracts and Agreements. The Issuer shall comply with and abide by all of the terms and conditions of any and all contracts and agreements which the Issuer enters into in connection with the Project and the issuance of the Bonds.

SECTION 9.23. Issuance of Additional Obligations. The Issuer shall not issue any obligations other than the Bonds payable from Pledged Revenues, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, payable from Pledged Revenues, except in the ordinary course of business.

SECTION 9.24. Extension of Time for Payment of Interest Prohibited. The Issuer shall not directly or indirectly extend or assent to an extension of time for payment of any claim for interest on any of the Bonds and shall not directly or indirectly be a party to or approve any arrangement therefor by purchasing or funding or in any manner keeping alive any such claim for interest; no claim for interest which in any way, at or after maturity, shall have been transferred or pledged apart from the Bonds to which it relates or which shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the Issuer, shall be entitled, in case of a default hereunder, to any benefit or security under the Indenture except after the prior payment in full of the principal of all Bonds and claims for interest appertaining thereto not so transferred, pledged, kept alive or extended.

SECTION 9.25. Further Assurances. The Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture.

SECTION 9.26. Use of Bond Proceeds to Comply with Internal Revenue Code. The Issuer covenants to the Holders of the Bonds that it will not make or direct the making of any investment or other use of the proceeds of any Bonds issued hereunder which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code and or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and that it will comply with the requirements of such Code section and related regulations throughout the term of such Bonds. The Issuer hereby further covenants and agrees to comply with the procedures and covenants contained in any arbitrage rebate agreement executed in connection with the issuance of each Series of Bonds for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on each Series of Bonds.

SECTION 9.27. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement.

Notwithstanding any other provision of the Indenture, failure of the Issuer or other “obligated person” within the meaning of the Rule to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Bonds of a Series and after receipt of indemnity to its satisfaction, shall take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Section 9.27. For purposes of this Section, “Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

[END OF ARTICLE IX]

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.01. Events of Default and Remedies. Except to the extent otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, events of default and remedies with respect to each Series of Bonds shall be as set forth in the Master Indenture.

SECTION 10.02. Events of Default Defined. Each of the following shall be an "Event of Default" under the Indenture, with respect to a Series of Bonds:

(a) if payment of any installment of interest on any Bond of such Series is not made when it becomes due and payable; or

(b) if payment of the principal or Redemption Price of any Bond of such Series is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or

(c) if the Issuer, for any reason, is rendered incapable of fulfilling its obligations under the Indenture or under the Act; or

(d) if the Issuer proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Issuer or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Issuer and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or

(e) if the Issuer defaults in the due and punctual performance of any other covenant in the Indenture or in any Bond of such Series issued pursuant to the Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds of such Series; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the Issuer shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or

(f) written notice shall have been received by the Trustee from a Credit Facility Issuer securing Bonds of such Series that an event of default has occurred under the Credit Facility Agreement, or there shall have been a failure by said Credit Facility Issuer to make said Credit Facility available or to reinstate the interest component of said Credit Facility in accordance with the terms of said Credit Facility, to the extent said notice or failure is established as an event of default under the terms of a Supplemental Indenture.

SECTION 10.03. No Acceleration. No Series of Bonds issued under the Master Indenture shall be subject to acceleration.

SECTION 10.04. Legal Proceedings by Trustee.

If any Event of Default with respect to a Series of Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Holders of not less than a majority of the aggregate principal amount of the Outstanding Bonds of such Series and receipt of indemnity to its satisfaction shall, in its own name:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Bonds of such Series, including, without limitation, the right to require the Issuer to carry out any agreements with, or for the benefit of, the Bondholders of the Bonds of such Series and to perform its or their duties under the Act;

(b) bring suit upon the Series of Bonds;

(c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds of such Series;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds of such Series; and

(e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing such Series of Bonds.

SECTION 10.05. Discontinuance of Proceedings by Trustee. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, the Issuer, the Trustee, the Paying Agent and the Bondholders shall be restored to their former positions and rights hereunder as though no such proceeding had been taken.

SECTION 10.06. Bondholders May Direct Proceedings. The Holders of a majority in aggregate principal amount of the Outstanding Bonds of a Series then subject to remedial proceedings under this Article X shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such directions shall not be otherwise than in accordance with law or the provisions of the Indenture.

SECTION 10.07. Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of the applicable Series shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

SECTION 10.08. Trustee May Enforce Rights Without Possession of Bonds. All rights under the Indenture and a Series of Bonds may be enforced by the Trustee without the possession of any of the Bonds of such Series or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Bonds of such Series.

SECTION 10.09. Remedies Not Exclusive. Except as limited under Section 15.01 of this Trust Indenture, no remedy contained in the Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 10.10. Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given by this Article X may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.11. Application of Moneys in Event of Default. Any moneys received by the Trustee or the Paying Agent, as the case may be, in connection with any proceedings brought under this Article X with respect to a Series of Bonds shall be applied in the following priority:

(a) to the payment of the costs of the Trustee and Paying Agent incurred in connection with actions taken under this Article X with respect to such Series of Bonds, including counsel fees and any disbursements of the Trustee and the Paying Agent and payment of unpaid fees owed to the Trustee.

(b) unless the principal of all the Bonds of such Series shall have become or shall have been declared due and payable:

FIRST: to payment of all installments of interest then due on the Bonds of such Series in the order of maturity of such installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any preference or priority of one installment of interest over any other installment; and

SECOND: to payment to the persons entitled thereto of the unpaid principal or Redemption Price of any of the Bonds of such Series which shall have become due in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the principal or Redemption Price coming due on such Bonds on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any preference or priority of one such Bond of a Series over another or of any installment of interest over another.

(c) If the principal of all Bonds of a Series shall have become or shall have been declared due and payable, to the payment of principal or Redemption Price (as the case may be) and interest then owing on the Bonds of such Series and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or Redemption Price and interest ratably, without preference or priority of one Bond of such Series over another or of any installment of interest over any other installment of interest.

Any surplus remaining after the payments described above shall be paid to the Issuer or to the Person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

For purposes of the application of moneys described above, to the extent payments of principal of and interest on a Series of Bonds shall have been made under a Credit Facility relating thereto, the Credit Facility Issuer shall be entitled to moneys in the related Series Accounts in the Debt Service Fund in accordance with the agreement pursuant to which such Credit Facility has been issued (but subject to

subsection (a) hereof and Section 11.04 hereof) and the ordinance of the Issuer authorizing the issuance of such Bonds to which such Credit Facility relates.

SECTION 10.12. Trustee's Right to Receiver; Compliance with Act. The Trustee shall be entitled as of right to the appointment of a receiver and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act and other applicable law of the State.

SECTION 10.13. Trustee and Bondholders Entitled to all Remedies under Act. It is the purpose of this Article to provide such remedies to the Trustee and Bondholders as may be lawfully granted under the provisions of the Act and other applicable laws of the State; if any remedy herein granted shall be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act and other applicable laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article X shall apply to and be binding upon any receiver appointed in accordance with Section 10.12 hereof.

SECTION 10.14. Credit Facility Issuer's Rights Upon Events of Default. Anything in the Indenture to the contrary notwithstanding, if any Event of Default has occurred and is continuing while a Credit Facility securing all or a portion of such Bonds of a Series Outstanding is in effect, the Credit Facility Issuer shall have the right, in lieu of the Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility, by an instrument in writing, executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture, or exercising any trust or power conferred on the Trustee by the Indenture. Said direction shall be controlling to the extent the direction of Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility would have been controlling under this Article. If the Credit Facility Issuer shall be in default in the performance of its obligations under the Credit Facility, said Credit Facility Issuer shall have no rights under this Section.

[END OF ARTICLE X]

ARTICLE XI

THE TRUSTEE; THE PAYING AGENT AND REGISTRAR

SECTION 11.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article XI, to all of which the parties hereto, the Bondholders and any Credit Facility Issuer agree. The Trustee shall act as Trustee for the Bonds. Subject to the provisions of Section 11.03 hereof, the Trustee shall have only such duties as are expressly set forth herein, and no duties shall be implied on the part of the Trustee. The Trustee further agrees to comply with the procedures and covenants contained in any arbitrage rebate agreement to which it is a party for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, to the extent applicable.

SECTION 11.02. No Responsibility for Recitals. The recitals, statements and representations in this Trust Indenture or in the Bonds, save only the Trustee's Certificate, if any, upon the Bonds, have been made by the Issuer and not by the Trustee and the Trustee shall be under no responsibility for the correctness thereof.

SECTION 11.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder; the Trustee shall not be answerable for the default or misconduct of any attorney or agent selected and supervised by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct.

SECTION 11.04. Compensation. The Issuer shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements. If the Issuer defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys coming into its hands and payable to the Issuer but exclusive of the Rebate Fund and moneys from a drawing on any Credit Facility, which right of payment shall be prior to the right of the holders of the Bonds. This provision shall survive the termination of the Indenture and, as to any Trustee, its removal or resignation as Trustee.

SECTION 11.05. No Duty to Renew Insurance. The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the Issuer to require or effect or renew insurance or to report or file claims of loss thereunder. The Trustee shall have not duty or obligation whatsoever to enforce the collection of Assessment or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability is limited to the proper accounting for such funds as it shall actually receive. No provision in the Master Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

SECTION 11.06. Notice of Default; Right to Investigate. The Trustee shall give written notice by first-class mail to registered Holders of a Series of Bonds of all defaults known to the Trustee, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 11.07 being defined to include the events specified as "Events of Default" in Article X hereof, but not including any notice or periods of grace provided for therein); provided that, except in the case of a default in payment of principal or interest or Redemption Price, the Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the Bondholders. The Trustee shall not be deemed to have notice of any default other than a payment default under the Indenture or a notification

by a Credit Facility Issuer of a default under its Credit Facility, unless notified in writing of such default by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of a Series. The Trustee may, however, at any time require of the Issuer full information as to the performance of any covenant hereunder, and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the Issuer, an investigation into the affairs of the Issuer.

SECTION 11.07. Obligation to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, unless it is requested in writing to do so by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds which are or would be, upon the taking of such action, subject to remedial proceedings under Article X of this Trust Indenture if in its opinion such action may tend to involve expense or liability, and unless it is also furnished with indemnity satisfactory to it.

SECTION 11.08. Reliance by Trustee. The Trustee may act on any requisition, resolution, notice, telegram, facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed, signed or given by the persons purporting to be authorized (which in the case of the Issuer shall be an Authorized Officer) or to have been prepared and furnished pursuant to any of the provisions of the Indenture; the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

SECTION 11.09. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Issuer; provided, however, that if the Trustee determines that any such relation is in conflict with its duties under the Indenture, it shall eliminate the conflict or resign as Trustee.

SECTION 11.10. Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of the Indenture, and except as otherwise provided in Article XIII of this Trust Indenture, any construction by the Trustee shall be binding upon the Bondholders. The Trustee shall give prompt notice to the Issuer of any intention to make such construction.

SECTION 11.11. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Secretary of the Issuer not less than sixty (60) days before the date when such resignation is to take effect; provided, however, that notice of such resignation shall be sent by first-class mail to each Bondholder as its name and address appears on the Bond Register and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer, if any, at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing, such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within ninety (90) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed. Notice of such resignation shall also be given to any rating agency that shall then have in effect a rating on any of the Bonds.

SECTION 11.12. Removal of Trustee. The Trustee may be removed at any time by either (a) the Issuer, if no default exists under the Indenture, or (b) an instrument or concurrent instruments in writing,

executed by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding and filed with the Issuer. A photographic copy of any instrument or instruments filed with the Issuer under the provisions of this paragraph, duly certified by an Authorized Officer, shall be delivered promptly by the Issuer to the Trustee and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer, if any.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than a majority of the aggregate principal amount of the Bonds then Outstanding.

SECTION 11.13. Appointment of Successor Trustee. If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Issuer shall appoint a successor and shall mail notice of such appointment by first-class mail to each Bondholder as its name and address appear on the Bond Register, and to the Paying Agent, Registrar, Authenticating Agent, Credit Facility Issuer, if any, and any rating agency that shall then have in effect a rating on any of the Bonds. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Trust Indenture prior to the date specified in the notice of resignation or removal as the date when such resignation or removal was to take effect, the Holders of a majority in aggregate principal amount of all Bonds then Outstanding may appoint a successor Trustee.

SECTION 11.14. Qualification of Successor. A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000.

SECTION 11.15. Instruments of Succession. Any successor Trustee shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder and thereupon, such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder, after deducting all amounts owed to the Trustee, shall pay over to the successor Trustee all moneys held by it hereunder and, upon request of the successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument or instruments prepared by the Issuer transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the predecessor Trustee, except for its rights under Section 11.04 hereof.

SECTION 11.16. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee or its Corporate Trust Department hereunder shall be a party, shall be the successor Trustee under the Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 11.14 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article XI.

SECTION 11.17. Extension of Rights and Duties of Trustee to Paying Agent and Registrar. The provisions of Sections 11.02, 11.03, 11.04, 11.08, 11.09 and 11.10 hereof are hereby made applicable to the Paying Agent and the Registrar, as appropriate, and any Person serving as Paying Agent and/or

Registrar, hereby enters into and agrees to comply with the covenants and agreements of the Indenture applicable to the Paying Agent and Registrar, respectively.

SECTION 11.18. Resignation of Paying Agent or Registrar. The Paying Agent or Registrar may resign and be discharged of the duties created by the Indenture by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the Issuer, the Trustee, and any rating agency that shall then have in effect a rating on any of the Bonds, not less than forty-five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation not less than three (3) weeks prior to such resignation date to the Bondholders, mailed to their addresses as such appear in the Bond Register. Such resignation shall take effect on the date specified in such instrument and notice, but only if a successor Paying Agent or Registrar shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Registrar. If the successor Paying Agent or Registrar shall not have been appointed within a period of ninety (90) days following the giving of notice, then the Paying Agent or Registrar shall be authorized to petition any court of competent jurisdiction to appoint a successor Paying Agent or Registrar as provided in Section 11.22 hereof.

SECTION 11.19. Removal of Paying Agent or Registrar. The Paying Agent or Registrar may be removed at any time prior to any Event of Default by the Issuer by filing with the Paying Agent or Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by the Issuer appointing a successor, or an instrument or instruments in writing designating, and accompanied by an instrument or appointment by the Issuer of, such successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Registrar appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder.

SECTION 11.20. Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Registrar, as the case may be, and a successor shall be appointed by the Issuer; and in case at any time the Paying Agent or Registrar shall resign, then a successor shall be appointed by the Issuer. After any such appointment, notice of such appointment shall be given by the Issuer to the predecessor Paying Agent or Registrar, the successor Paying Agent or Registrar, the Trustee, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. Any new Paying Agent or Registrar so appointed shall immediately, and without further act, supersede the predecessor Paying Agent or Registrar.

SECTION 11.21. Qualifications of Successor Paying Agent or Registrar. Every successor Paying Agent or Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (ii) authorized by law to perform all the duties imposed upon it by the Indenture and (iii) capable of meeting its obligations hereunder, and (b) shall have a combined net capital and surplus of at least \$50,000,000.

SECTION 11.22. Judicial Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or Registrar shall resign and no appointment of a successor Paying Agent or Registrar shall be made pursuant to the foregoing provisions of this Trust Indenture prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Paying Agent or Registrar may forthwith apply to a court of competent jurisdiction for the appointment of

a successor Paying Agent or Registrar. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Paying Agent or Registrar. Notice of such appointment shall be given by the Successor Registrar or Paying Agent to the Issuer, the Trustee, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. In the absence of such an appointment, the Trustee shall become the Registrar or Paying Agent and shall so notify the Issuer, any rating agency that shall have issued a rating on the Bonds, and all Bondholders.

SECTION 11.23. Acceptance of Duties by Successor Paying Agent or Registrar. Any successor Paying Agent or Registrar shall become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Registrar herein. Upon request of such Paying Agent or Registrar, such predecessor Paying Agent or Registrar and the Issuer shall execute and deliver an instrument transferring to such successor Paying Agent or Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Registrar and such predecessor Paying Agent or Registrar shall pay over and deliver to the successor Paying Agent or Registrar all moneys and other assets at the time held by it hereunder.

SECTION 11.24. Successor by Merger or Consolidation. Any corporation into which any Paying Agent or Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Paying Agent or Registrar hereunder shall be a party, shall be the successor Paying Agent or Registrar under the Indenture without the execution or filing of any paper or any further act on the part of the parties thereto, anything in the Indenture to the contrary notwithstanding.

[END OF ARTICLE XI]

ARTICLE XII

ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS

SECTION 12.01. Acts of Bondholders; Evidence of Ownership of Bonds. Any action to be taken by Bondholders may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Bondholders in person or by an agent appointed in writing. The fact and date of the execution by any person of any such instrument may be provided by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution. Any action by the Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered by the Issuer, Trustee, Paying Agent or Registrar in pursuance thereof.

[END OF ARTICLE XII]

ARTICLE XIII

AMENDMENTS AND SUPPLEMENTS

SECTION 13.01. Amendments and Supplements Without Bondholders' Consent. This Trust Indenture and any Supplemental Indenture may be amended or supplemented, from time to time, without the consent of the Bondholders, by a Supplemental Indenture authorized by an ordinance of the Issuer filed with the Trustee, for one or more of the following purposes:

(a) to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer;

(b) for any purpose not inconsistent with the terms of the Indenture, or to cure any ambiguity or to cure, correct or supplement any defective provision (whether because of any inconsistency with any other provision hereof or otherwise) of the Indenture, in such manner as shall not impair the security hereof or thereof or adversely affect the rights and remedies of the Bondholders;

(c) to provide for the execution of any and all contracts and other documents as may be required in order to effectuate the conveyance of the Project (or any portion thereof) to the State, the Issuer, or any department, agency or branch thereof; provided, however, that the Issuer shall have caused to be delivered to the Trustee an opinion of Bond Counsel stating that such conveyance shall not impair the security hereof or adversely affect the rights and remedies of the Bondholders; and

(d) to make such changes as may be necessary in order to reflect amendments to the Act so long as, in the opinion of counsel to the Issuer: (i) such changes do not have an adverse effect on the Holders of the Bonds; or (ii) if such changes do have an adverse effect, they nevertheless are required to be made as a result of such amendments.

SECTION 13.02. Amendments With Bondholders' Consent. Subject to the provisions of Section 13.03 hereof, the Master Indenture may be amended from time to time by a Supplemental Indenture and any Supplemental Indenture approved by the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding in the case of the Master Indenture, and of the Series of Bonds then outstanding and secured by such Supplemental Indenture in the case of Amendment of a Supplemental Indenture; provided that with respect to (a) the interest payable upon any Bonds, (b) the dates of maturity or redemption provisions of any Bonds, (c) this Article XIII and (d) the security provisions hereunder or under any Supplemental Indenture, which may only be amended by approval of the Owners of all Bonds to be so amended.

SECTION 13.03. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join in the execution and delivery of any supplemental indenture or amendment permitted by this Article XIII and in so doing may rely on a written opinion of Counsel that such supplemental indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

[END OF ARTICLE XIII]

ARTICLE XIV

DEFEASANCE

SECTION 14.01. Defeasance. When interest on, and principal or Redemption Price (as the case may be) of, the Bonds of a Series or any portion thereof to be defeased have been paid, or there shall have been deposited with the Trustee or such other escrow agent designated in an ordinance of the Issuer (the "Escrow Agent") moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys, remaining uninvested, will provide sufficient moneys to fully pay (i) such Bonds of a Series or portion thereof to be defeased, and (ii) any other sums payable hereunder by the Issuer, the right, title and interest of the Trustee with respect to such Bonds of a Series or portion thereof to be defeased shall thereupon cease, the lien of the Indenture on the Pledged Revenues, and the Funds and Accounts established under the Indenture shall be defeased and discharged, and the Trustee, on demand of the Issuer, shall release the Indenture as to such Bonds of a Series or portion thereof to be so defeased and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer or to such Person, body or authority as may be entitled to receive the same all balances remaining in any Series Funds and Accounts upon the defeasance in whole of all of the Bonds of a Series.

SECTION 14.02. Deposit of Funds for Payment of Bonds. If the Issuer deposits with the Escrow Agent moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys remaining uninvested, will provide sufficient moneys to pay the principal or Redemption Price of any Bonds of a Series becoming due, either at maturity or by redemption or otherwise, together with all interest accruing thereon to the date of maturity or such prior redemption, and reimburses or causes to be reimbursed or pays or causes to be paid the other amounts required to be reimbursed or paid under Section 14.01 hereof, interest on such Bonds of a Series shall cease to accrue on such date of maturity or prior redemption and all liability of the Issuer with respect to such Bonds of a Series shall likewise cease, except as hereinafter provided; provided, however, that (a) if any Bonds are to be redeemed prior to the maturity thereof, notice of the redemption thereof shall have been duly given in accordance with the provisions of Section 8.02 hereof, or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice, and (b) in the event that any Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days following a deposit of moneys with the Escrow Agent, in accordance with this Section, the Issuer shall have given the Escrow Agent, in form satisfactory to the Escrow Agent, irrevocable instructions to mail to the Owners of such Bonds at their addresses as they appear on the Bond Register, a notice stating that a deposit in accordance with this Section has been made with the Escrow Agent and that the Bonds to which such notice relates are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price (as the case may be) of, and interest on, said Bonds of a Series. Thereafter such Bonds shall be deemed not to be Outstanding hereunder and the Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Escrow Agent shall hold such funds in trust for such Owners. At the time of the deposit referred to above, there shall be delivered to the Escrow Agent a verification from a firm of independent certified public accountants stating that the principal of and interest on the Defeasance Securities, together with the stated amount of any cash remaining on deposit with the Escrow Agent, will be sufficient without reinvestment to pay the remaining principal of, redemption premium, if any, and interest on such defeased Bonds.

Money so deposited with the Escrow Agent which remains unclaimed three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Escrow Agent in default with respect to any covenant in the Indenture or the Bonds contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Escrow Agent, before making payment to the Issuer, may, at the expense of the Issuer, cause a notice to be published in an authorized newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

[END OF ARTICLE XIV]

ARTICLE XV

MISCELLANEOUS PROVISIONS

SECTION 15.01. Limitations on Recourse. No personal recourse shall be had for any claim based on the Indenture or the Bonds against any member of the Council of the Issuer, officer, employee or agent, past, present or future, of the Issuer or of any successor body as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

The Bonds are payable solely from the Pledged Revenues, and any other moneys held by the Trustee under the Indenture for such purpose. There shall be no other recourse under the Bonds, the Indenture or otherwise, against the Issuer or any other property now or hereafter owned by it.

SECTION 15.02. Payment Dates. In any case where an Interest Payment Date or the maturity date of the Bonds or the date fixed for the redemption of any Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 15.03. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Bonds.

SECTION 15.04. Illegal Provisions Disregarded. If any term of the Indenture or the Bonds or the application thereof for any reason or circumstances shall to any extent be held invalid or unenforceable, the remaining provisions or the application of such terms or provisions to Persons and situations other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision hereof and thereof shall be valid and enforced to the fullest extent permitted by law.

SECTION 15.05. Substitute Notice. If for any reason it shall be impossible to make duplication of any notice required hereby in a newspaper or newspapers, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 15.06. Notices. Any notice, demand, direction, request or other instrument authorized or required by the Indenture to be given to or filed with the Issuer or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of the Indenture if and when personally delivered and receipted for, or sent by registered United States mail, return receipt requested, addressed as follows:

(a) As to the Issuer –

County Administrator
Lancaster County, South Carolina
Post Office Box 1809
Lancaster, South Carolina 29721-1809

(b) As to the Trustee -

Wells Fargo, N.A.

7077 Bonneval Road, Suite 400
Jacksonville, Florida 32216
Attn: Corporate Trust Department

Any of the foregoing may, by notice sent to each of the others, designate a different or additional address to which notices under the Indenture are to be sent.

All documents received by the Trustee under the provisions of the Indenture and not required to be redelivered shall be retained in its possession, subject at all reasonable times to the inspection of the Issuer, any Bondholder and the agents and representatives thereof as evidence in writing.

SECTION 15.07. Controlling Law. The Indenture shall be governed by and construed in accordance with the laws of the State of South Carolina.

SECTION 15.08. Successors and Assigns. All the covenants, promises and agreements in the Indenture contained by or on behalf of the Issuer or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15.09. Headings for Convenience Only. The table of contents and descriptive headings in this Trust Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 15.10. Counterparts. This Trust Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 15.11. Appendices and Exhibits. Any and all appendices or exhibits referred to in and attached to this Trust Indenture are hereby incorporated herein and made a part hereof for all purposes.

(Signature page to follow)

IN WITNESS WHEREOF, Lancaster County, South Carolina has caused this Amended and Restated Master Trust Indenture to be executed by the Chairman of its County Council and its seal to be hereunto affixed and attested by the Clerk to Council and Wells Fargo Bank, N.A. has caused this Amended and Restated Master Trust Indenture to be executed by one of its authorized officers and its seal to be hereunto affixed and attested by an authorized officer, all as of the day and year first above written.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

(SEAL)

ATTEST

Clerk to Council

WELLS FARGO BANK, N.A., as Trustee

(SEAL)

By: _____
Its: _____

ATTEST

By: _____
Its: _____

EXHIBIT A

LEGAL DESCRIPTION OF WALNUT CREEK IMPROVEMENT DISTRICT

The present boundaries of the Walnut Creek Improvement District are as follows:

All that certain piece, parcel or tract of land lying, being and situate on the eastern margin of U.S. Highway 521 in Indian Land Township, Lancaster County, South Carolina, containing 814.88 acres, more or less, as shown and described on that certain plat entitled "Boundary Survey for Lawson's Bend, LLC" prepared by Kenneth M. Green, SCPLS No. 14529, dated February 1, 2005, last revised May 2, 2005, recorded May 4, 2005, in Plat Book 2005, Page 255, Register of Deeds Office for Lancaster County, South Carolina, reference to which plat is hereby made for a more particular description of the 814.88 acre tract.

Tax Map Nos.: 020-00-002.00; 020-00-005.00; 020-00-006.00; 020-00-007.00; 020-00-008.00; 020-00-009.00; 015-00-055.01; 015-00-028; 015-00-024.00; 015-00-024.01 and 015-00-011.00

All those certain pieces, parcels or tracts of land, being Two tracts of land, lying, being and situated near the North Carolina and South Carolina State Line, in Indian Land Township, Lancaster County, South Carolina, containing a total of Twenty-four (24) acres, more or less, tract No. 1 being the home tract and containing 18 acres and described as follows, being bound on the south by Railroad, West by Bishop lands, now or formerly, North by dirt road, and East by Lee Helms; tract no. 2 containing 6 acres, more or less and being bounded on the West by other lands of Gene Morgan, North by Stuart Ingram and John McDonald lands, East by lands deeded to Devew Hudson, and South by a Dirt Road.

ALSO: "All that certain piece, parcel or tract of land lying, being and situate in Indian Land Township, Lancaster County, South Carolina, containing 12 acres and being described as follows: Beginning at the center of Waxhaw-Osceola Road and running North a distance of 2227 feet to a stone, thence running thence East a distance of 237.6 feet to a stake, thence running South to the center of the said Waxhaw-Osceola Dirt Road approximately 2227 feet, thence running West along the center of the road 237.6 feet to the point of beginning. Being bound on the West by Bishop lands; North by Bishop lands; East by Kathleen Morgan; and South by Waxhaw-Osceola Dirt Road."

Tax Map No. 015-00-017.00

All that certain piece, parcel or lot of land lying and being situated in the Indian Land Township, Lancaster County, South Carolina and being more particularly described as follows: Beginning at a found ½" pipe on the northern side of Hancock Road, said iron being at the common southern property corner of the Sandler at Kensington, LLC property (DB 228 PG 216) and the Ronald B. Massey property (DB E6 PG 4504), said ½" pipe being the Point of Beginning (POB); thence N04°21'48"E for a distance of 177.04' to a found 1" pipe; thence N09°08'00"E for a distance of 485.35' to a found #4 rebar; thence S83°28'59"E for a distance of 150.07' to a found #4 rebar; thence N06°32'52"E for a distance of 1565.06' to a found #4 rebar; thence S61°43'57"E for a distance of 419.81' to a found nail at the base of a fence post, said nail being on or near the North Carolina-South Carolina State line, thence along a line locally recognized as the State Line S06°32'33"W for a distance of 2112.19' to found #5 rebar; thence leaving said line N79°15'58"W for a distance of 556.90' to the POB and containing 21.983 acres more or less."

Tax Map No. 015-00-013.00

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project includes the following improvements:

(a) roadway system consisting of streets, curbs, gutters, bridges, intersection improvements, right-of-way improvements, street lighting and signage, Hancock and Claude Phillips Road improvements;

(b) sanitary sewer system consisting of force mains, gravity mains, pump stations and related facilities;

(c) water system consisting of four inch, six inch, eight inch and ten inch water mains, valves, joints, fire hydrants and related facilities;

(d) stormwater drainage system designed to meet current standards;

(e) other public improvements including but not limited to a recreational area and facilities, a combined Sheriff and EMS substation and related equipment, and such other improvements as allowed under the terms of the Act and as may be approved by the County Council of Lancaster County, South Carolina.

(f) Other improvements, which are not to be financed as part of the Improvement District, include electric service, natural gas services, telephone service, and cable television service; and

Improvements described in paragraph (a) through (e) above are described in more detail in the Engineer's Report.

EXHIBIT C

FORM OF BOND

[Unless this bond is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to Lancaster County, South Carolina, or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

No. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LANCASTER COUNTY, SOUTH CAROLINA
WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REVENUE BOND, SERIES _____**

**Interest
Rate**

**Maturity
Date**

**Dated
Date**

CUSIP

Registered Owner:

Principal Amount:

Lancaster County, South Carolina (the "Issuer"), on behalf of the Edgewater Improvement District (the "District"), created pursuant to Title 4, Chapter 35 of the Code of Laws of South Carolina 1976, as amended (the "Act"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner set forth above, or registered assigns (the "Owner"), on the Maturity Date shown hereon, unless this bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the hereinafter defined Indenture) shall have been duly made or provided for, the Principal Amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date (as defined herein) to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on _____ 1 and _____ 1 of each year (each, an "Interest Payment Date"), commencing on _____, 200__, until payment of said Principal Amount has been made or provided for, at the Interest Rate per annum set forth above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the 15th day next preceding such Interest Payment Date (the "Record Date"); provided, however, that on or after the occurrence and continuance of an Event of Default under Section 9.02(a) of the Indenture relating to a failure to pay Debt Service (as defined in the Indenture), when due, the payment of interest and principal or Redemption Price or Sinking Fund Installments (as such terms are defined in the Indenture) shall be made by the Paying Agent (as defined herein) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than 15 and not less than

ten days prior to the date of such proposed payment, appears on the registration books of the Registrar as the Owner of this bond. Any payment of principal, Maturity Amount (as defined in the Indenture) or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wells Fargo Bank, N.A., as paying agent (the "Paying Agent"). Payment of interest shall be made by check or draft mailed by the Paying Agent and Registrar (or by wire transfer to an account within the continental United States, and at the expense of, the Owner if such Owner requests such method of payment in writing on or prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the Owner owns not less than \$1,000,000 in aggregate principal amount of the hereafter defined _____ Bonds). Interest on this bond will be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a duly authorized issue of bonds of the Issuer designated "Walnut Creek Improvement District Assessment Revenue Bonds, Series _____" in the aggregate principal amount of \$ _____ (the "Bonds"), issued under an Amended and Restated Master Trust Indenture and a _____ Supplemental Indenture, dated as of _____ 1, _____ (collectively the "Indenture"), between the Issuer and Wells Fargo Bank, N.A., as trustee (the "Trustee"). The Bonds are issued for the purpose of (i) _____; (ii) paying certain costs associated with the issuance of the Bonds; (iii) making deposits into the Series _____ Debt Series Reserve Account of the Debt Service Fund established for the benefit of the Bonds; and (iii) paying a portion of the interest to become due on the Bonds.

THIS BOND IS A SPECIAL OBLIGATION OF THE ISSUER. NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE OF SOUTH CAROLINA (THE "STATE") CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE). THIS BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON DOES NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE ISSUER OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE ISSUER OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS BOND. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS BOND, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE TRUST ESTATE (AS DEFINED IN THE INDENTURE), ALL AS PROVIDED IN THE INDENTURE.

This bond is issued under and pursuant to the Constitution and laws of the State, including the Act and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Bonds, the nature and extent of the security thereby created, the covenants of the Issuer with respect to the levy and collection of Assessments (as defined in the Indenture), the terms and conditions under which the Bonds are or may be issued, the rights, duties, obligations and immunities of the Issuer and the Trustee under the Indenture and the rights of the Owners of the Bonds, and, by the acceptance of this bond, the Owner assents to all of the provisions of the Indenture. The Bonds are equally and ratably

secured by the Trust Estate, without preference or priority of one bond over another. The Indenture permits the issuance of additional Bonds (as defined in the Indenture) ranking on a parity with the Bonds as to the lien and pledge of the Trust Estate for the purposes of refunding Outstanding Bonds or for such purposes as may be authorized by the Issuer.

The Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"). This bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of Wells Fargo Bank, N.A., in Jacksonville, Florida, as Registrar (the "Registrar"), upon surrender of this bond, accompanied by an assignment and a written instrument of transfer in form satisfactory to the Registrar, subject to such reasonable regulations as the Issuer or the Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the 2006 Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Registrar in Jacksonville, Florida, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The Bonds are subject to redemption at the option of the Issuer on and after _____ 1, _____, in whole or in part at any time at a Redemption Price equal to _____% of the principal amount of the Bonds to be redeemed for the period until _____ 1, _____, and thereafter at par, in each case plus accrued interest to the date fixed for redemption.

The Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the _____ Principal Sub-Account in satisfaction of applicable Sinking Fund Installments at a Redemption Price equal to 100 percent of the principal amount thereof, without premium, together with accrued interest to the date of redemption on _____ 1 of the years and in the principal amounts set forth below:

Year (_____ 1)	Principal Amount	Year (_____ 1)	Principal Amount

Any Bonds that are purchased by the Issuer with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of Bonds. Sinking Fund Installments are also subject to recalculation, as provided in the Indenture, as the result of the redemption of Bonds so as to reamortize the remaining Outstanding principal balance of the Bonds.

The Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Registrar, at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) from Prepayments (as defined in the Indenture) deposited into the _____ Prepayment Sub-Account of the _____ Redemption Account; or

(b) from amounts transferred to the _____ Prepayment Sub-Account of the _____ Redemption Account resulting from a reduction in the _____ Reserve Requirement as provided for in the Indenture, and, on the date on which the amount on deposit in the _____ Debt Service Reserve Fund, together with other moneys available therefor, are sufficient to pay and redeem all of the Bonds then Outstanding, including accrued interest thereon.

If less than all of the Bonds shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of Bonds is required to be mailed by the Registrar, postage prepaid, not less than 30 nor more than 45 days prior to the redemption date to each registered Owner of Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Bonds or such portions thereof on such date, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

The Owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default (as defined in the Indenture) under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any _____ Bond which remain unclaimed for [six] years after the date when such _____ Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such _____ Bond became due and payable, shall at the written request of the Issuer be repaid by the Trustee or the Paying Agent to the Issuer, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Federal Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This bond is issued with the intent that the laws of the State shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State and the ordinances and resolutions of the Issuer to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Indenture, have happened, exist and have been performed as so required. This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, Lancaster County, South Carolina, South Carolina has caused this bond to bear the signature of its Chairman of County Council and the official seal of the Issuer to be impressed, imprinted or reproduced hereon and attested by the signature of the Clerk to County Council.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

(SEAL)

ATTEST

Clerk to County Council

FORM OF CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds designated herein, described in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory

Date of Authentication:

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ (Name and address of Transferee) the within bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to
Minors Act _____
(State)

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

Additional abbreviations may also be used though not in above list.

EXHIBIT D-1

[FORM OF SERIES [2006A-2][2006A-3] BOND]

[Unless this bond is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to Lancaster County, South Carolina, or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

No. [A-2R-__][A-3R-__]

\$ _____

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LANCASTER COUNTY, SOUTH CAROLINA
WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REVENUE BOND, SERIES [2006A-2][2006A-3]

Interest
Rate

Maturity
Date

Dated
Date

CUSIP

Registered Owner:

Principal Amount:

Lancaster County, South Carolina (the "Issuer"), on behalf of the Walnut Creek Improvement District (the "District"), created pursuant to Title 4, Chapter 35 of the Code of Laws of South Carolina 1976, as amended (the "Act"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner set forth above, or registered assigns (the "Owner"), on the Maturity Date shown hereon, unless this bond shall have been called for redemption in whole or in part and payment of the Redemption Price shall have been duly made or provided for, the Principal Amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date (as defined herein) to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing on _____, _____, until payment of said Principal Amount has been made or provided for, at the Interest Rate per annum set forth above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the 15th day next preceding such Interest Payment Date (the "Record Date"); provided, however, that on or after the occurrence and continuance of an Event of Default under Section 9.02(a) of the Indenture relating to a failure to pay Debt Service, when due, the payment of interest and principal or Redemption Price or Sinking Fund Installment shall be made by the Paying Agent (as defined herein) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than 15 and not less than ten days prior to the date of such proposed payment, appears on the registration books of the Registrar as the

Owner of this Series [2006A-2][2006A-3] Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wells Fargo Bank, N.A., as paying agent (the "Paying Agent"). Payment of interest shall be made by check or draft mailed by the Paying Agent and Registrar (or by wire transfer to an account within the continental United States, and at the expense of, the Owner if such Owner requests such method of payment in writing on or prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the Owner owns not less than \$1,000,000 in aggregate principal amount of the hereafter defined Series 2006 Bonds). Interest on this bond will be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a duly authorized issue of bonds of the Issuer designated "Walnut Creek Improvement District Assessment Revenue Bonds, Series [2006A-2][2006A-3]" in the aggregate principal amount of \$_____ (the "Series [2006A-2][2006A-3] Bonds"), being issued under the Amended and Restated Master Trust Indenture dated _____, 2015 (the "Indenture"), between the Issuer and Wells Fargo Bank, N.A., as trustee (the "Trustee"), which Indenture amended and restated in its entirety the Master Trust Indenture and First Supplemental Trust Indenture, dated as of June 1, 2006, as amended and supplemented (as so amended and supplemented, the "Original Indenture"), between the Issuer and the Trustee. The Series [2006A-2][2006A-3] Bonds are being issued in exchange for \$_____ original principal amount of the Issuer's Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A (the "2006A Bonds"). Simultaneously with the issuance of the [2006A-2][2006A-3] Bonds, the Issuer will also issue its \$_____ aggregate principal amount Walnut Creek Improvement District Assessment Revenue Bonds, Series [2006A-3][2006A-2] (the "Series [2006A-3][2006A-2] Bonds"), which are also being issued in exchange for \$_____ principal amount of the 2006A Bonds, and its \$_____ aggregate principal amount Walnut Creek Improvement District Assessment Revenue Bonds, Series 2006B (the "Series 2006B Bonds"), which are also being issued in exchange for \$_____ aggregate principal amount Edenmoor Improvement District Assessment Revenue Bonds, Series 2006B (the "2006B Bonds"). The 2006A Bonds and 2006B Bonds were originally issued for the purposes of (i) financing a portion of the costs of the planning, financing, acquisition, construction, equipping and installation of water and wastewater facilities, a stormwater management system, roads and roadway improvements, a recreational area and facilities, and a combined Sheriff and EMS substation and related equipment in the District (the "Project"); (ii) paying certain issuance costs; (iii) making a deposit into the debt series reserve accounts established for the benefit of the 2006A Bonds and 2006B Bonds; and (iv) paying a portion of the interest to become due on the 2006A Bonds and 2006B Bonds.

Terms not specifically defined herein has gave the definitions given such terms in the Indenture.

THIS SERIES [2006A-2][2006A-3] BOND IS A SPECIAL OBLIGATION OF THE ISSUER. NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE OF SOUTH CAROLINA (THE "STATE") CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE). THIS SERIES [2006A-2][2006A-3] BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON DOES NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE ISSUER OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE ISSUER OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE

INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS SERIES [2006A-2][2006A-3] BOND. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS SERIES [2006A-2][2006A-3] BOND, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE TRUST ESTATE, ALL AS PROVIDED IN THE INDENTURE.

This Series [2006A-2][2006A-3] Bond is issued under and pursuant to the Constitution and laws of the State, including the Act and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Series [2006A-2][2006A-3] Bonds, the nature and extent of the security thereby created, the covenants of the Issuer with respect to the levy and collection of Assessments, the terms and conditions under which the Series [2006A-2][2006A-3] Bonds are or may be issued, the rights, duties, obligations and immunities of the Issuer and the Trustee under the Indenture and the rights of the Owners of the Series [2006A-2][2006A-3] Bonds, and, by the acceptance of this bond, the Owner assents to all of the provisions of the Indenture. The Series [2006A-2][2006A-3] Bonds are equally and ratably secured by the Trust Estate, without preference or priority of one bond over another. The Indenture permits the issuance of additional Bonds ranking on a parity with the Series [2006A-2][2006A-3] Bonds as to the lien and pledge of the Trust Estate. Additional Bonds may also be issued for the purposes of refunding Outstanding Bonds or for other purposes authorized by the Issuer.

The Series [2006A-2][2006A-3] Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"). This bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of Wells Fargo Bank, N.A. in Jacksonville, Florida, as Registrar (the "Registrar"), upon surrender of this bond, accompanied by an assignment and a written instrument of transfer in form satisfactory to the Registrar, subject to such reasonable regulations as the Issuer or the Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Series [2006A-2][2006A-3] Bond or Series [2006A-2][2006A-3] Bonds, in the same aggregate principal amount as the Series [2006A-2][2006A-3] Bond or Series [2006A-2][2006A-3] Bonds transferred, will be issued to the transferee. At the corporate trust office of the Registrar in Jacksonville, Florida, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Series [2006A-2][2006A-3] Bonds may be exchanged for an equal aggregate principal amount of Series [2006A-2][2006A-3] Bonds of the same Series and maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The [2006A-2][2006A-3] Bonds are not subject to optional redemption prior to December 1, 2016. The [2006A-2][2006A-3] Bonds may, at the option of the Issuer, be called for redemption prior to maturity as a whole, at any time, or in part on any Interest Payment Date, on or after December 1, 2016, at the redemption prices expressed as a percentage set forth below plus accreted interest (the Maturity Amount) and accrued interest, if any, to the date of redemption, without premium.

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2016 through November 30, 2017	101%
December 1, 2017 and thereafter	100

If less than all of the [2006A-2][2006A-3] Bonds are called for redemption, the Trustee shall select the [2006A-2][2006A-3] Bonds or portions of the [2006A-2][2006A-3] Bonds to be redeemed by

lot in such reasonable manner as the Trustee in its discretion may determine. The portion of [2006A-2][2006A-3] Bonds to be redeemed shall be in an Authorized Denomination.

As more particularly set forth in the Indenture, any Series [2006A-2][2006A-3] Bonds that are purchased by the Issuer with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of Series [2006A-2][2006A-3] Bonds. In addition, the above Sinking Fund Installments are subject to recalculation, as provided in the Indenture, as the result of certain purchases or the redemption of Series [2006A-2][2006A-3] Bonds other than in accordance with scheduled Sinking Fund Installments so as to reamortize the remaining Outstanding principal of the Series [2006A-2][2006A-3] Bonds.

The [2006A-2][2006A-3] Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price of 100% of the principal amount of the Series [2006A-2][2006A-3] Bonds to be redeemed, without premium, plus interest accrued to the date of redemption, as follows:

- (a) from Series 2006 Prepayment Principal deposited into the Series [2006A-2][2006A-3] Prepayment Account within the Bond Redemption Fund following the payment in whole or in part of Assessments on any portion of the property within the District specially benefited by the Project in accordance with the provisions of the Indenture, including excess moneys transferred from the Series [2006A-2][2006A-3] Reserve Account to the Series [2006A-2][2006A-3] Prepayment Account within the Bond Redemption Fund resulting from such Assessment prepayments pursuant to the Indenture; or
- (b) from moneys, if any, on deposit in the Series [2006A-2][2006A-3] Accounts and Sub-accounts within the Funds and Series 2006 Accounts (other than the Rebate Fund) sufficient to pay and redeem all Outstanding Series [2006A-2][2006A-3] Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture; or
- (c) from excess moneys transferred from the Series [2006A-2][2006A-3] Revenue Account to the Series [2006A-2][2006A-3] General Account within the Bond Redemption Fund in accordance with the Indenture; or
- (d) following condemnation or the sale of any portion of the Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Project to the Trustee by or on behalf of the Issuer for deposit into the Series [2006A-2][2006A-3] General Account within the Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the Issuer to redeem Series [2006A-2][2006A-3] Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the Issuer shall describe to the Trustee in writing; or
- (e) following the damage or destruction of all or substantially all of the Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to the Trustee for deposit to the Series [2006A-2][2006A-3] General Account within the Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series [2006A-2][2006A-3] Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least 45 days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x)

notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable.

If less than all of the Series [2006A-2][2006A-3] Bonds are to be redeemed pursuant to an Extraordinary Mandatory Redemption, the Trustee shall, except as otherwise provided in the Indenture, select the Series [2006A-2][2006A-3] Bonds or portions of the Series [2006A-2][2006A-3] Bonds to be redeemed by lot. The portion of Series [2006A-2][2006A-3] Bonds to be redeemed shall be in an Authorized Denomination.

The Trustee shall cause notice of each redemption, either in whole or in part, to be mailed at least 30 but not more than 60 days prior to the redemption or purchase date to all Owners of Series [2006A-2][2006A-3] Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the 5th day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Series [2006A-2][2006A-3] Bonds for which notice was duly mailed in accordance with the Indenture. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Series [2006A-2][2006A-3] Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Series [2006A-2][2006A-3] Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Series [2006A-2][2006A-3] Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

The Series [2006A-2][2006A-3] Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series [2006A-2][2006A-3] Principal Sub-Account in satisfaction of applicable Sinking Fund Installment at a Redemption Price equal to 100 percent of the principal amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

[To be updated]

<u>Year (December 1)</u>	<u>Principal Amount</u>	<u>Year (December 1)</u>	<u>Principal Amount</u>
2008	\$320,000	2023	\$ 735,000
2009	340,000	2024	780,000
2010	355,000	2025	825,000
2011	375,000	2026	870,000
2012	400,000	2027	920,000
2013	420,000	2028	975,000
2014	445,000	2029	1,030,000
2015	470,000	2030	1,090,000
2016	500,000	2031	1,155,000
2017	525,000	2032	1,220,000
2018	560,000	2033	1,290,000
2019	590,000	2034	1,365,000
2020	625,000	2035	1,440,000
2021	660,000	2036	1,525,000
2022	695,000	2037*	1,615,000

* Final Maturity

Any Series [2006A-2][2006A-3] Bonds that are purchased by the Issuer with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of Series [2006A-2][2006A-3] Bonds. Sinking Fund Installments are also subject to recalculation, as provided in the Indenture, as the result of the redemption of Series [2006A-2][2006A-3] Bonds so as to reamortize the remaining Outstanding principal balance of the Series [2006A-2][2006A-3] Bonds.

The Owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default (as defined in the Indenture) under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series [2006A-2][2006A-3] Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Series [2006A-2][2006A-3] Bond which remain unclaimed for six years after the date when such Series [2006A-2][2006A-3] Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bond became due and payable, shall at the written request of the Issuer be repaid by the Trustee or the Paying Agent to the Issuer, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Federal Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the Series [2006A-2][2006A-3] Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture. This bond is issued with the intent that the laws of the State shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State and the ordinances and resolutions of the Issuer to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Indenture, have happened, exist and have been performed as so required. This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, Lancaster County, South Carolina, South Carolina has caused this bond to bear the signature of its Chairman of County Council and the official seal of the Issuer to be impressed, imprinted or reproduced hereon and attested by the signature of the Clerk to County Council.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

(SEAL)

ATTEST:

Clerk to County Council

FORM OF CERTIFICATE OF AUTHENTICATION

This Series [2006A-2][2006A-3] Bond is one of the Series [2006A-2][2006A-3] Bonds designated herein, described in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory

Date of Authentication:

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ (Name and address of Transferee) the within bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to
Minors Act _____
(State)

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

Additional abbreviations may also be used though not in above list.

EXHIBIT D-2

[FORM OF SERIES 2006B BOND]

[Unless this bond is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to Lancaster County, South Carolina, or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LANCASTER COUNTY, SOUTH CAROLINA
WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REVENUE BOND, SERIES 2006B

Interest
Rate

Maturity
Date

Dated
Date

CUSIP

Registered Owner:

Principal Amount:

Lancaster County, South Carolina (the "Issuer"), on behalf of the Walnut Creek Improvement District (the "District"), created pursuant to Title 4, Chapter 35 of the Code of Laws of South Carolina 1976, as amended (the "Act"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner set forth above, or registered assigns (the "Owner"), on the Maturity Date shown hereon, unless this bond shall have been called for redemption in whole or in part and payment of the Redemption Price shall have been duly made or provided for, the Principal Amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date (as defined herein) to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing on _____, _____, until payment of said Principal Amount has been made or provided for, at the Interest Rate per annum set forth above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the 15th day next preceding such Interest Payment Date (the "Record Date"); provided, however, that on or after the occurrence and continuance of an Event of Default under Section 9.02(a) of the Indenture relating to a failure to pay Debt Service, when due, the payment of interest and principal or Redemption Price or Sinking Fund Installment shall be made by the Paying Agent (as defined herein) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than 15 and not less than ten days prior to the date of such proposed payment, appears on the registration books of the Registrar as the Owner of

this bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wells Fargo Bank, N.A., as paying agent (the "Paying Agent"). Payment of interest shall be made by check or draft mailed by the Paying Agent and Registrar (or by wire transfer to an account within the continental United States, and at the expense of, the Owner if such Owner requests such method of payment in writing on or prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the Owner owns not less than \$1,000,000 in aggregate principal amount of the hereafter defined 2006 Bonds). Interest on this bond will be computed on the basis of a 360-day year of twelve 30-day months.

This Series 2006B Bond is one of a duly authorized issue of bonds of the Issuer designated "Walnut Creek Improvement District Assessment Revenue Bonds, Series 2006B" in the aggregate principal amount of \$11,500,000 (the "Series 2006B Bonds"), being issued under the Amended and Restated Master Trust Indenture dated _____, 2015 (the "Indenture"), between the Issuer and Wells Fargo Bank, N.A., as trustee (the "Trustee"), which Indenture amended and restated in its entirety the Master Trust Indenture and First Supplemental Trust Indenture, dated as of June 1, 2006, as amended and supplemented (as so amended and supplemented, the "Original Indenture"), between the Issuer and the Trustee. The Series 2006B Bonds are being issued in exchange for \$ _____ aggregate principal amount of the Issuer's Edenmoor Improvement District Assessment Revenue Bonds, Series 2006B (the "Series 2006B Bonds"). Simultaneously with the issuance of the Series 2006B Bonds, the Issuer will also issue its \$ _____ Walnut Creek Improvement District Assessment Revenue Bonds, Series 2006A-2 (the "Series 2006A-2 Bonds") and its \$ _____ Walnut Creek Improvement District Assessment Revenue Bonds, Series A-3 (the "Series 2006A-2 Bonds"), which are being issued in exchange for \$ _____ original principal amount of the Issuer's Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A (the "2006A Bonds"). The 2006A Bonds and 2006B Bonds were originally issued for the purposes of (i) financing a portion of the costs of the planning, financing, acquisition, construction, equipping and installation of water and wastewater facilities, a stormwater management system, roads and roadway improvements, a recreational area and facilities, and a combined Sheriff and EMS substation and related equipment in the District (the "Project"); (ii) paying certain issuance costs; (iii) making a deposit into the debt series reserve accounts established for the benefit of the 2006A Bonds and 2006B Bonds; and (iv) paying a portion of the interest to become due on the 2006A Bonds and 2006B Bonds.

Terms not specifically defined herein has gave the definitions given such terms in the Indenture.

THIS SERIES 2006B BOND IS A SPECIAL OBLIGATION OF THE ISSUER. NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE OF SOUTH CAROLINA (THE "STATE") CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE). THIS SERIES 2006B BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON DOES NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE ISSUER OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE ISSUER OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS SERIES 2006B BOND. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, ANY SUPPLEMENTAL INDENTURE OR THIS SERIES 2006B BOND, SHALL BE PAYABLE SOLELY FROM, AND

SHALL BE SECURED SOLELY BY, THE TRUST ESTATE, ALL AS PROVIDED IN THE INDENTURE.

This bond is issued under and pursuant to the Constitution and laws of the State, including the Act and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Series 2006B Bonds, the nature and extent of the security thereby created, the covenants of the Issuer with respect to the levy and collection of Assessments, the terms and conditions under which the Series 2006B Bonds are or may be issued, the rights, duties, obligations and immunities of the Issuer and the Trustee under the Indenture and the rights of the Owners of the Series 2006B Bonds, and, by the acceptance of this bond, the Owner assents to all of the provisions of the Indenture. The Series 2006B Bonds are equally and ratably secured by the Trust Estate, without preference or priority of one bond over another. The Indenture permits the issuance of additional Bonds ranking on a parity with the Series 2006B Bonds as to the lien and pledge of the Trust Estate for the purposes of refunding Outstanding Bonds.

The Series 2006B Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"). This bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of Wells Fargo Bank, N.A. in Jacksonville, Florida, as Registrar (the "Registrar"), upon surrender of this bond, accompanied by an assignment and a written instrument of transfer in form satisfactory to the Registrar, subject to such reasonable regulations as the Issuer or the Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Series 2006B Bond or Series 2006B Bonds, in the same aggregate principal amount as the Series 2006B Bond or Series 2006B Bonds transferred, will be issued to the transferee. At the corporate trust office of the Registrar in Jacksonville, Florida, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Series 2006B Bonds may be exchanged for an equal aggregate principal amount of Series 2006B Bonds of the same Series and maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The Series 2006B Bonds are not subject to optional or mandatory sinking fund redemption prior to maturity.

The Series 2006B Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Registrar, at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, without premium, plus interest accrued to the date of redemption, as follows:

- (a) from Series 2006 Prepayment Principal deposited into the Series 2006B Prepayment Account within the Bond Redemption Fund following the payment in whole or in part of Assessments on any portion of the property within the District specially benefited by the Project in accordance with the provisions of the Indenture; or
- (b) from moneys, if any, on deposit in the Series 2006B Accounts and Sub-accounts within the Funds and Series 2006B Accounts (other than the Rebate Fund) sufficient to pay and

redeem all Outstanding Series 2006B Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture; or

(c) from excess moneys transferred from the Series 2006B Revenue Account to the Series 2006B General Account within the Bond Redemption Fund in accordance with the Indenture; or

(d) following condemnation or the sale of any portion of the Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Project to the Trustee by or on behalf of the Issuer for deposit into the Series 2006B General Account within the Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the Issuer to redeem Series 2006B Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the Issuer shall describe to the Trustee in writing; or

(e) following the damage or destruction of all or substantially all of the Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to the Trustee for deposit to the Series 2006B General Account within the Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series 2006B Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least 45 days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable.

If less than all of the Series 2006B Bonds shall be called for redemption, the particular Series 2006B Bonds or portions of Series 2006B Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of Series 2006B Bonds is required to be mailed by the Registrar, postage prepaid, not less than 30 nor more than 45 days prior to the redemption date to each registered Owner of Series 2006B Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Series 2006B Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2006B Bonds or such portions thereof on such date, interest on such Series 2006B Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2006B Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2006B Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

The Owner of this Series 2006B Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any

Event of Default (as defined in the Indenture) under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2006B Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Series 2006B Bond which remain unclaimed for six years after the date when such Series 2006B Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Series 2006B Bond became due and payable, shall at the written request of the Issuer be repaid by the Trustee or the Paying Agent to the Issuer, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Federal Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any Series 2006B Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the Series 2006B Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This bond is issued with the intent that the laws of the State shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State and the ordinances and resolutions of the Issuer to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Indenture, have happened, exist and have been performed as so required. This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, Lancaster County, South Carolina, South Carolina has caused this bond to bear the signature of its Chairman of County Council and the official seal of the Issuer to be impressed, imprinted or reproduced hereon and attested by the signature of the Clerk to County Council.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

(SEAL)

ATTEST

Clerk to County Council

FORM OF CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2006B Bonds designated herein, described in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory

Date of Authentication:

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ (Name and address of Transferee) the within bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

(Cust) Custodian (Minor)
under Uniform Gifts to
Minors Act _____
(State)

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

Additional abbreviations may also be used though not in above list.

LANCASTER COUNTY, SOUTH CAROLINA

\$8,615,000

WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REFUNDING REVENUE BONDS, SERIES 2015A-1

PURCHASE CONTRACT

[] ___, 201[]

County Council of Lancaster County,
South Carolina
Lancaster, South Carolina

The undersigned, Raymond James & Associates, Inc., as the Underwriter ("Underwriter"), offers to enter into this Purchase Contract with Lancaster County, South Carolina ("County"), which, upon the acceptance of this offer and the execution of this Purchase Contract by the County, shall be in full force and effect in accordance with its terms and shall be binding upon the County and the Underwriter. This offer is made subject to your acceptance of this Purchase Contract on or before 12:00 p.m. local time, on [] ___, 201[], and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to your office at any time prior to the acceptance hereof by you. All terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Preliminary Limited Offering Memorandum (defined below) or the Ordinance (defined below).

1. ***Offer and Sale of Bonds.*** Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from the County \$8,615,000 aggregate principal amount of the its Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2015A-1 ("Bonds"), and the County hereby agrees to sell to the Underwriter all (but not less than all) of the Bonds.

The purchase price for the Bonds shall be \$_____ (representing the par amount of the Bonds less an Underwriter's discount of \$_____, plus [minus] original issue premium [discount] of \$_____). The Underwriter may change the offering prices of the Bonds at any time and from time to time.

2. ***Authorization and Purpose.*** The Bonds shall be authorized and issued by Ordinance No. 2015-___ enacted on ___, 2015 ("Bond Ordinance"), and Ordinance No. 2015-___, enacted on ___, 2015, ("District Ordinance," together with the Bond Ordinance, "Ordinance"), by the County Council ("Council") of the County, pursuant to the authorization of the County Public Works Improvement Act (codified at Chapter 35 of Title 4, Code of Laws of South Carolina 1976, as amended ("Act")).

The Bonds are being issued by the County pursuant to a Master Trust Indenture, dated as of [] 1, 201[] ("Master Indenture"), as supplemented by a First Supplemental Trust indenture, dated as of [] 1, 201[] ("Supplemental Indenture," together with the Master Indenture, "Indenture"), by and between the County and the Wells Fargo Bank, N.A., a national banking association, as Trustee.

Proceeds of the Bonds will be used, as applicable, to (i) refinance certain prior bonds of the District as more particularly described in the Limited Offering Memorandum (as hereinafter defined); (ii) fund the Series 2015A-1 Debt Service Reserve Account; and (iii) pay certain costs and expenses relating to the issuance of the Bonds. The Bonds shall mature on such dates and in such principal amounts, shall bear interest at such rates, shall be reoffered at the prices and yields and shall be subject to optional

redemption, all as set forth in Exhibit A attached hereto and made a part hereof. The Depository Trust Company ("DTC") shall act as securities depository for the Bonds, which shall be issued in book-entry form.

The Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the revenues derived from (i) Assessment A (including penalties, interest and expenses thereon) imposed in Bond Area 1 and collected by the County pursuant to the Act (the "Assessments"), (ii) the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture (except for moneys transferred to the Rebate Fund and moneys on deposit in any Account relating to a Series of Bonds (as such terms are defined in the Indenture) other than the Bonds, and any investment earnings on such moneys) and (iii) such other property as may be contemplated by the Indenture.

3. Limited Offering Memorandum. The County has previously provided to the Underwriter copies of the Preliminary Limited Offering Memorandum with respect to the Bonds, dated [], 201[] ("Preliminary Limited Offering Memorandum"). As of its date, the Preliminary Limited Offering Memorandum has been "deemed final" by the County for purposes of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934 ("1934 Act"), except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery dates of the Bonds. Within seven business days of the date hereof and, in any event, in sufficient time to accompany confirmations requesting payment from customers, the County agrees to supply to the Underwriter a final Limited Offering Memorandum executed by the County ("Limited Offering Memorandum") and in a sufficient quantity to comply with Rule 15c2-12(b)(1) and the rules of the Municipal Securities Rulemaking Board ("MSRB"). The County hereby consents to and ratifies the use by the Underwriter of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum in connection with the public offering of the Bonds. The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the final Limited Offering Memorandum pursuant to the rules of the MSRB and that any supplement or amendment to the Limited Offering Memorandum also shall be delivered to the initial purchasers of any Bonds.

4. Offering. The Underwriter intends to make an initial bona fide public offering of all the Bonds at not in excess of the public offering price or prices (nor lower than the yield or yields) set forth in Exhibit A hereto and may subsequently change such offering price or prices (or yield or yields) without any requirement of prior notice to the County. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others, as stated in Paragraph 1 above, at prices lower than the public offering price or prices stated.

5. Representations and Warranties of the County. The County hereby represents and warrants to the Underwriter that:

(a) The County is duly existing under the laws of the State of South Carolina ("State").

(b) The County is authorized by the laws of the State, including particularly the Act, to enact the Ordinance, to issue the Bonds, to enter into this Purchase Contract and to secure the Bonds in the manner contemplated by the Ordinance and the Indenture.

(c) The County has full power and authority to consummate the transactions contemplated by this Purchase Contract, the Bonds, the Ordinance, the Indenture, and the Limited Offering Memorandum.

(d) The County has duly approved and authorized the distribution and use of the Preliminary Limited Offering Memorandum and the execution, delivery and distribution of the Limited Offering Memorandum; the County has delivered the Preliminary Limited Offering Memorandum to the Underwriter, and the County deems the Preliminary Limited Offering Memorandum to be final for the purpose of Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(1) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery dates of the Bonds; the Limited Offering Memorandum will be a final official statement as such term is defined in Rule 15c2-12(b)(1), as of its date; and nothing has come to the County's attention which would lead it to believe that (i) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery date of the Bonds, the information contained in the Preliminary Limited Offering Memorandum is not true and correct in all material respects or contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made in the Preliminary Limited Offering Memorandum, in light of the circumstances under which they were made, misleading; and (ii) the information to be contained in the Limited Offering Memorandum will not be true and correct in all material respects or will contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Limited Offering Memorandum, in light of the circumstances under which they were made, misleading (excluding from (i) and (ii), above, the information relating to DTC and its affiliates and the book-entry-only system of registration and transfer and related information under the caption "THE 2015 BONDS—Book-Entry System"; the information relating to the Underwriter under the caption "UNDERWRITING," the stabilizing language on the inside front cover; the information relating to the Developer under the caption "THE DEVELOPER"; the information relating to the Development under the caption "THE DEVELOPMENT"; and the information contained in APPENDIX A, APPENDIX B, and APPENDIX D).

(e) The County has duly approved the Ordinance and the Indenture and duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance, the Indenture, and in the Limited Offering Memorandum; (ii) the approval of the Limited Offering Memorandum and the execution of the Limited Offering Memorandum by a duly authorized officer; (iii) the application of the proceeds of the Bonds for the purposes described in the Limited Offering Memorandum; and (iv) the execution, delivery and receipt of this Purchase Contract, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered, and received by the County in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Limited Offering Memorandum.

(f) The Bonds, when issued, delivered and paid for as herein and in the Ordinance provided, will have been duly authorized, executed, issued and delivered and will constitute limited obligations of the County entitled to the benefits and security of the Ordinance. The Bonds and the interest thereon do not constitute an indebtedness of the County within the meaning of any provision, limitation or restriction of the South Carolina Constitution (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing indebtedness payable solely from a revenue-producing project not involving revenues from any tax or license) or the laws of the State and are payable by the County solely from the sources set forth above.

(g) The County, immediately after the Closing, will apply the proceeds from the sale of the Bonds as described in the Ordinance, the Indenture, and the Preliminary Limited Offering Memorandum and as more fully described in the certificates delivered at the Closing. The County will not knowingly take or omit to take any action, which action or omission will in any way

cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Ordinance and the Indenture or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(h) Except as stated in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, there is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the County's knowledge, threatened in writing against or directly affecting the County contesting the due organization and valid existence of the County or wherein an unfavorable decision, ruling or finding would, in any way, adversely affect (i) the transactions contemplated hereby or by the Limited Offering Memorandum or the validity or due enactment of the Ordinance or the Indenture, or the validity, due authorization and execution of the Bonds, this Purchase Contract or any agreement or instrument to which the County is a party and which is used or contemplated hereby or by the Limited Offering Memorandum, (ii) the federal tax-exempt status of the interest on the Bonds, (iii) the exemption of interest on the Bonds from taxation in South Carolina as described in Paragraph 5(j) below, (iv) the organization, existence or powers of the County or the title of the Administrator or any of the members of the Council or any officers of the County, or (v) the business, properties or assets or the condition, financial or otherwise, of the County.

(i) The execution and delivery by the County of the Limited Offering Memorandum, this Purchase Contract and the other documents contemplated hereby and by the Limited Offering Memorandum, and the enactment of the Ordinance and compliance with the provisions thereof do not and will not conflict with or constitute on the part of the County a breach of or a default under any existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage or lease by which it is or, on the date of Closing, will be bound, and this Purchase Contract constitutes a legally binding obligation of the County enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

(j) There is no legislation enacted or, to the best of the County's knowledge, pending, the effect of which would be to remove the exemption of the interest on the Bonds from any taxation under the laws of the State, except inheritance or other transfer taxes and certain franchise taxes.

(k) The County has not been notified of any listing or proposed listing of disqualification by the Internal Revenue Service to the effect that the County is a bond issuer that may not certify its bonds.

(l) If, between the date of this Purchase Contract and the Termination of the Disclosure Period (hereinafter defined), any event shall occur to the knowledge of the undersigned which could reasonably cause or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than the information relating to DTC and its affiliates and the book-entry only system of registration and transfer and related information under the "THE 2015 BONDS—Book-Entry System"; the information relating to the Underwriter under the caption "UNDERWRITING," the stabilizing language on the inside front cover; the information relating to the Developer under the caption "THE DEVELOPER"; the information relating to the Development under the caption "THE DEVELOPMENT"; and the information contained in APPENDIX A, APPENDIX B, and APPENDIX D), the County shall

notify the Underwriter, and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the County will at its own expense forthwith prepare and furnish to the Underwriter (1) a sufficient number of copies of an amendment of or supplement to the Limited Offering Memorandum (in form and substance satisfactory to the Underwriter) which will supplement or amend the Limited Offering Memorandum so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading, and (2) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum.

For purposes of this Purchase Contract:

(i) The "Termination of the Disclosure Period" shall mean the later of (1) the earlier of (x) the ninetieth (90th) day following the End of the Underwriting Period (as defined in subparagraph (ii) below) and (y) the time when the Limited Offering Memorandum is available to any person from a nationally recognized municipal securities information repository, and (2) the twenty-fifth (25th) day following the End of the Underwriting Period; and

(ii) The "End of the Underwriting Period" shall mean the later of (1) the Closing Date, unless the County has been notified in writing by the Underwriter on or prior to the Closing Date that the "End of the Underwriting Period" for purposes of Rule 15c2-12 will not occur on the Closing Date and (2) the date on which notice is given to the County by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the County pursuant to clause (1) of this subparagraph (ii) that the "End of the Underwriting Period" will not occur on the Closing Date, the Underwriter agrees to notify the County in writing as soon as practicable of the "End of the Underwriting Period" for purposes of Rule 15c2-12.

(m) Between the time of the County's acceptance hereof and the Closing, the County will not have executed or issued any bonds or notes or incurred any other obligations for borrowed money, in each case, which are payable from, or secured by a pledge of, the same sources securing the Bonds.

6. Closing. At 10:00 a.m., local time, on December [], 2015, or at such other time or such other date as shall have been agreed upon by the County and Underwriter, the County will deliver, or cause to be delivered, to the Underwriter the Bonds, in fully registered form, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds to the County in Federal or other immediately available funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Purchase Contract is a further condition to the obligations of the Underwriter hereunder.

Payment and delivery of the Bonds as aforesaid shall be made at the offices of the County, or at such other place as the County and the Underwriter agree upon, provided, however, that the Bonds will be physically delivered to DTC in New York, New York, or pursuant to arrangements with DTC, to U.S. Bank National Association, as registrar ("Registrar") under the terms of a "FAST" closing. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in book-entry form, in the form of one certificate per maturity and registered in the name of "Cede & Co." At the direction of the County, the Registrar shall release or authorize the release of the Bonds at the Closing to the Underwriter upon receipt of payment for the Bonds as aforesaid. In addition, the County and the

Underwriter agree that there shall be a preliminary closing on [],201[], or on such other date agreed upon by the County and the Underwriter.

7. **Closing Conditions.** The Underwriter's obligation to purchase the Bonds at the Closing is subject to the following conditions which must be performed in a timely fashion as set forth herein: (i) the performance by the County of its obligations to be performed hereunder and (ii) the following conditions, including the delivery by the County of such documents as are enumerated herein in form and substance reasonably satisfactory to the Underwriter:

(a) At the time of Closing, (i) the Limited Offering Memorandum shall not have been amended, modified or supplemented except as may be agreed to by the Underwriter, and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Limited Offering Memorandum, (iii) all official action of the County related to the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and (iv) the County shall have duly enacted and there shall be in full force and effect such proceedings as, in the opinion of McNair Law Firm, P.A. ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) The Underwriter shall have the right to cancel its obligation to purchase the Bonds (and such cancellation shall not constitute a default hereunder by the Underwriter) if between the date hereof and the Closing:

(i) legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by a committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the IRS or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of the general character to be derived by the County or by any similar body, or upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired that have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, that, in the opinion of the Underwriter, the marketability of the Bonds or the market price thereof has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets;

(ii) any legislation, ordinance or regulation shall be enacted or be actively considered for enactment by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered that, in the opinion of the Underwriter, materially and adversely affects the market price of the Bonds;

(iii) any action shall have been taken by the SEC that would require the registration of the Bonds under the Securities Act of 1933, as amended ("1933 Act"), or the qualification of the Ordinance under the Trust Indenture Act of 1939, as amended, or it appears that the Underwriter, by selling the Bonds, would subject itself to liability under the 1933 Act, the 1934 Act or any blue sky law;

(iv) any event shall have occurred or shall exist that, in the opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Limited Offering Memorandum, or (ii) is not reflected in the Limited Offering Memorandum and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect;

(v) there shall have occurred any outbreak of, or escalation in, hostilities or other national or international calamity or crisis or a financial crisis, including, but not limited to, the United States engaging in hostilities, or a Declaration of War or a national emergency by the United States on or after the date hereof which, in the sole opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(vi) trading shall be suspended, or new or additional trading or loan restrictions shall be imposed, by the New York Stock Exchange or other national securities exchange or governmental authority with respect to obligations of the general character of the Bonds or a general banking moratorium shall be declared by federal, South Carolina or New York authorities;

(vii) there shall have occurred any change in the financial condition or affairs of the County or the District the effect of which is, in the sole judgment of the Underwriter, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated by the Limited Offering Memorandum;

(viii) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the County's obligations;

(ix) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning any authority for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the County taken with respect to the issuance and sale thereof;

(x) the "blue sky" or securities commission of any state in the United States has withheld registration, exemption, or clearance of the offering of the Bonds, and, in the sole opinion of the Underwriter, the effect of the withholding will materially and adversely affect the market price or marketability of the Bonds;

(xi) the purchase of and payment for the Bonds by the Underwriter, or their resale or reoffering by the Underwriter, on the terms and conditions contemplated by this Purchase Contract and the Limited Offering Memorandum, is prohibited by any applicable law or governmental regulation or by order of any court, government authority, board, agency, or commission or would subject the Underwriter to liability under the 1933 Act, the 1934 Act, common law or otherwise;

(xii) additional material restrictions not in force on the date of this Purchase Contract have been imposed on trading in securities generally or by a governmental authority or Financial Industry Regulatory Authority, Inc.; or

(xiii) there shall have occurred any event other than those listed above, the effect of which is, in the reasonable and exclusive judgment of the Underwriter, material and adverse to make it impractical or inadvisable to proceed with the offering of the Bonds on the terms and in the manner contemplated by the Limited Offering Memorandum.

(c) At the time of Closing, the County shall have duly adopted all proceedings required by the Act and all other applicable laws and regulations, State or federal, necessary to enable Bond Counsel to deliver an unqualified opinion with respect to due authorization, execution and delivery of the Bonds.

(d) The Underwriter shall have received, within a sufficient time period for such final Limited Offering Memorandum to accompany confirmations delivered by the Underwriter to potential investors in accordance with the Rules of the MSRB but in no event later than seven business days following the date hereof, an adequate quantity of the final Limited Offering Memorandum to enable the Underwriter to meet the continuing obligations imposed on it by Rule 15c2-12 under the 1934 Act; provided, however, that the Underwriter may not terminate its obligations under this Purchase Contract as a result of the failure of this condition to be met unless such failure affects the Underwriter's marketing and sale of the Bonds or subjects the Underwriter to compliance infractions under the SEC or the MSRB delivery requirements.

(e) At or prior to the Closing, the Underwriter shall receive one executed original of the following documents, unless otherwise indicated:

(i) (A) the unqualified approving opinion of Bond Counsel each dated the date of Closing, addressed to the County in substantially the form of Appendix __ of the Limited Offering Memorandum, and (B) supplemental opinion of Bond Counsel, dated the date of Closing and addressed to the Underwriter, in substantially the form set forth in Exhibit B attached hereto;

(ii) a certificate of the County, dated the date of Closing signed by an official of the County, in substantially the form attached hereto as Exhibit C;

(iii) a specimen of the Bonds;

(iv) an opinion of John Weaver, Esquire, Counsel to the County, addressed to the County and the Underwriter, dated the date of Closing in substantially the form attached hereto as Exhibit D;

(v) evidence satisfactory to the Underwriter that the Bonds have been rated "[]" by Moody's Investors Service;

(vi) a certified copy of the Ordinance;

(vii) a copy of the Limited Offering Memorandum executed on behalf of the County by a duly authorized official of the County;

(viii) an executed copy of the Continuing Disclosure Agreement, dated the date of Closing;

(ix) the opinion of Parker Poe Adams & Bernstein LLP, Counsel to the Underwriter, addressed to the Underwriter and dated the date of Closing in substantially the form attached hereto as Exhibit E; and

(x) other certificates of the County or information of the County contained in certificates listed in the Closing Memorandum to be approved by counsel to the County and Bond Counsel, and such additional opinions, as Bond Counsel may reasonably request to evidence (A) compliance by the County with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the respective representations of the County contained herein and (C) the due performance or satisfaction by the County at or prior to such time, of all agreements then to be performed and of all conditions then to be satisfied by the County.

If the County shall be unable to satisfy the conditions or the obligations contained in this Purchase Contract, or if the obligation of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Contract or, at the election of the County, if the Closing shall not occur by the end of business on [], 201[], or such alternative date as the parties may mutually establish, this Purchase Contract shall terminate and neither the Underwriter nor the County shall be under further obligation hereunder; except that the respective obligations to pay expenses to the extent applicable, as provided in Paragraph 13 hereof, shall continue in full force and effect.

The delivery of any certificate that is required to be delivered in accordance with this Purchase Contract shall be deemed to have been made if the terms of that certificate are included to the satisfaction of the Underwriter within any one certificate or any number of other certificates delivered or caused to be delivered by the party responsible for delivery.

8. ***Issue Price Certificate.*** At the Closing, contemporaneously with the receipt of the Bonds, the Underwriter will deliver to the County a receipt therefor and a certificate as to issue price of the Bonds confirming their reasonable expectations regarding the representations set forth in Paragraph 4 hereof and as to such other matters reasonably required in order to enable Bond Counsel to render an opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

9. ***Opinions of Bond Counsel.*** The County will furnish to the Underwriter a reasonable supply of copies of the opinions of Bond Counsel to accompany delivery of the Bonds.

10. ***Annual Audits.*** The County agrees to furnish to the Underwriter, upon request during the life of the outstanding Bonds, a copy of each annual audit report for the District issued by the County from time to time.

11. ***Mutual Performance.*** The obligations of the County hereunder are subject to the performance by the Underwriter of its obligations hereunder.

12. ***Survival of County's Representations, Warranties and Agreements.*** All representations, warranties and agreements of the County hereunder shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter and shall survive delivery and payment of the Bonds.

13. ***Payment of Expenses.*** If the Bonds are sold to the Underwriter by the County, the County shall pay, out of the proceeds of the Bonds, any expenses incident to the performance of its obligations hereunder including but not limited to: (a) the costs of the preparation of the Preliminary Limited Offering Memorandum and final Limited Offering Memorandum for the Bonds, including the costs of all proofs and production of final proof, together with the number of copies which the

Underwriter deems reasonable and the costs of delivery of the Preliminary Limited Offering Memorandum and final Limited Offering Memorandum; (b) the cost of the preparation, printing and delivery of the Bonds in fully registered form; (c) the fees and disbursements of Bond Counsel, Counsel to the Underwriter and any other experts or consultants retained by the County, including the County's Counsel, financial advisor, independent engineers, accountants, consultants and the charges of ratings; and (d) fees and costs of the Trustee.

The Underwriter shall pay (a) all advertising expenses in connection with the public offering of the Bonds; (b) all expenses incurred by it in connection with its public offering and distribution of the Bonds, including, but not limited to, the fees and disbursements of any counsel retained by them (other than fees and disbursements of Counsel to the Underwriter described in Paragraph 13); and (c) the cost of preparing and printing the blue sky and legal investment memoranda and the disbursements for filing fees in connection with the aforesaid blue sky and legal investment memoranda.

14. *Covenants of the County.* The County agrees:

(a) To deliver promptly to the Underwriter such number of conformed copies of the Limited Offering Memorandum (and any amended or supplemented Limited Offering Memorandum) and the Ordinance as the Underwriter may reasonably request;

(b) Not to supplement or amend, or cause to be supplemented or amended, the Limited Offering Memorandum or the Ordinance from the date of this Purchase Contract through the Termination of the Disclosure Period, without the prior written consent of the Underwriter;

(c) Through the Termination of the Disclosure Period, to prepare any amendment or supplement to the Limited Offering Memorandum that may, in the judgment of the County or the Underwriter, be required so that the Limited Offering Memorandum as amended or supplemented will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) To advise the Underwriter immediately of receipt by the County of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(e) To cooperate with the Underwriter including furnishing such information, executing such instruments and taking such other action in cooperation with the Underwriter as may be required to qualify the Bonds for offering and sale under the "blue sky" or other laws of such jurisdictions as the Underwriter may designate; provided that in connection with such qualification the County shall not be obligated to take any action that would subject it to the general service of process in any state where it is not now subject;

(f) Not to take or omit to take any action which action or omission will adversely effect the exemption from federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended; and

(g) Not to take or omit to take any action which action or omission will in any way cause the proceeds of the Bonds to be applied in a manner contrary to that described in the Ordinance or the Limited Offering Memorandum.

15. *Notices.* Any notice or other communication to be given to the County under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any

notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Raymond James & Associates, Inc., 5956 Sherry Lane, Suite 1900, Dallas, Texas 75225, Attention: Lori Sullivan.

16. ***Arm's-Length Transaction.*** The County acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the County and the Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the County; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the County on other matters) nor has it assumed any other obligation to the County except the obligations expressly set forth in this Agreement, (iv) the Underwriter has financial and other interests that differ from those of the County; and (v) the County has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

17. ***Parties in Interest.*** This Purchase Contract is made solely for the benefit of the County and the Underwriter (including any successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof, except that the representation, warranties, and agreements of the County contained in this Purchase Contract shall also be deemed to be for the benefit of the person or persons, if any, who control the Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act. Nothing in this Purchase Contract is intended or shall be construed to give any person, other than the persons referred to in this paragraph, any legal or equitable right, remedy or claim under or in respect of this Purchase Contract or any provision contained herein. All of the representations, warranties and agreements of the County contained herein shall remain in full force and effect, regardless of (a) any investigation made by or on behalf of any Underwriter, (b) delivery of the Bonds and payment of amounts required hereunder by or for the County or (c) any termination of this Purchase Contract.

18. ***Governing Law.*** This Purchase Contract shall be governed by and construed in accordance with the laws of the State.

19. ***Effectiveness; Counterpart Execution.*** This Purchase Contract shall become effective upon your acceptance and execution hereof and may be executed in counterparts and such counterparts shall constitute one and the same instrument.

20. ***No Liability.*** No members of the Council, nor any officer, agent, attorney or employee as such, in his or her individual capacity, past, present or future of the County, either directly or through the County, shall be charged personally by the Underwriter with any liability, or held liable to such Underwriter under any term or provision of this Purchase Contract or because of its execution or contemplated execution, or because of any breach or attempted or alleged breach thereof. It is expressly agreed and understood that the obligations of the County under this Purchase Contract are solely corporate obligations and that no personal liability whatsoever shall attach to, or be incurred by, any past, present or future officer, agent, attorney or employee thereof. All personal liability of any character against every such past, present or future officer, agent, attorney and employee of the County is, by the execution of this Purchase Contract and as a condition of, and as part of the consideration for, the execution of this Purchase Contract, expressly waived and released. The immunity of the past, present or future officers, agents, attorneys and employees of the County under the provision contained in this Section shall survive the termination of this Purchase Contract.

[ONE SIGNATURE PAGE FOLLOWS]
[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURE PAGE TO PURCHASE CONTRACT]

Very truly yours,

By: **RAYMOND JAMES & ASSOCIATES, INC.**

By: _____
Its: _____

Accepted and Agreed to as
of the date first above written,

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Its: _____

EXHIBIT A

The Bonds shall mature on the dates and bear interest at the rates and shall be reoffered at the prices as set forth below:

MATURITY SCHEDULE

\$_____ Serial Bonds

MATURITY (DECEMBER 1)	AMOUNT(\$)	INTEREST RATE(%)	YIELD(%)	MATURITY (DECEMBER 1)	AMOUNT(\$)	INTEREST RATE(%)	YIELD(%)
--------------------------	------------	---------------------	----------	--------------------------	------------	---------------------	----------

\$_____ % Term Bond, due December 1, 20__; Yield: ____%

\$_____ % Term Bond, due December 1, 20__; Yield: ____%

REDEMPTION

Optional Redemption

The Bonds maturing on or after December 1, 20__, are subject to redemption prior to maturity on or after December 1, 20__, at the option of the County, as a whole or in part at any time in such order of their maturities as the County shall determine at the redemption price equal to 100% of the principal amount of the Bonds being redeemed together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The Bonds maturing on December 1, 20__, and 20__, shall be subject to mandatory sinking fund redemption commencing December 1, 20__ and 20__, respectively, and will be redeemed (to the extent not previously redeemed) at 100% of the principal amount of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on December 1, of each of the following years in the respective principal amounts for each year specified below:

<u>YEAR</u>	<u>AMOUNT</u>
-------------	---------------

*Final Maturity for \$ _____ % Term Bond

<u>YEAR</u>	<u>AMOUNT</u>
-------------	---------------

*Final Maturity for \$ _____ % Term Bond

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the County may (i) deliver to the Registrar for cancellation Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the County and cancelled by the Registrar and not theretofore applied as a credit against any mandatory redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registrar, at one hundred percent (100%) of the principal amount thereof, to the obligation of the County on those respective mandatory redemption obligations in such order as the County may direct the Registrar in writing, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

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EXHIBIT B

FORM OF SUPPLEMENTAL BOND COUNSEL OPINION

_____, 2015

Raymond James & Associates, Inc.
Dallas, Texas

Re: \$ _____ Lancaster County, South Carolina Walnut Creek Improvement District
Assessment Refunding Revenue Bonds, Series 2015A-1

We have acted as bond counsel in connection with the issuance by Lancaster County, South Carolina ("County"), of the above-referenced ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(i)(B) of the Purchase Contract dated _____, 2015 ("Purchase Contract"), between the County and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

Reference is made to our approving opinion ("Opinion") of even date herewith as bond counsel addressed to the County delivered in connection with the issuance of the Bonds. You are hereby authorized to rely upon the Opinion to the same extent as if the Opinion were specifically addressed to you, subject to the qualifications and considerations set forth in the Opinion.

In connection therewith, we have examined:

1. The Act.
2. The Purchase Contract.
3. The Limited Offering Memorandum, dated _____, 2015 ("Limited Offering Memorandum"), relating to the Bonds; provided, however, that we have not reviewed any electronic version of the Limited Offering Memorandum and assume that any such version is identical in all respects to the printed version.
4. The Ordinance.
5. The Continuing Disclosure Agreement, dated the date hereof ("Disclosure Agreement").

Based upon the foregoing and examinations of such other documents, and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

1. The Purchase Contract and the Disclosure Agreement, respectively, have been duly authorized, executed and delivered by the County.
2. The Limited Offering Memorandum has been duly authorized, approved and delivered by the County.
3. We have considered the information contained in the Limited Offering Memorandum under the headings entitled: "DESCRIPTION OF THE 2015A-1 BONDS" (other than the information under "Book-Entry System"); "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS"; and in Appendices H and I of the Limited Offering Memorandum entitled "Form of

Continuing Disclosure Agreement” and “Summaries of Principal Documents” and, based upon our review, we are of the opinion that the statements or summaries under such headings (except the information therein related to The Depository Trust Company and its affiliates and the book-entry only system of registration and transfer and related information under the caption “DESCRIPTION OF THE 2015 BONDS—Book-Entry System,” Appendices __ as to which we express no opinion) are, to the extent indicated therein, accurate statements or summaries of the matters set forth or documents referred to therein, and fairly present the information purported to be shown, and the information under the heading “TAX TREATMENT” is true and correct in all material respects.

4. The Ordinance, the Indenture and the Bonds conform as to form and tenor with the terms and provisions thereof as set out in the Limited Offering Memorandum.

5. All conditions precedent to the delivery of the Bonds contained in the Indenture have been fulfilled.

6. The Bonds are presently exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is presently exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

This opinion is rendered to and may be relied upon solely by the Underwriter and may not be relied upon by any other persons, firms or corporations.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

McNAIR LAW FIRM, P.A.

EXHIBIT C

GENERAL CERTIFICATE OF THE COUNTY REQUIRED BY SECTION 7(e)(ii) OF THE PURCHASE CONTRACT

**Re: \$8,615,000 Lancaster County, South Carolina Walnut Creek Improvement District
Assessment Refunding Revenue Bonds, Series 2015A-1**

Pursuant to Section 7(e)(ii) of the Purchase Contract dated December [], 2015 ("Purchase Contract"), between Lancaster County, South Carolina ("County"), and Raymond James & Associates, Inc., as underwriter ("Underwriter"), the undersigned authorized representative of the County hereby certifies as follows:

1. The representations and warranties of the County in the Purchase Contract are true and correct in all material respects as of the date hereof.

2. There is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the County's knowledge, threatened in writing against or directly affecting the County contesting the due organization and valid existence of the County or wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect (A) the transactions contemplated by the Purchase Contract or the Limited Offering Memorandum dated December [], 2015 ("Limited Offering Memorandum"), relating to the above-referenced bonds (the "Bonds"), or the validity, due authorization and execution of the Purchase Contract, the Continuing Disclosure Agreement, dated December [], 2015, or any agreement or instrument to which the County is a party or which is used or contemplated for use in the consummation of the transactions contemplated by the Purchase Contract or by the Limited Offering Memorandum, (B) the federal tax-exempt status of the interest component on the Bonds, (C) the exemption of the interest component on the Bonds from taxation as described in Paragraph 5(j) of the Purchase Contract, (D) the organization, existence or powers of the County or the title of the [] or any of the members of the County Council or any officers of the County except as set forth in the Limited Offering Memorandum, or (E) the business, properties or assets or the condition, financial or otherwise, of the County.

3. The information with respect to the County contained in the Limited Offering Memorandum, relating to the Bonds, is, as of its date, true and correct in all material respects. The information with respect to the County contained in the Limited Offering Memorandum does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and there has not been any material adverse change in the financial condition or operations of the County since the date of the Limited Offering Memorandum which has not been brought to the attention of the Underwriter in writing prior to the date hereof.

4. To the best of the knowledge and belief of the County, the County reasonably expects as of the date hereof that the proceeds of the Bonds will be used as provided in the Limited Offering Memorandum.

IN WITNESS WHEREOF, the undersigned has executed this Certificate in the name and on behalf of the County as of _____, 2015.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Title: _____

EXHIBIT D

[FORM OF OPINION OF THE COUNTY ATTORNEY]

[], 2015

Raymond James & Associates, Inc.
Dallas, Texas

Lancaster County, South Carolina
Lancaster, South Carolina

Re: \$8,615,000 Lancaster County, South Carolina Walnut Creek Improvement District
Assessment Refunding Revenue Bonds, Series 2015A-1

As counsel to Lancaster County, South Carolina, a municipal corporation and political subdivision created pursuant to the laws of the State of South Carolina ("County"), I have considered the validity of the above-referenced bonds (the "Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(iv) of the Purchase Contract dated December [], 2015 ("Purchase Contract"), between the County and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

In connection therewith, I have examined:

1. The Act;
2. The Ordinance;
3. The Purchase Contract;
4. The Indenture;
5. The Limited Offering Memorandum dated _____, 2015 ("Limited Offering Memorandum"), relating to the Bonds, provided, however, that I have not reviewed any electronic version of the Limited Offering Memorandum and assume that any such version is identical in all respects to the printed version;
6. The Continuing Disclosure Agreement, dated the date hereof ("Disclosure Agreement" and with the Indenture and the Purchase Contract, "County Agreements"); and
7. Such other documents and instruments and proceedings of the County as I have deemed relevant.

As to questions of fact material to my opinion, I have relied upon representations and other certifications of officials of the County without undertaking to verify the same by independent investigation.

Based on the foregoing, I am of the opinion that as of this date:

1. The County is a political subdivision validly existing under the Constitution and laws of the State of South Carolina, and has all requisite power and authority (i) to enact and implement the Ordinance and to issue, sell and deliver the Bonds and (ii) to conduct its business as currently being

conducted and as proposed to be conducted and as described in the Limited Offering Memorandum and to carry out the transactions contemplated by the Purchase Contract and the Limited Offering Memorandum.

2. Each of the County Agreements has been duly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery by the applicable parties thereto, constitute a legal, valid and binding agreement enforceable against the County in accordance with its terms (except that the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable); provided, however, that no opinion is expressed as to the enforceability of the indemnity or choice of law provisions thereof.

3. The County has taken all action legally required of it to enact and to implement the Ordinance and to authorize the issuance, sale and delivery of the Bonds. The Ordinance has been duly enacted by the County Council.

4. To the best of my knowledge and after due inquiry, the County is not in default in any material respect under any material agreement or other instrument to which it is a party or by which it may be bound.

5. There are no consents, approvals or authorizations of the State of South Carolina or any local governmental authority required on the part of the County in connection with the enactment and implementation of the Ordinance and the execution and delivery of the Indenture and the Purchase Contract, provided, however, that there is no opinion given with respect to compliance with any state securities laws or "blue sky" laws of any jurisdiction.

6. To the best of my knowledge and after due inquiry and except as disclosed in the Limited Offering Memorandum, there are no proceedings or investigations pending or threatened in writing against the County in any court or before any governmental authority or arbitration board or tribunal, wherein an unfavorable decision, ruling or finding would in any way materially and adversely affect the transactions contemplated by the Indenture, the Purchase Contract and the Limited Offering Memorandum or which, in any way, would adversely affect the validity and enforceability of the Bonds, or any agreement or instrument to which the County is a party and which is used or contemplated by the foregoing.

7. None of the proceedings held or actions taken by the County with respect to the Ordinance, the County Agreements or the Bonds have been repealed, rescinded or revoked.

Very truly yours,

John Weaver, Esquire
County Attorney

EXHIBIT E

FORM OF UNDERWRITER'S COUNSEL OPINION

[], 2015

Raymond James & Associates, Inc.
Dallas, Texas, South Carolina

LANCASTER COUNTY, SOUTH CAROLINA

\$8,615,000 WALNUT CREEK IMPROVEMENT DISTRICT ASSESSMENT REFUNDING REVENUE BONDS, SERIES 2015A-1

Ladies and Gentlemen:

We have acted as counsel to Raymond James & Associates, Inc., as the underwriter ("Underwriter"), in connection with the purchase of the referenced bonds ("Bonds") pursuant to a Purchase Contract, dated December [], 2015 ("Purchase Contract"), between the Underwriter and Lancaster County, South Carolina ("County"). This opinion is delivered to you pursuant to Section 7(e)(ix) of the Purchase Contract. Each capitalized term not otherwise defined in this letter has the meaning assigned to that term in the Purchase Contract.

We have, as your counsel, examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, legal opinions, instruments or records, and have made such investigation of law, as we have deemed appropriate as a basis for the conclusions hereinafter expressed for the purpose of this opinion.

In arriving at the conclusions expressed below, we are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the accuracy of all factual matters represented and legal conclusions contained therein. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Limited Offering Memorandum, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as your counsel, we met in conferences with your representatives and representatives of the County, counsel to the County, McNair Law Firm, P.A., as Bond Counsel, during which conferences the contents of the Limited Offering Memorandum and related matters were discussed. Based on our participation in these conferences, and in reliance on these conferences and on the records, documents, certificates and opinions referenced above, we advise you that, during the course of our representation of you as the Underwriter on this matter, no information came to the attention of the attorneys in our firm rendering legal services in connection with your representation that caused us to believe that the Limited Offering Memorandum as of its date and as of the date of this letter (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning The Depository Trust Company and the book-entry system for the Bonds contained or incorporated by reference in the Limited Offering Memorandum and its Appendices, which we expressly exclude from the scope of this sentence) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Furthermore, we are of the opinion that in connection with the offering and sale of the Bonds, the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and no indenture with respect to the Bonds is required to be qualified pursuant to the Trust Indenture Act of 1939, as amended.

Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinions expressed above are rendered solely for your benefit in connection with the issuance of the Bonds. These opinions may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinions expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED _____, 2015

NEW ISSUE – BOOK-ENTRY ONLY
LIMITED OFFERING

RATINGS:

In the opinion of Bond Counsel, assuming compliance by the County (as defined herein) with certain covenants, interest on the 2015A-1 Bonds (as defined herein) is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions. Interest on the 2015A-1 Bonds is not an item of tax preference in computing the alternative minimum tax on individuals and corporations; however, interest on the 2015A-1 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The 2015A-1 Bonds and the interest thereon will also be exempt from all State of South Carolina ("State"), county, municipal, school district and other taxes or assessments imposed within the State, except estate, transfer taxes and certain franchise taxes. The opinion contains greater detail, and is subject to exceptions, as noted in "TAX TREATMENT" herein.

LANCASTER COUNTY, SOUTH CAROLINA

**\$8,615,000* WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REFUNDING REVENUE BONDS, SERIES 2015A-1**

Dated: Date of Delivery

Due: As shown below

The Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2015A-1 (the "2015A-1 Bonds") are being issued by Lancaster County, South Carolina (the "County"), only in fully registered form, without coupons, in authorized denominations of \$5,000 and any integral multiple thereof. The 2015A-1 Bonds will bear interest at the fixed rates set forth below, calculated on the basis of a 360-day year consisting of twelve thirty-day months, payable semi-annually on each June 1 and December 1, commencing [June 1, 2016]. The 2015A-1 Bonds, when issued, will be registered in the name of Code & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2015A-1 Bonds will be made in book-entry form. Accordingly, principal of and interest on the 2015A-1 Bonds will be paid from the Pledged Revenues (as hereinafter defined) by Wells Fargo Bank, N.A., as trustee (the "Trustee") directly to DTC as the registered owner thereof. See "DESCRIPTION OF THE 2015A-1 BONDS—Book-Entry System" herein.

The 2015A-1 Bonds have been authorized by Ordinance No. 2015-_____ enacted on _____, 2015 (the "Bond Ordinance"), by the County Council (the "Council") of the County, pursuant to the authorization of the County Public Works Improvement Act (codified at Chapter 35 of Title 4, Code of Laws of South Carolina 1976, as amended (the "Act")). The Walnut Creek Improvement District, formerly known as the Edenmoor Improvement District (the "District"), was created by Ordinance No. 713, enacted by the Council on January 30, 2006, as amended by Ordinance No. 2015-_____, enacted by the Council on _____, 2015. The 2015A-1 Bonds are being issued by the County pursuant to a Master Trust Indenture, dated _____, 2015 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture, dated _____, 2015 (the "Supplemental Indenture," together with the Master Indenture, the "Indenture"), by and between the County and the Trustee.

The 2015A-1 Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the Pledged Revenues, which are defined to mean (i) the revenues derived from Assessment A (as hereinafter defined) (including penalties, interest and expenses thereon) imposed in Bond Area 1 (as hereinafter defined) and collected by the County pursuant to the Act (the "Assessments"), and (ii) the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture (except for moneys transferred to the Rebate Fund and moneys on deposit in any Account, of the Debt Service Fund or Debt Service Reserve Fund, relating to a Series of Bonds (as such terms are defined herein) other than the 2015A-1 Bonds, and any investment earnings on such moneys) and such other property as may be contemplated by the Indenture (collectively, the "Trust Estate"). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS" herein.

Pursuant to the Indenture, the 2015A-1 Bonds are subject to optional, extraordinary mandatory and mandatory sinking fund redemption at the times, in the amounts and at the redemption prices as more fully described herein under the caption "DESCRIPTION OF THE 2015A-1 BONDS—Redemption Provisions."

The 2015A-1 Bonds will be issued to (i) refinance a portion of the outstanding 2006A Bonds (as defined herein); (ii) fund the Series 2015A-1 Debt Service Reserve Account (as defined herein); and (iii) pay certain costs and expenses relating to the issuance of the 2015A-1 Bonds, including premium for bond insurance policies or surety bonds. See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS" herein.

THE 2015A-1 BONDS AND THE INTEREST THEREON ARE NOT PAYABLE FROM, NOR ARE THEY A CHARGE UPON, ANY FUNDS OR REVENUES OTHER THAN THE TRUST ESTATE UNDER THE INDENTURE. THE 2015A-1 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE OF SOUTH CAROLINA ("STATE") CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE), AND THE 2015A-1 BONDS DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY. SEE "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS."

This cover page contains certain information for quick reference only. It is not a summary of the 2015A-1 Bonds. Investors must read the entire Preliminary Limited Offering Memorandum to obtain information essential to the making of an informed investment decision. The County deems this Preliminary Limited Offering Memorandum to be final as of this date for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), except for information which may be omitted therefrom pursuant to Rule 15c2-12.

The 2015A-1 Bonds are offered for delivery when, as and if issued by the County and accepted by the Underwriter and subject to the receipt of the approving legal opinion of McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina; and for the County by its counsel, John L. Weaver, Esquire, Lancaster County Attorney, Lancaster, South Carolina. It is expected that the 2015A-1 Bonds will be delivered in book-entry form through the facilities of DTC on or about _____, 2015.

RAYMOND JAMES*

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. Under no circumstances is this Preliminary Limited Offering Memorandum an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of these Bonds in any jurisdiction in which an offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of that jurisdiction.

MATURITY SCHEDULE

YEAR (DECEMBER 1)	CUSIP¹	PRINCIPAL AMOUNT*	INTEREST RATE	PRICE/YIELD
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¹ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. CUSIP data herein is provided by S&P Capital IQ, a division of McGraw-Hill Financial, Inc. CUSIP data herein is provided for convenience of reference only. Neither the County, the Underwriters, nor their agents take responsibility for the accuracy of such data.

REGARDING USE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM

No broker, dealer, salesperson, or other person has been authorized by the County, the State or the Underwriter to give any information or to make any representations, other than those contained in this Preliminary Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Preliminary Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2015A-1 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, R. Joe Harris & Associates, LLC (the "Civil Engineer"), Municap, Inc. (the "Consultant"), Edenmoor Land Acquisition LLC (the "Developer"), and other sources that are believed by the Underwriter to be reliable. The County, the Consultant, the Developer and the Civil Engineer will all, at closing, deliver certificates certifying that certain of the information each supplied does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

The information set forth herein has been obtained from public documents, records and other sources, including the Developer, which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter. The Underwriter has reviewed the information in this Preliminary Limited Offering Memorandum in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Preliminary Limited Offering Memorandum, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the County, the Developer, or the Development (as such term is defined herein), since the date hereof.

Except the information with respect to the Trustee, the Trustee has not provided, or undertaken to determine the accuracy of any of the information contained in this Preliminary Limited Offering Memorandum, and the Trustee makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the 2015A-1 Bonds, or (iii) the tax-exempt status of the interest on the 2015A-1 Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2015A-1 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2015A-1 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE 2015A-1 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN OR WILL BE REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

This Preliminary Limited Offering Memorandum contains certain "forward-looking statements" concerning the County and the Developer's operations, performance and financial condition, including its future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the County or the Developer. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements.

Certain information contained in this Preliminary Limited Offering Memorandum may have been obtained from sources other than records of the District and, while believed to be reliable, is not guaranteed as to completeness or accuracy. References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Preliminary Limited Offering Memorandum for purposes of, and as that term is defined in Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

COUNTY ADMINISTRATOR

Steve Willis

COUNTY COUNCIL MEMBERS

Bob Bundy, Chairman
Brian Carnes, Vice Chairman
Steve Harper, Secretary
Jack Estridge
Larry Honeycutt
Larry McCullough
Charlene McGriff

COUNTY ATTORNEY

John L. Weaver, Esquire
Lancaster, South Carolina

BOND COUNSEL

McNair Law Firm, P.A.
Columbia, South Carolina

COUNSEL TO THE UNDERWRITER

Parker Poe Adams & Bernstein LLP
Columbia, South Carolina

DEVELOPER

Edenmoor Land Acquisition LLC

DEVELOPMENT MANAGER

LStar Development Group, Inc.

CONSULTANT

MuniCap, Inc.

CIVIL ENGINEER

R. Joe Harris & Associates, LLC

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PRELIMINARY LIMITED OFFERING MEMORANDUM SUMMARY

The following summary of certain information contained herein is qualified in its entirety by the detailed information appearing elsewhere in this Preliminary Limited Offering Memorandum. The reader should refer particularly to sections that are indicated for more detailed information.

The Issuer	Lancaster County, South Carolina (the “Issuer” or the “County”), a body politic and political subdivision organized and existing under the Constitution and laws of the State of South Carolina (the “State”).
The Developer	Edenmoor Land Acquisition LLC, a Delaware limited liability company (the “Developer”).
The Development Manager	LStar Development Group, Inc., a North Carolina corporation (the “Development Manager”) is responsible for managing the Developer’s on-site development activities.
The Development	Walnut Creek, formerly known as Edenmoor (the “Development”), is an 868-acre master-planned residential community located in Indian Land, Lancaster County, South Carolina. Located approximately 15 miles south of Charlotte, North Carolina, the Development consists of four major phases, each with multiple phases, of construction that are anticipated to include approximately 2,235 residential units on 553 acres, 299 acres of common open space and recreational areas, and approximately 100,000 square feet of commercial development. Per Metrostudy’s August 6, 2015, Charlotte New Home Market Executive Client Briefing for the 2 nd Quarter of 2015, the Development is ranked as the 2 nd best-selling community in the Charlotte market area in terms of annual starts (224 starts) and market share (2.3%). As of the date of this Preliminary Limited Offering Memorandum, the Development is home to approximately 491 homeowners. Of the remaining 1,749 residential lots that are expected to comprise the Development, approximately 1,046 lots (60%) are either owned by a homebuilding company or subject to an executed purchase and sale agreement or letter of intent with a homebuilding company. Presently, five (5) homebuilding companies are active within the Development, including two regional homebuilding companies and three national homebuilding companies, two of which were ranked as the #1 and #2 home builders in Builder magazine’s list of top 200 builders for 2015 based on number of closings, gross revenues, and other factors.
History of the Development	The Development was originally owned by Lawson’s Bend, L.L.C. (the “Prior Developer”). As a result of poor economic conditions and a depressed local real estate market, the Prior Developer failed to pay <i>ad valorem</i> real property taxes and assessments as they became due. These actions resulted in the Prior Developer losing ownership of the Development through foreclosure. The Prior Developer’s failure to pay assessments also lead to a payment default on the 2006 Bonds (as defined herein) on June 1, 2010. After a lengthy foreclosure process, in October of 2011 the Developer and its affiliate,

Edenmoor Land Acquisition II, LLC, acquired all of the land owned by the Prior Developer. Another affiliate of the Developer, Edenmoor Acquisition, LLC, acquired the majority of the outstanding 2006 Bonds, and presently owns 100% of the outstanding 2006 Bonds. The Development has experienced a significant resurgence over the past four years as a result of the Developer and its affiliates having invested over \$28 million to rehabilitate certain infrastructure built by the Prior Developer, correct regulatory deficiencies, build additional new infrastructure and in-tract improvements, and construct new common areas and amenities. Within several months of the Developer's involvement, all known regulatory issues and infrastructure deficiencies caused by the Prior Developer's abandonment of the Development were resolved.

The Development Agreement

The Development is subject to the terms of a Development Agreement, dated June 13, 2006, among the Prior Developer and the County, and a Development Rights Transfer for the Edenmoor Development Agreement, dated October 26, 2011, among the Developer, Edenmoor Land Acquisition II, LLC (an affiliate of the Developer), the County and the Lancaster County Forfeited Land Commission.

The Improvement District

Walnut Creek Improvement District, formerly known as the Edenmoor Improvement District (the "District"), is a public improvement district created pursuant to the County Public Works Improvement Act, codified as Chapter 35 of Title 4 of the Code of Laws of South Carolina 1976, as amended (the "Act").

Collection by the County

The County has adopted proceedings to fund the costs of financing the Project through the imposition and collection of the Assessments. The Assessments constitute a lien on the real property in Bond Area 1, superior to all other liens except the liens for property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for property taxes, and there is no State case law on point. Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes. If the owner of any lot or parcel of land is delinquent in the payment of any tax or assessment, including the Assessments, then the County Treasurer will move, as provided by law, to collect delinquent taxes, assessments, including the Assessments, penalties, and costs for their collection.

Bond Area 1

Bond Area 1 (the "Bond Area 1") is a sub-divided area of the District created pursuant to Ordinance No. 2015-_____ enacted by the County Council (the "Council") of the County on _____, 2015. Bond Area 1 contains specific parcels within the Development as described herein, which, excepting six (6) residential lots owned by the Developer and one parcel owned by the Walnut Creek Residential Property Owners Association, Inc., are either owned by homeowners

or a homebuilding company, or subject to an executed purchase and sale agreement with a homebuilding company. The total taxable value of all property within Bond Area 1 totals approximately \$130 million.

**Description of the
2015A-1 Bonds**

The \$8,615,000* Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2015A-1 (the "2015A-1 Bonds") of the County are dated _____, 2015, and mature on December 1 in each of the years and in the amounts set forth on the inside cover page hereof. Interest on the 2015A-1 Bonds accrues at the respective rates shown on the inside cover hereof from the date of initial delivery thereof and is payable on [June 1, 2016], and on each December 1 and June 1 thereafter until maturity or prior redemption. The 2015A-1 Bonds have been authorized by Ordinance 2015-____ enacted by the Council on _____, 2015 (the "Bond Ordinance"), pursuant to the authorization of the Act. The 2015A-1 Bonds are being issued pursuant to a Master Trust Indenture, dated _____, 2015 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture, dated _____, 2015 (the "Supplemental Indenture," together with the Master Indenture, the "Indenture"), by and between the County and Wells Fargo Bank, N.A., a national banking association, as trustee (the "Trustee").

**Description of the
2006 Bonds**

The Council enacted Ordinance No. 733 on April 24, 2006, pursuant to which the County issued its \$24,115,000 Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A (the "2006A Bonds"), and its \$11,500,000 Edenmoor Improvement District Assessment Revenue Bonds, Series 2006B (the "2006B Bonds," together with the 2006A Bonds, the "2006 Bonds").

Use of Proceeds

The proceeds of the sale of the 2015A-1 Bonds will be used to (i) refinance a portion of the outstanding 2006A Bonds; (ii) fund the Series 2015A-1 Debt Service Reserve Account; and (iii) pay certain costs and expenses relating to the issuance of the 2015A-1 Bonds, including premium for bond insurance policies or surety bonds.

Redemption

The 2015A-1 Bonds maturing on and after December 1, 20____, are subject to optional redemption prior to maturity, in whole or in part from time to time, on and after December 1, 20____, as described herein. The 2015A-1 Bonds are also subject to Mandatory and Extraordinary Mandatory Redemption as described herein.

Mandatory Redemption

The 2015A-1 Bonds maturing on December 1, 20____, are also subject to mandatory sinking fund redemption, by lot or other customary method of random selection designated by the Trustee, at a price equal to the principal amount thereof plus accrued interest to the date of redemption as described herein under as described herein.

Source of Payment

The 2015A-1 Bonds are payable solely from and secured by a lien on and pledge of the Pledged Revenues, which consist of, among other

things, (i) the revenues derived from Assessment A (including penalties, interest and expenses thereon) imposed on Bond Area 1 and collected by the County pursuant to the Act (the "Assessments"), (ii) the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture, except for moneys and funds held in any Account established for a particular Series of Bonds in the Rebate Fund and moneys on deposit in any Account of the Debt Service Fund or Debt Service Reserve Fund relating to a Series of Bonds other than the 2015A-1 Bonds, and such other property as may be contemplated by the Indenture (collectively, the "Trust Estate"). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS" herein.

As provided in the Act, the Assessments constitute a lien on the real property in the District superior to all other liens except the liens for real property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for real property taxes, and there is no State case law on point. Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes.

Within the limits of the Rate Study (as defined herein), the County may adjust the Assessments levied on all property within Bond Area 1 to provide an amount required to pay debt service on the 2015A-1 Bonds and to pay all annual Administrative Expenses. However, the amount of the Assessments that may be levied against a particular parcel within Bond Area 1 is subject to the amount of the Assessments provided in the Rate Study approved by the County.

THE 2015A-1 BONDS AND THE INTEREST THEREON ARE NOT PAYABLE FROM, NOR ARE THEY A CHARGE UPON, ANY FUNDS OR REVENUES OTHER THAN THE TRUST ESTATE UNDER THE INDENTURE. THE 2015A-1 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE), AND THE 2015A-1 BONDS DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY. NO OWNER OF 2015A-1 BONDS OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER

**AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE
MASTER INDENTURE, THE SUPPLEMENTAL
INDENTURE OR THE 2015A-1 BONDS.**

Other Characteristics

The 2015A-1 Bonds will be issued in fully registered form in the denomination of \$5,000 and in integral multiples thereof, and will be in book-entry-only form. See “**DESCRIPTION OF THE 2015A-1 BONDS—Book-Entry System.**”

**Professionals Involved
In Offering**

McNair Law Firm, P.A., Columbia, South Carolina, is serving as Bond Counsel to the County. Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, is serving as legal counsel to the Underwriter. R. Joe Harris & Associates, LLC, Fort Mill, South Carolina, is serving as the civil engineer. Municap, Inc., Charleston, South Carolina, is serving as the assessment consultant for the District.

Legal Opinion

The legal opinion of McNair Law Firm, P.A. Columbia, South Carolina, substantially in the form set forth in Appendix G hereto will be delivered on the date of issuance of the 2015A-1 Bonds.

LANCASTER COUNTY, SOUTH CAROLINA
\$8,615,000* WALNUT CREEK IMPROVEMENT DISTRICT
ASSESSMENT REFUNDING REVENUE BONDS, SERIES 2015A-1

INTRODUCTION

This Preliminary Limited Offering Memorandum, including the cover page and appendices hereto, is to set forth certain information in connection with the offering and issuing by Lancaster County, South Carolina (the "County"), of its \$8,615,000* Walnut Creek Improvement District, Assessment Refunding Revenue Bonds, Series 2015A-1 (the "2015A-1 Bonds").

Unless otherwise defined herein, capitalized terms used throughout this Preliminary Limited Offering Memorandum are defined in the Indenture (as defined herein), as summarized in Appendix I hereto.

This introduction briefly describes the contents of this Preliminary Limited Offering Memorandum and is qualified by reference to the entire contents hereof, including the Appendices hereto, as well as the documents summarized or described herein.

AUTHORIZATION

The 2015A-1 Bonds have been authorized by Ordinance No. 2015__ enacted on ____, 2015 (the "Bond Ordinance"), by the County Council (the "Council") of the County, pursuant to the authorization of the County Public Works Improvement Act (codified at Chapter 35 of Title 4, Code of Laws of South Carolina 1976, as amended (the "Act")). The 2015A-1 Bonds are being issued pursuant to a Master Trust Indenture, dated ____ 1, 2015 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture, dated ____ 1, 2015 (the "Supplemental Indenture," together with the Master Indenture, the "Indenture"), by and between the County and Wells Fargo Bank, N.A., a national banking association, as trustee (the "Trustee").

THE DISTRICT, THE 2006 BONDS, AND THE DEVELOPMENT

The Walnut Creek Improvement District, formerly known as the Edenmoor Improvement District (the "District"), was created by Ordinance 713, enacted by the Council on January 30, 2006, as amended by Ordinance No. 2015__, enacted by the Council on ____, 2015 (as so amended, the "District Ordinance"). A map of the District is shown in Appendix C hereto. The District is located approximately 15 miles south of uptown Charlotte, North Carolina, approximately 12 miles from Charlotte-Douglas International Airport and approximately five miles from Interstate 485, the outer beltway around Charlotte. The District was renamed to "Walnut Creek" pursuant to the terms of the District Ordinance. In addition, the District Ordinance subdivided the District by separating the parcels comprising the Development into three bond areas: Bond Area 1, Bond Area 2, and Bond Area 3 (each a "Bond Area"). See Appendix A, "THE DEVELOPMENT."

The Council enacted Ordinance No. 733 on April 24, 2006, pursuant to which the County issued its \$24,115,000 Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A, outstanding in the amount of \$22,325,000 (the "2006A Bonds"), and its \$11,500,000 Edenmoor Improvement District Assessment Revenue Bonds, Series 2006B, outstanding in the amount of \$2,280,000 (the "2006B Bonds," together with the 2006A Bonds, the "2006 Bonds"). The proceeds of the 2006 Bonds were utilized to fund (i) the acquisition and construction of approximately \$29,250,000 of public improvements in Phases 1 and 2 (as defined herein) of the Development, (ii) deposits to a capitalized interest account, a debt service reserve account and an administrative expense account, and (iii) costs of issuance.

The Development is an 868-acre master-planned residential community located in the County, in Indian Land, South Carolina. Located approximately 15 miles south of Charlotte, North Carolina, the Development consists of four major phases, each with multiple smaller phases, of construction that are projected to include approximately 2,235 residential units on 553 acres, 299 acres of common open space and recreational areas, and approximately 100,000 square feet of commercial development.

The Development is subject to the terms of a Development Agreement dated, June 13, 2006, among the Prior Developer and the County, and a Development Rights Transfer For The Edenmoor Development agreement dated October 26, 2011 among the Developer, Edenmoor Land Acquisition II, LLC (an affiliate of the Developer), the County, and the Lancaster County Forfeited Land Commission (the "FLC").

Per Metrostudy's August 6th, 2015, Charlotte New Home Market Executive Client Briefing for the Second Quarter of 2015, the Development is ranked as the 2nd best-selling community in the Charlotte market area in terms of annual starts (224 starts) and market share (2.3%). As of the date of this Preliminary Limited Offering Memorandum, the Development is home to approximately 491 homeowners. Of the remaining 1,744 residential lots that are expected to comprise the Development, approximately 1,046 lots (60%) are either owned by a homebuilding company or subject to an executed purchase and sale agreement or letter of intent with a homebuilding company. Presently, there are five (5) homebuilders actively building in the Development, including two regional homebuilding companies and three national homebuilding companies, two of which were ranked as the #1 and #2 home builders in Builder magazine's list of top 200 builders for 2015 based on number of closings, gross revenues, and other factors. The Developer expects at least two (2) additional homebuilders to be active in Phases 2 and 3 (as defined herein) of the Development.

The Development was originally owned by Lawson's Bend, L.L.C. ("Prior Developer"). As a result of poor economic conditions and a depressed local real estate market, the Prior Developer failed to pay *ad valorem* real property taxes and assessments. These actions resulted in the Prior Developer losing ownership of the Development through foreclosure. The Prior Developer's failure to pay assessments also lead to a payment default on the 2006 Bonds (as defined herein) on June 1, 2010. After the Prior Developer's failure to pay assessments and *ad valorem* real property tax payments, the FLC acquired substantially all of the land comprising the Development (less and excepting approximately 69 individual-owned homes) on November 3, 2010, through foreclosure. The foreclosure eliminated a mortgage lien held by Bank of America in the amount of approximately \$17.5 million, in addition to approximately \$4 million in other liens and approximately \$5 million in developer equity. The Prior Developer's nonpayment of assessments also resulted in a payment default with respect to the 2006 Bonds. In October of 2011, the Developer and its affiliate, Edenmoor Land Acquisition II, LLC, acquired from the FLC substantially all of the land comprising the Development. Another affiliate of the Developer, Edenmoor Acquisition LLC, is the sole owner of all of the outstanding 2006 Bonds (the "Sole Bondholder"). See Appendix A "THE DEVELOPMENT."

Since its acquisition by the Developer and its affiliates, the Development has been stabilized and experienced a strong resurgence as a result of the efforts of the Developer and its affiliates. These efforts include the investment or expenditure of more than \$28 million towards the rehabilitation of infrastructure, correction of regulatory deficiencies, completion of new infrastructure, construction of new common areas, and completion of amenities. The chart below provides a further break down of the amounts expended by the Developer and its affiliates:

<u>Description</u>	<u>Approximate Expenditure</u>
Common Areas	\$1,173,520
County Park	1,640,735

Amenity Costs	1,731,100
Phase 1 Development Costs*	2,737,725
Phase 2 Development Costs*	7,916,630
Phase 3 Development Costs*	6,231,740
Soft Costs**	3,589,490
Taxes & Insurance	3,161,005
Total	<u>\$28,181,945</u>

*Phase 1, 2, & 3 Development Costs include planning, design, engineering, grading, utilities, paving, curbs, sidewalks, landscaping, monumentation costs, development fees, and offsite improvements.

**Soft Costs include management fees, professional fees, HOA deficit funding, meals & entertainment, travel costs, and utilities.

Within several months of the Developer's involvement, all known regulatory issues and infrastructure deficiencies caused by the Prior Developer's abandonment of the Development were resolved. The Supplemental Report of the Civil Engineer (the "Supplemental Report") attached as Appendix D describes the current status of all public facilities conveyed to the County (EMS Station, County Park, and Greenway System), road improvements, master water and sewer infrastructure, and environmental obligations of the Developer, pursuant to the Development Agreement. In addition, the Supplemental Report provides a summary of the status of in-tract improvements within the multiple phases of the Development.

BOND AREA 1

Bond Area 1 ("Bond Area 1") is a sub-divided area of the District created pursuant to Ordinance No. 2015-_____ enacted by the Council on _____, 2015. Bond Area 1 consists of 840 specific lots/parcels of land within the Development which, excepting six (6) residential lots owned by the Developer and one (1) parcel owned by the Walnut Creek Residential Property Owners Association, Inc., are either owned by homeowners or a homebuilding company, or subject to an executed purchase and sale agreement with a homebuilding company. Lots within Bond Area 1 are located within the following phases of the Development:

<u>Phase of Development</u>	<u>Number of Lots/Parcels</u>
Phase 1	432
Phase 2B	156
Phase 2C (portion of)	78
Phase 2D (portion of)	22
Phase 3A	12
Phase 3B	<u>140</u>
	<u>840</u>

As of the date of this Preliminary Limited Offering Memorandum, ownership of developable land within Bond Area 1 consists of the following:

<u>Owner</u>	<u>Developable Parcels/Lots</u>	<u>Percentage Ownership</u>
Home Owners	491	58.5%
Edenmoor Land Acquisition, LLC (a)	205	24.4
Bonterra Builders, LLC (b)	49	5.8
Lennar Carolinas, LLC (b)	35	4.2
Eastwood Construction LLC (b)	29	3.5
D.R. Horton Inc. (b)	16	1.9
The Ryland Group Inc. (b)	14	1.7
Walnut Creek Residential Property Owners Association, Inc. (c)	<u>1</u>	<u>0.1</u>
	<u>840</u>	<u>100.0%</u>

- (a) Of the 205 parcels/lots owned by Edenmoor Land Acquisition, LLC, 199 parcels/lots (97.1%) are subject to executed purchase and sale agreements with 3 homebuilding companies.
- (b) Includes affiliates of such companies.
- (c) Walnut Creek Residential Property Owners Association, Inc. owns the 7,000 sq. ft. club house and pool facility

The total taxable of all property within Bond Area 1 totals approximately \$130 million.

THE DEVELOPER

The Developer is Edenmoor Land Acquisition LLC, a Delaware limited liability company. See “**THE DEVELOPER**” herein.

THE DEVELOPMENT MANAGER

The Development Manager is LStar Development Group, Inc., a North Carolina corporation (the “Development Manager”) pursuant to an Amended and Restated Management Agreement among the Developer, the Developer’s affiliate, Edenmoor Land Acquisition II, LLC, and the Development Manager. See “**THE DEVELOPMENT MANAGER**” herein.

USE OF PROCEEDS OF THE 2015A-1 BONDS

The 2015A-1 Bonds are being issued to (i) refinance a portion of the outstanding Series 2006A Bonds (as defined herein); (ii) fund the Series 2015A-1 Debt Service Reserve Account; and (iii) pay certain costs and expenses relating to the issuance of the 2015A-1 Bonds, including premium for bond insurance policies or surety bonds. See “**ESTIMATED SOURCES AND USES OF BOND PROCEEDS**” and “**THE PROJECT**” herein.

SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS

The 2015A-1 Bonds are payable solely from and secured by a lien and pledge of the Pledged Revenues, which consist of, among other things, Assessment A (including penalties, interest and expenses

thereon) imposed on Bond Area 1 and collected by the County pursuant to the Act (the "Assessments"), the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture, except for moneys and funds held in any Account established for a particular Series of Bonds in the Rebate Fund and moneys on deposit in any Account of the Debt Service Fund or Debt Service Reserve Fund relating to a Series of Bonds other than the 2015A-1 Bonds, and such other property as may be contemplated by the Indenture (collectively, the "Trust Estate"). See **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS"** herein.

As provided in the Act, the Assessments constitute a lien on the real property in the District superior to all other liens except the liens for real property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for real property taxes, and there is no State case law on point. Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes.

THE 2015A-1 BONDS AND THE INTEREST THEREON ARE NOT PAYABLE FROM, NOR ARE THEY A CHARGE UPON, ANY FUNDS OR REVENUES OTHER THAN THE TRUST ESTATE UNDER THE INDENTURE. THE 2015A-1 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE), AND THE 2015A-1 BONDS DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY. NO OWNER OF 2015A-1 BONDS OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE OR THE 2015A-1 BONDS.

NO OBLIGATION OF COUNTY WITH RESPECT TO THE 2015A-1 BONDS

The 2015A-1 Bonds and the interest thereon are not payable from, nor are they a charge upon, any funds or revenues other than the Trust Estate under the Indenture. The 2015A-1 Bonds do not constitute a general obligation or indebtedness of the County within the meaning of any State of South Carolina (the "State") constitutional provision or statutory limitation (other than Article X, Section 14(10) of the State Constitution authorizing indebtedness payable solely from a source of revenues derived other than from a tax or license), and the 2015A-1 Bonds do not constitute either a pledge of the full faith and credit or a charge against the general credit or taxing power of the County. No owner of 2015A-1 Bonds or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the County or any other public authority or governmental body to pay debt service or to pay any other amounts required to be paid pursuant to the Master Indenture, the Supplemental Indenture or the 2015A-1 Bonds. See **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS"** herein.

CONSULTANTS

R. Joe Harris & Associates, LLC (the "Civil Engineer"), has been engaged to update the status of the various infrastructure serving the District and Bond Area 1 and has provided the Supplemental Report of Civil Engineer, included as Appendix D hereto. MuniCap, Inc., a consulting firm ("Consultant"), developed the Assessment Roll for Bond Area 1, including Rate and Method of Apportionment of Assessments (the "Rate Study") set forth in Appendix E hereto.

BOND OWNERS' RISKS

The purchase of the 2015A-1 Bonds involves significant investor risks. Payment of debt service on the 2015A-1 Bonds may be dependent on, among other things, the commercial success of the Development and upon timely payment of the Assessments. There can be no assurance that these or any other risks will not affect the willingness or ability of the Developer and any subsequent owners of real property in the District (the "Subsequent Landowners" and, together with the Developer, "Landowners") to make timely payment of the Assessments. See **"BOND OWNERS' RISKS"** and **"SUITABILITY FOR INVESTMENT"** herein for a discussion of certain risk factors which should be considered, in addition to the matters set forth herein, when evaluating the investment quality of the 2015A-1 Bonds.

GENERAL INFORMATION RELATING TO THE 2015A-1 BONDS

The 2015A-1 Bonds will be dated the date of their delivery, will be issued in one series and will mature in the years and amounts and will bear interest (based on a 360-day year consisting of twelve 30-day months) from their date at such rates, payable semiannually on June 1 and December 1 (each, an "Interest Payment Date"), commencing [June 1, 2016], all as set forth on the cover page of this Preliminary Limited Offering Memorandum.

The 2015A-1 Bonds are issuable as fully registered bonds in authorized denominations of \$5,000 and any integral multiple thereof. Initially, a single bond for each maturity shall be issued and, when issued, will be registered to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the 2015A-1 Bonds will be made in book-entry form only.

REDEMPTION

The 2015A-1 Bonds are subject to mandatory redemption on each December 1, commencing December 1, 20___. See **"DESCRIPTION OF THE 2015A-1 BONDS—REDEMPTION PROVISIONS"** herein.

The 2015A-1 Bonds shall be subject to redemption at the option of the County as a whole or in part, at any time on or after December 1, 20_____ (less than all 2015A-1 Bonds to be selected by lot), at the redemption prices (plus accrued interest from the most recent Interest Payment Date to the redemption date) as set forth in **"DESCRIPTION OF THE 2015A-1 BONDS—REDEMPTION PROVISIONS"** herein.

The 2015A-1 Bonds are subject to extraordinary mandatory redemption by the County prior to maturity in whole, on any date, or in part, on any Interest Payment Date, at the redemption price of 100% of the principal amount of the 2015A-1 Bonds to be redeemed, without premium, if any of the following events occur and funds are deposited into the Series 2015A-1 Prepayment Account or the Series 2015A-1 General Account within the Bond Redemption Fund in connection therewith: (i) Landowners prepay any Assessments prior to the time such Assessments are due; (ii) the amounts on deposit in the Series 2015A-1 Debt Service Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2015A-1 Bonds then Outstanding, including accrued interest thereon; (iii) excess moneys are available and transferred from the Series 2015A-1 Revenue Account to the Series 2015A-1 General Account within the Bond Redemption Fund; (iv) after condemnation or sale of any portion of the Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Project to the Trustee for deposit into the Series 2015A-1 General Account within the Bond Redemption Fund; (v) after the damage or destruction of all or substantially all of the Project to such extent that, in the reasonable opinion of the County, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the County to the Trustee for deposit to the Series

2015A-1 General Account within the Bond Redemption Fund; and (vi) the amounts on deposit in the Series 2015A-1 Debt Service Reserve Accounts are in excess of the Series 2015A-1 Debt Service Reserve Requirement as provided in the Indenture. See **“DESCRIPTION OF THE 2015A-1 BONDS—Redemption Provisions”** and **“SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS”** herein.

NOTICES TO 2015A-1 BONDHOLDERS

Redemption notices to the registered owners of the 2015A-1 Bonds (the “2015A-1 Bondholders”) shall be given not less than 30 days nor more than 60 days prior to the date fixed for redemption to the 2015A-1 Bondholders whose 2015A-1 Bonds are called for redemption at their addresses appearing on the registration books for the 2015A-1 Bonds. So long as a book-entry only system is used for registration of the 2015A-1 Bonds, any notice of redemption or other notices will be sent only to DTC or its nominee, as the registered owner of the 2015A-1 Bonds.

SECONDARY MARKET DISCLOSURE

The Developer and the County have agreed to provide certain financial information, operating information and notice of the occurrence of certain events with respect to the 2015A-1 Bonds, if material. See **“CONTINUING DISCLOSURE”** herein and Appendix H, **“FORM OF CONTINUING DISCLOSURE AGREEMENT”** hereto.

TAX TREATMENT

Assuming compliance by the County with certain covenants, interest on the 2015A-1 Bonds is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions. Interest on the 2015A-1 Bonds is not an item of tax preference in computing the alternative minimum tax on individuals and corporations; however, interest on the 2015A-1 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The 2015A-1 Bonds and the interest thereon will also be exempt from all State, county, municipal, school district and other taxes or assessments imposed within the State, except estate, transfer taxes and certain franchise taxes. The opinion contains greater detail, and is subject to exceptions, as noted in **“TAX TREATMENT”** herein.

ADDITIONAL INFORMATION

Prospective investors in the 2015A-1 Bonds should read this entire Preliminary Limited Offering Memorandum, including the appendices hereto, in order to make an informed investment decision. The appendices to, and all footnotes in, this Preliminary Limited Offering Memorandum constitute a part of this Preliminary Limited Offering Memorandum and contain information which any potential investor should read in conjunction with the other parts of this Preliminary Limited Offering Memorandum in order to make an informed investment decision. This Preliminary Limited Offering Memorandum speaks only as of its date and the information contained herein is subject to change.

There follows in this Preliminary Limited Offering Memorandum a brief description of the District, the Project, the Developer, the Development and the County, together with summaries of the terms of the 2015A-1 Bonds, the Indenture and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such document and statute and all references to the 2015A-1 Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. The information herein under the captions

"THE DEVELOPMENT" and **"THE DEVELOPER"** has been furnished by the Developer and not by the County or the Underwriter. During the initial offering period for the 2015A-1 Bonds, inquiries for documents or concerning this Preliminary Limited Offering Memorandum should be directed to Raymond James & Associates, Inc., 5956 Sherry Lane, Suite 1900, Dallas, Texas 75225, Attention: Lori Sullivan.

Prospective investors in the 2015A-1 Bonds are invited to visit the District, ask questions of representatives of the Developer and representatives of the County and to request documents, instruments and information which may not necessarily be referred to, summarized or described herein. Therefore, prospective investors should utilize the information appearing in this Preliminary Limited Offering Memorandum within the context of and in conjunction with availability of such additional information and the sources thereof. Prospective investors may request such additional information and arrange to visit the District as described in the preceding paragraph and under the caption **"SUITABILITY FOR INVESTMENT"** herein.

DESCRIPTION OF THE 2015A-1 BONDS

GENERAL DESCRIPTION

The 2015A-1 Bonds are issuable as fully registered bonds in authorized denominations of \$5,000 and any integral multiple thereof.

The 2015A-1 Bonds will be dated their date of issuance, and will bear interest at the fixed rates per annum set forth on the inside cover page hereof from the Interest Payment Date to which interest has been paid next preceding their date of authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such 2015A-1 Bond has been paid, in which event such 2015A-1 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2015A-1 Bonds, in which event, such 2015A-1 Bond shall bear interest from its date. Interest on the 2015A-1 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The 2015A-1 Bonds will mature, subject to the redemption provisions set forth below, on the dates and in the amounts set forth on the inside cover page hereof.

The 2015A-1 Bonds will be initially issued in the form of a single fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of the 2015A-1 Bonds will be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the initial bond depository. All of the Outstanding 2015A-1 Bonds will be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC (see **"DESCRIPTION OF THE 2015A-1 BONDS-BOOK-ENTRY SYSTEM"**).

During the period for which Cede & Co. is the registered owner of the 2015A-1 Bonds, any notices to be provided to owners of 2015A-1 Bonds will be provided to Cede & Co. DTC shall be responsible for notices to Direct Participants and Direct Participants shall be responsible for notices to Indirect Participants, and Direct Participants and Indirect Participants shall be responsible for notices to Beneficial Owners (as such terms are hereinafter defined).

The Indenture provides that the County, the Trustee or the Paying Agent shall deem and treat the person in whose name any 2015A-1 Bond is registered as the absolute owner thereof (whether or not such 2015A-1 Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the County, the Trustee or any Paying Agent) for the purpose of receiving payment of or on account of the principal or Redemption Price of and interest on such 2015A-1 Bond, and for all other purposes, and the County, the Trustee and any Paying Agent shall not be affected by any

notice to the contrary. All such payments so made to any such owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such 2015A-1 Bond.

Wells Fargo Bank, N.A., is the Trustee and Paying Agent for the 2015A-1 Bonds.

REDEMPTION PROVISIONS

Optional Redemption

The 2015A-1 Bonds are not subject to optional redemption prior to December 1, 20___. The 2015A-1 Bonds maturing after _____, may, at the option of the County, be called for redemption prior to maturity as a whole or in part, at any time, on or after December 1, 20___, at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the date of redemption.

If less than all of the 2015A-1 Bonds are called for redemption, the Trustee shall select the 2015A-1 Bonds or portions of the 2015A-1 Bonds to be redeemed by lot in such reasonable manner as the Trustee in its discretion may determine. The portion of 2015A-1 Bonds to be redeemed shall be in an Authorized Denomination.

Mandatory Redemption

The 2015A-1 Bonds are subject to mandatory redemption in part by the County by lot prior to their scheduled maturity from moneys in the Series 2015A-1 Sinking Fund Account established under the Indenture in satisfaction of Sinking Fund Installments (as defined in the Indenture) at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

[]

As more particularly set forth in the Indenture, any 2015A-1 Bonds that are purchased by the County with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the Sinking Fund Installment of 2015A-1 Bonds. In addition, the above Sinking Fund Installments are subject to recalculation, as provided in the Indenture, as the result of certain purchases or the redemption of 2015A-1 Bonds other than in accordance with scheduled Sinking Fund Installments so as to re-amortize the remaining Outstanding principal of the 2015A-1 Bonds.

Extraordinary Mandatory Redemption

The 2015A-1 Bonds are subject to extraordinary mandatory redemption prior to maturity by the County in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price of 100% of the principal amount of the 2015A-1 Bonds to be redeemed, without premium, plus interest accrued to the date of redemption, as follows:

- (a) from Series 2015A-1 Prepayment Principal deposited into the Series 2015A-1 Prepayment Account within the Bond Redemption Fund following the payment in whole or in part of Assessments on any portion of the property within the District in accordance with the provisions of the Indenture, including excess moneys transferred from the Series 2015A-1 Debt

Service Reserve Account to the Series 2015A-1 General Account within the Bond Redemption Fund resulting from such Assessment prepayments pursuant to the Indenture (for more information regarding Prepayments and the right to prepay Assessments, see **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS—DEPOSIT AND APPLICATION OF THE PLEDGED REVENUES AND PREPAYMENTS"** and **"ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL—COLLECTION PROCEDURES"** herein); or

(b) from moneys, if any, on deposit in the Series 2015A-1 Accounts and Series 2015A-1 Subaccounts in the Series 2015A-1 Funds and Series 2015A-1 Accounts (other than the Rebate Fund) sufficient to pay and redeem all Outstanding 2015A-1 Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Indenture; or

(c) from excess moneys transferred from the Series 2015A-1 Revenue Account to the Series 2015A-1 General Account within the Bond Redemption Fund in accordance with the Indenture; or

(d) following condemnation or the sale of any portion of the Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Project to the Trustee by or on behalf of the County for deposit into the Series 2015A-1 General Account within the Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the County to redeem 2015A-1 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the County shall describe to the Trustee in writing; or

(e) following the damage or destruction of all or substantially all of the Project to such extent that, in the reasonable opinion of the County, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the County to the Trustee for deposit to the Series 2015A-1 General Account within the Bond Redemption Fund which moneys shall be applied by the Issuer to redeem 2015A-1 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least 45 days prior to such extraordinary mandatory redemption, the County shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Civil Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable; or

(f) from amounts on deposit in the Series 2015A-1 Debt Service Reserve Account in excess of the Series 2015A-1 Debt Service Reserve Requirement, and transferred to the Series 2015A-1 General Account within the Bond Redemption Fund in accordance with the Indenture to be used for the extraordinary mandatory redemption of the 2015A-1 Bonds (see **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS—DEBT SERVICE RESERVE FUND"** herein); or

(g) from amounts on deposit in the Series 2015A-1 Debt Service Reserve Account in excess of the Series 2015A-1 Debt Service Reserve Requirement and transferred to the Series 2015A-1 Prepayment Account within the Bond Redemption Fund in accordance with the Indenture to be used, together with any Assessment prepayments on deposit in the Series 2015A-1 Prepayment Account within the Bond Redemption Fund for the extraordinary mandatory redemption of the 2015A-1 Bonds.

If less than all of the 2015A-1 Bonds are to be redeemed pursuant to an Extraordinary Mandatory Redemption, the Trustee shall, except as otherwise provided in the Indenture, select the 2015A-1 Bonds or portions of the 2015A-1 Bonds to be redeemed by lot. The portion of 2015A-1 Bonds to be redeemed shall be in an Authorized Denomination.

NOTICE OF REDEMPTION

The Trustee shall cause notice of each redemption, either in whole or in part, to be mailed at least 30 but not more than 60 days prior to the redemption or purchase date to all Owners of 2015A-1 Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the 5th day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the 2015A-1 Bonds for which notice was duly mailed in accordance with the Indenture. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all 2015A-1 Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the 2015A-1 Bonds called for redemption shall be payable on the redemption date at the Redemption Price plus accrued interest, if any, to the redemption date. 2015A-1 Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

ADDITIONAL INFORMATION CONCERNING THE 2015A-1 BONDS

For additional information concerning the 2015A-1 Bonds, see Appendix I, "SUMMARIES OF PRINCIPAL DOCUMENTS."

BOOK-ENTRY SYSTEM

Beneficial ownership interests in the 2015A-1 Bonds will be available only in book-entry form. Beneficial owners of the 2015A-1 Bonds ("Beneficial Owners") will not receive a physical bond certificate representing their interests in the 2015A-1 Bonds purchased. Unless and until the book-entry system has been discontinued, the 2015A-1 Bonds will be available only in book-entry form in principal amounts of \$5,000, or any integral multiple thereof. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, IS THE REGISTERED OWNER OF THE 2015A-1 BONDS, REFERENCES IN THIS PRELIMINARY LIMITED OFFERING MEMORANDUM TO THE OWNERS OF THE 2015A-1 BONDS SHALL MEAN DTC OR ITS NOMINEE AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

DTC PROVIDES THE FOLLOWING LANGUAGE DESCRIBING ITS PROCEDURES AND RECORDKEEPING ON BENEFICIAL OWNERSHIP INTEREST IN THE 2015A-1 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS ON THE 2015A-1 BONDS TO DTC PARTICIPANTS (AS DEFINED BELOW) OR TO BENEFICIAL OWNERS OF THE 2015A-1 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2015A-1 BONDS, AND OF OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS FOR INCLUSION IN OFFERING DOCUMENTS. ACCORDINGLY, THE COUNTY MAKES NO REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the 2015A-1 Bonds. The 2015A-1 Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 2015A-1 Bond in the aggregate principal amount of each maturity of the 2015A-1 Bonds will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificated bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2015A-1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015A-1 Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests with respect to the 2015A-1 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2015A-1 Bonds, unless the use of the book-entry system for the 2015A-1 Bonds is discontinued.

To facilitate subsequent transfers, all of the 2015A-1 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2015A-1 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015A-1 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015A-1 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2015A-1 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2015A-1 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the enabling documents. For example, Beneficial Owners of 2015A-1 Bonds may wish to ascertain that the nominee holding the 2015A-1 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015A-1 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2015A-1 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2015A-1 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to the Trustee as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the 2015A-1 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2015A-1 BONDS FOR SUBSTANTIALLY ALL PURPOSES, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF THE BENEFICIAL OWNERS IS UNKNOWN TO THE COUNTY, TO DTC OR TO THE TRUSTEE, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2015A-1 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

Payments of principal, interest and any redemption premiums on the 2015A-1 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. THE COUNTY CAN GIVE NO ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

DTC may discontinue providing its service as depository with respect to the 2015A-1 Bonds at any time by giving reasonable notice to the Trustee or the County. Under such circumstances, in the event that a successor depository is not obtained, 2015A-1 Bond certificates are required to be printed and delivered.

The County may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2015A-1 Bond certificates will be printed and delivered to DTC.

The County and the Trustee have no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the 2015A-1 Bonds, or the sending of any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the Resolution to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption of

the 2015A-1 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the 2015A-1 Bonds, including any action taken pursuant to an omnibus proxy.

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

The County and the Trustee cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the 2015A-1 Bonds (1) payments of principal of, premium, if any, and interest with respect to the 2015A-1 Bonds, (2) confirmations of their ownership interests in the 2015A-1 Bonds or (3) prepayment or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the 2015A-1 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Preliminary Limited Offering Memorandum.

Beneficial Owners of the 2015A-1 Bonds may experience some delay in their receipt of distributions of principal and interest on the 2015A-1 Bonds since such distributions will be forwarded by the Trustee to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants. Issuance of the 2015A-1 Bonds in book-entry form may reduce the liquidity of the 2015A-1 Bonds in the secondary trading market since investors may be unwilling to purchase Bonds for which they cannot obtain physical certificates. In addition, because transactions in the 2015A-1 Bonds can be effected only through DTC, Direct Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge 2015A-1 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Bonds, may be limited due to the lack of a physical certificate.

DISCONTINUANCE OF BOOK-ENTRY SYSTEM

In the event that the 2015A-1 Bonds are no longer in book-entry-only form, the certificates held by DTC or a successor securities depository will be canceled and the County will execute and deliver 2015A-1 Bonds in fully registered form to the Beneficial Owners of the 2015A-1 Bonds as shown on the records of the DTC Participants or the nominee of a successor securities depository. If no other securities depository is named, interest on the 2015A-1 Bonds will be paid by check or draft of the Trustee, mailed to the person in whose name the 2015A-1 Bond is registered as of the close of business on the fifteenth day of each month immediately preceding such payment, and principal shall be payable to the registered owner at maturity upon presentation and surrender thereof to the Trustee at its principal corporate trust office. In such event, the County will maintain through the Trustee books of registry for the purpose of registering ownership and transfer of the 2015A-1 Bonds. The 2015A-1 Bonds would be transferable by the registered owner in person or by his duly authorized attorney upon surrender of the 2015A-1 Bond to be transferred together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. The Trustee will, upon receipt thereof, authenticate and deliver a new 2015A-1 Bond or 2015A-1 Bonds in like principal amount as the 2015A-1 Bond so presented. The County and the Trustee will deem and treat the person in whose name each 2015A-1 Bond is registered as the absolute owner thereof for all purposes.

SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015A-1 BONDS

GENERAL

The principal of, redemption premium, if any, and interest on the 2015A-1 Bonds are secured equally and ratably by a lien upon and pledge of the Trust Estate, including (i) the Pledged Revenues,

which consist of, among other things, the revenues derived from the Assessment A (including penalties, interest and expenses thereon) imposed on Bond Area 1 and collected by the County pursuant to the Act (the "Assessments"), and the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture, except for moneys and funds held in any Account established for a particular Series of Bonds in the Rebate Fund and moneys on deposit in any Account of the Debt Service Fund or Debt Service Reserve Fund relating to a Series of Bonds other than the 2015A-1 Bonds, and (ii) such other property as may be contemplated by the Indenture. As provided in the Act, the Assessments constitute a lien on the real property in the District superior to all other liens except the liens for real property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for real property taxes, and there is no State case law on point. **Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes.** See "ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL" herein. The "RATE AND METHOD OF APPORTIONMENT OF ASSESSMENTS" is included as Appendix E hereto. Also, see Appendix F, "BOND AREA 1 ASSESSMENT COLLECTION HISTORY AND FORECAST."

THE 2015A-1 BONDS AND THE INTEREST THEREON ARE NOT PAYABLE FROM, NOR ARE THEY A CHARGE UPON, ANY FUNDS OR REVENUES OTHER THAN THE TRUST ESTATE UNDER THE INDENTURE. THE 2015A-1 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE), AND THE 2015A-1 BONDS DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY. NO OWNER OF 2015A-1 BONDS OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE OR THE 2015A-1 BONDS.

DEBT SERVICE RESERVE FUND

The Indenture establishes a Series 2015A-1 Debt Service Reserve Account in the Debt Service Reserve Fund to be held by the Trustee as additional security to provide for the timely payment of principal, interest and redemption prices of the 2015A-1 Bonds. The Series 2015A-1 Debt Service Reserve Requirement is defined to mean [(A) at the time of issuance, an amount equal to the least of (i) the maximum annual Debt Service Requirement for the Outstanding 2015A-1 Bonds, (ii) 125% of the average annual Debt Service Requirement for Outstanding 2015A-1 Bonds, and (iii) 10% of the original stated principal amount of the 2015A-1 Bonds, which upon calculation is the maximum annual Debt Service Requirement for the Outstanding 2015A-1 Bonds, and (B) at any time after the date of initial issuance, the Initial Series 2015A-1 Reserve Sub-account Percentage times the Outstanding principal amount of the 2015A-1 Bonds as of the time of any such calculation.] See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS."

Except as described below, (1) amounts on deposit in the Series 2015A-1 Debt Service Reserve Account shall be used only for the purpose of making payments into the Series 2015A-1 Interest Account and the Series 2015A-1 Principal Account of the Debt Service Fund to pay debt service on the 2015A-1 Bonds, and the Series 2015A-1 Sinking Fund Account within the Debt Service Fund to provide for mandatory sinking fund redemption of 2015A-1 Bonds, when due, to the extent the moneys on deposit in

such Accounts therein and available therefor are insufficient and for no other purpose. Such Accounts shall consist only of cash and Investment Securities.

On each June 1 and December 1 (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Series 2015A-1 Debt Service Reserve Account and transfer any excess therein above the Series 2015A-1 Debt Service Reserve Requirement for the 2015A-1 Bonds to be deposited to the Series 2015A-1 General Account within the 2015A-1 Bond Redemption Fund to be used for the Extraordinary Mandatory Redemption of the 2015A-1 Bonds as described under **"DESCRIPTION OF THE 2015A-1 BONDS—REDEMPTION PROVISIONS—Extraordinary Mandatory Redemption"** herein.

Notwithstanding the foregoing paragraph, (i) in the event that the amount of proceeds of the 2015A-1 Bonds on deposit in the Series 2015A-1 Debt Service Reserve Account exceeds the Series 2015A-1 Debt Service Reserve Requirement with respect to the 2015A-1 Bonds due to a decrease in the amount of 2015A-1 Bonds that will be Outstanding as a result of an optional prepayment by the owner of a lot or parcel of land of an Assessment against such lot or parcel as provided in the Indenture, the amount to be released shall be transferred at the written direction of the County from the Series 2015A-1 Debt Service Reserve Account to the Series 2015A-1 Prepayment Account within the Bond Redemption Fund, as a credit against the Series 2015A-1 Prepayment Principal otherwise required to be made by the owner of such lot or parcel as described under **"DESCRIPTION OF THE 2015A-1 BONDS—REDEMPTION PROVISIONS—Extraordinary Mandatory Redemption"** herein.

OTHER FUNDS AND ACCOUNTS CREATED UNDER THE INDENTURE

Revenue Fund. The Indenture establishes the Revenue Fund and separate subaccounts therein for the 2015A-1 Bonds and any Additional Bonds. Pursuant to the Indenture, the County covenants that it shall levy Assessments, and evidence and certify the same to the County Treasurer or shall cause the County Auditor to certify the same on the tax roll to the County Treasurer for collection by the County Treasurer and enforcement by the County Treasurer or the County, pursuant to the Act or any successor statutes, as applicable, to the extent and in the amount necessary to pay the Debt Service Requirement on 2015A-1 Bonds issued and Outstanding under the Indenture. The County also covenants to cause any Assessments collected or otherwise received by it to be deposited with the Trustee within 30 days after receipt thereof for deposit into the Series 2015A-1 Revenue Account within the Revenue Fund (except that amounts received as prepayments of Assessments shall be designated by the County as such upon delivery to the Trustee and shall be deposited directly into the Series 2015A-1 Prepayment Account within the Bond Redemption Fund, as described below). Amounts on deposit in the Revenue Fund shall be applied as described below under **"—DEPOSIT AND APPLICATION OF THE PLEDGED REVENUES AND PREPAYMENTS."**

Debt Service Fund. The Indenture establishes a Series 2015A-1 Principal Account and a Series 2015A-1 Interest Account for the 2015A-1 Bonds in the Debt Service Fund. In addition, the Indenture establishes a Series 2015A-1 Sinking Fund Account with respect to the 2015A-1 Bonds. Amounts shall be deposited in the Debt Service Fund and its various accounts and subaccounts and applied in accordance with the terms and subject to the conditions set forth in the Indenture, as described below under **"—DEPOSIT AND APPLICATION OF THE PLEDGED REVENUES AND PREPAYMENTS."**

Bond Redemption Fund. The Indenture establishes a Bond Redemption Fund and within such Fund there is established a Series 2015A-1 General Account and a Series 2015A-1 Prepayment Account for the 2015A-1 Bonds. Amounts shall be deposited in Bond Redemption Fund and its various accounts and applied in accordance with the terms and subject to the conditions set forth in the Indenture, as described below under **"—DEPOSIT AND APPLICATION OF THE PLEDGED REVENUES AND PREPAYMENTS."**

Administrative Expenses Fund. The Indenture establishes the Administrative Expenses Fund, and within such Fund there is established the Series 2015A-1 Administrative Expenses Account. Amounts shall be deposited in the Administrative Expenses Fund and its various accounts and applied in accordance with the terms and subject to the conditions set forth in the Indenture, as described below under “—**DEPOSIT AND APPLICATION OF THE PLEDGED REVENUES AND PREPAYMENTS.**” Administrative Expenses means the reasonable and necessary expenses, directly or indirectly, incurred by the County with respect to the District or the Indenture including but not limited to costs of imposing and collecting Assessments (including the commissions, fees, expenses and any other charges of the Assessment Consultant, Assessor, Auditor, Treasurer (as such terms are defined in the Indenture) and the County’s finance department personnel), and costs, fees and expenses of consultants, appraisers, engineers, legal counsel or the Trustee, Registrar or Paying Agent.

DEPOSIT AND APPLICATION OF THE PLEDGED REVENUES AND PREPAYMENTS

The County shall deposit Pledged Revenues and Prepayments with the Trustee within 30 days of receipt thereof together with a written accounting setting forth the source of such Pledged Revenues and Prepayments. The Pledged Revenues shall be deposited in the Revenue Fund and the Prepayments shall be deposited in the Series 2015A-1 Prepayment Account within the Bond Redemption Fund.

Moneys in the Series 2015A-1 General Account within the Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, except for moneys received as prepayments of Assessments pursuant to the Indenture, to make such deposits into the Rebate Fund, if any, as the County may direct in accordance with the Arbitrage Certificate, such moneys thereupon to be used solely for the purposes specified in the Arbitrage Certificate. Any moneys so transferred from the Series 2015A-1 General Account within the Bond Redemption Fund to the Rebate Fund shall thereupon be free from the lien and pledge of the Indenture;

SECOND, to be used to call for extraordinary mandatory redemption an amount of the 2015A-1 Bonds equal to the amount of money transferred to the Series 2015A-1 General Account within the Bond Redemption Fund pursuant to the Indenture for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the direction of an Authorized Officer, to call for redemption on each Interest Payment Date on which the 2015A-1 Bonds are subject to optional redemption pursuant to the Indenture such amount of 2015A-1 Bonds as, with the redemption premium, may be practicable; provided, however, that not less than \$5,000 principal amount of 2015A-1 Bonds shall be called for redemption at one time.

Moneys in the Series 2015A-1 Prepayment Account of the Bond Redemption Fund (including all earnings on investments held in such Series 2015A-1 Prepayment Account within the Bond Redemption Fund) shall be accumulated therein to be used to the extent that the need therefor arises to call for extraordinary mandatory redemption an amount of the 2015A-1 Bonds equal to the amount of money transferred to the Series 2015A-1 Prepayment Account within the Bond Redemption Fund pursuant to the Indenture, as appropriate, and as directed by the County pursuant to the Assessment Methodology and the Assessment Ordinance, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in the Indenture, as appropriate, as more fully described above under “**DESCRIPTION OF THE 2015A-1 BONDS—REDEMPTION PROVISIONS—*Extraordinary Mandatory Redemption.***”

The Trustee shall transfer from amounts on deposit in the Series 2015A-1 Revenue Account within the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, there shall be deposited into the Series 2015A-1 Administrative Expenses Account of the Administrative Expenses Fund the portion of the Assessments imposed and collected for the Administrative Expenses. The Trustee is authorized to pay such Administrative Expenses upon receipt of a written direction signed by an Authorized Officer;

SECOND, no later than the Business Day next preceding December 1, 20__ for the 2015A-1 Bonds, to the Series 2015A-1 Principal Account within the Debt Service Fund, an amount from the Series 2015A-1 Revenue Account equal to the principal amount of 2015A-1 Bonds Outstanding maturing on December 1, 20__, if any, less any amounts on deposit in the Series 2015A-1 Principal Account not previously credited;

THIRD, upon receipt but no later than the Business Day next preceding each December 1 thereafter to the Series 2015A-1 Interest Account within the Debt Service Fund, an amount from the Series 2015A-1 Revenue Account equal to the interest on the 2015A-1 Bonds becoming due on the next succeeding December 1, less any amount on deposit in the Series 2015A-1 Interest Account not previously credited;

FOURTH, no later than the Business Day next preceding each December 1, commencing December 1, 20__, to the Series 2015A-1 Sinking Fund Account within the Debt Service Fund, an amount from the Series 2015A-1 Revenue Account equal to the principal amount of the 2015A-1 Bonds subject to sinking fund redemption on such December 1, less any amount on deposit in the Series 2015A-1 Sinking Fund Account not previously credited;

FIFTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while such 2015A-1 Bonds remain Outstanding, to the Series 2015A-1 Debt Service Reserve Account, an amount from the Series 2015A-1 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2015A-1 Debt Service Reserve Requirement for the 2015A-1 Bonds; and

SIXTH, subject to the following paragraph the balance of any moneys remaining after making the foregoing deposits shall remain therein.

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the County, withdraw any moneys held for the credit of the Series 2015A-1 Revenue Account to the credit of the Series 2015A-1 General Account within the Bond Redemption Fund as determined by the County in accordance with the provisions of the Indenture. Assessment prepayments shall be deposited directly into the Series 2015A-1 Prepayment Account of the Bond Redemption Fund as provided in the Indenture.

INVESTMENTS

Earnings on investments in all of the Funds and Accounts held as security for the 2015A-1 Bonds shall be invested only in Investment Securities.

Earnings on investments in a Series 2015A-1 Principal Account and the Series 2015A Sinking Fund Account shall be deposited, as realized, to the credit of the related Series 2015A-1 Interest Account and used for the purpose of such Account.

As long as there exists no default under the Indenture and the amount in the Series 2015A-1 Debt Service Reserve Account is not reduced below the Series 2015A-1 Debt Service Reserve Requirement with respect to the 2015A-1 Bonds, earnings on investments in such Series 2015A-1 Debt Service Reserve Account shall be transferred to the Series 2015A-1 Revenue Account of the Revenue Fund. Otherwise, earnings on investments in any Series 2015A-1 Debt Service Reserve Account shall be retained therein until applied as set forth in the Indenture.

See Appendix I, "SUMMARIES OF PRINCIPAL DOCUMENTS" for more information regarding investments and valuation of investments under the Indenture.

CERTAIN COVENANTS OF THE COUNTY

Pursuant to the Indenture, the County has additionally covenanted:

(i) to not issue or incur any obligations payable from the proceeds of Assessments nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments other than the pledge of the Trust Estate under the Indenture; and

(ii) to not make or direct the making of any investment or other use of the proceeds of any 2015A-1 Bonds which would cause the 2015A-1 Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code and or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and that it will comply with the requirements of such Code section and related regulations throughout the term of the 2015A-1 Bonds.

ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL

GENERAL

In accordance with the Act, the County has adopted proceedings to fund the costs of financing the Project through the imposition and collection of the Assessments. As provided in the Act, the Assessments constitute a lien on the real property in Bond Area 1, superior to all other liens except the liens for property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for property taxes, and there is no State case law on point. Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes. The ad valorem tax rate on real property in Bond Area 1 for the fiscal year ending June 30, 2016, is ___ mills.

The County has approved the Consultant to serve as the assessment administrator for the District. The Consultant has served in this capacity since the inception of the District and advises the County in the update of the Assessment Roll, and assists the County with the administration of the District. The Consultant is a public finance consulting firm located in Ellicott City, Maryland, with a specialized practice providing services related to the formation and administration of special districts. These services include the preparation of special tax and assessment methodologies, calculation of annual special tax and assessment levies, and continuing disclosure and financial services related to the administration of special tax and assessment districts. The Consultant currently provides administration services to special tax districts in a number of states, including several in South Carolina.

The methodology for setting, imposing and collecting the Assessments is more fully set forth in the Assessment Roll for Bond Area 1 attached hereto as part of Appendix E, which has been prepared by

the Consultant and approved by the Council. The Assessment Roll includes the Rate Study, which includes the terms and provisions related to the Assessments. A brief summary of the Rate Study follows.

Within the limits of the Rate Study, the County may adjust the Assessments levied on all property within Bond Area 1 to provide an amount required to pay debt service on the 2015A-1 Bonds and to pay all annual Administrative Expenses. However, the amount of the Assessments that may be levied against a particular parcel within Bond Area 1 is subject to the amount of the Assessments provided in the Rate Study approved by the County.

The Assessments are equal to the amount necessary to pay debt service on the 2015A-1 Bonds and the annual Administrative Expenses of the District and have been levied and will be collected on all the real property in Bond Area 1. Pledged Revenues include the proceeds, if any, from any foreclosure actions brought following a delinquency in the payment of Assessments by any Landowner. Each year, commencing with the year ending December 31, 20__, the Consultant (or its successor as the administrator of the District) will estimate, and the Council will confirm, the Annual Assessment due on each parcel of real property in Bond Area 1, subject to reduction in whole or in part as a result of credits by the Council pursuant to the proceedings under which the Assessments were approved (the "Assessment Proceedings") during the years for which the interest coming due on the 2015A-1 Bonds is paid from the proceeds of the 2015A-1 Bonds.

RATE AND METHOD OF APPORTIONMENT OF ASSESSMENTS

The Assessments have been imposed upon each parcel of property within Bond Area 1 that does not constitute a public improvement (each, a "Parcel") in accordance with and as described in the Rate Study attached hereto as Appendix E. Assessments are allocated to Parcels on the basis of the Equivalent Assessment Factors of each Parcel. The Equivalent Assessment Factor is 1.0 per residential dwelling unit built or expected to be built on a Parcel, __ per net acre of commercial property, and 1.0 per parcel of owner association property. The Assessments are collected each year as the Annual Assessment. The Annual Assessment represents principal and interest on the Bonds and budgeted Administrative Expenses of the District. An Annual Credit may be applied to the Annual Assessment each year, with the resulting amount being equal to the Annual Payment, which is the amount that will be collected from each Parcel each year. The Annual Credit is the difference between the Annual Assessments for all Parcels and the Annual Revenue Requirement. The Annual Revenue Requirement is generally equal to principal and interest due on the 2015A-1 Bonds for such year, plus Administrative Expenses of the Bond Area 1 of District, less amounts available from the excess funds in the Reserve Fund.

The Assessment may be prepaid for a Parcel and the Annual Assessment will no longer be collected from such Parcel. The prepayment of the Assessment is generally equal to: (i) the Principal Portion of the Assessments, (ii) a credit for any reduction in the Reserve Fund resulting from such prepayment, (iii) adjustments for interest through the call date of 2015A-1 Bonds to be called and interest to be earned on the prepaid Assessment, and (iv) Administrative Expenses related to the prepayment. The Principal Portion of the Assessment is the portion of the Assessments equal to the outstanding principal on the 2015A-1 Bonds.

Assessments are subject to a Mandatory Prepayment of all or part of the Assessment on a Parcel. The Mandatory Prepayment is required for any Parcel for which the Annual Assessment A will exceed \$ _____ per Equivalent Assessment Factor for any year.

The Rate Study describes in detail how the Assessments are set and allocated among the various parcels and the particular benefits received by each Landowner from the public improvements to be provided in the District.

The analysis set forth in Appendix F provides a five-year history of the collection rate of delinquency for Assessments in Bond Area 1. In addition, Appendix F provides a forecast over the next five years for collection of Assessments from the parcels located in Bond Area 1.

COLLECTION PROCEDURES

The Assessments are expected to be collected annually as the Annual Assessments for a term beginning in 20__ and extending through 203_, subject to reduction in whole or in part as a result of credits by the Council pursuant to the Assessment Proceedings. The Assessments include all debt service requirements for the 2015A-1 Bonds and budgeted Administrative Expenses for a particular year. Assessments will be collected in the same manner and at the same time as regular property taxes of the County are collected, in the event a Landowner fails to pay any Annual Assessment when due, the Annual Assessments will be subject to the same penalties, procedures and sale as are provided in the case of delinquencies for regular property taxes of the County.

By South Carolina law, the amount assessed constitutes a lien against the property superior to all other except property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for property taxes, and there is no State case law on point. Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes. Any Landowner may elect, at any time, to prepay the entire amount of the Assessment with respect to such owner's property. In such event, the Landowner will pay an amount that will be sufficient to retire that portion of any 2015A-1 Bonds (at a price of par plus accrued interest to the date of payment), less credits for reserves, that are allocable to the Assessment applicable to such owner's property.

Taxes and assessments under the Act are billed by the County Treasurer on a single bill. The Treasurer prepares the bills upon receipt of the tax duplicates from the County Auditor. The Auditor prepares the tax duplicates from information from various sources, including information that the Auditor receives from the Consultant on behalf of the County for the Assessments to be imposed in the District. The Auditor prepares tax duplicates indicating the taxes and assessments on each parcel of property and taxable personal property and provides a copy of the duplicates to the Treasurer. The goal is to have the tax duplicates prepared by September 1 of each year; however, in light of the number of entities which must provide information to the Auditor and the dependency of some of this information on actions by other governmental entities, sometimes the tax duplicates are delayed. Ordinarily, however, tax duplicates are prepared and notices of taxes due are mailed by the Treasurer to each property owner around the first of October of each year and are due and payable until the following January 15.

Taxes and assessments are paid to the County Treasurer. The County Treasurer will not accept partial payment, so that a taxpayer must either pay the entire amount due (including the Assessments) or be delinquent. Taxes and assessments are considered paid currently if paid by the later of January 15 or the 30th day after tax notices are mailed. In the event taxes and assessments are not timely paid, there are penalties as set forth below:

DATE PAYMENT RECEIVED	PENALTY	CUMULATIVE PENALTY
On or before the due date	none	—
After due date but before February 2	3%	3%
February 2 but before March 17	7%	10%
March 17 and thereafter	5%	15%

Penalties are added to the tax duplicate by the Auditor and are to be collected by the Treasurer. If payment is not received before March 17, the County Treasurer is required to issue a tax execution to the County Tax Collector.

DELINQUENCIES; ENFORCEMENT; FORECLOSURE

If the owner of any lot or parcel of land is delinquent in the payment of any tax or assessment, including the Assessments, then the County Treasurer will move, as provided by law, to collect delinquent taxes, assessments, including the Assessments, penalties, and costs for their collection. The County has covenanted in the Indenture to furnish, at its expense, to the Trustee and any Owner of 2015A-1 Bonds so requesting, by March 15 of each year, a list of all delinquent Assessments and a list of foreclosure actions currently in progress and the current status of such delinquent Assessments.

Collection of delinquent Assessments must be accomplished pursuant to the provisions of law which provide for an execution and sale of the property against which the taxes and Assessments are delinquent. Upon receipt of notice from the County Treasurer of any execution, the County Tax Collector is required to proceed on April 1 or as soon thereafter as practicable to mail a notice of delinquent taxes, penalties, assessments, including the Assessments, and costs to the defaulting taxpayer and any grantee of record at the best address available stating that if taxes, penalties, assessments and costs are not paid the property will be advertised and sold to satisfy the delinquency. The County Tax Collector first sends a reminder notice by regular mail on or about April 1. If payment is not made 30 days after the mailing of the reminder notice, then the County Tax Collector sends a second notice by certified mail, return receipt, to the taxpayer and any grantee of record. If taxes remain unpaid six weeks thereafter, the County Tax Collector will take exclusive possession of so much of the current owner of record's property as is necessary to satisfy the payment of the taxes, assessments, including the Assessments, penalties and costs. Possession of real property is taken by mailing a notice of the delinquency to the delinquent taxpayer and any grantee of record by certified mail, return receipt requested-restricted delivery. Such notice shall specify that if the delinquency is not paid before a subsequent sales date, the property will be duly advertised and sold, if the certified mail notice is returned, the notice is effected by posting at one or more conspicuous places on the premises stating that such property has been seized and is to be sold for delinquent taxes. Notice of the sale of real property is provided by advertisement in a newspaper of general circulation within the County once a week for three consecutive weeks prior to the legal sales date. The regular sales date is the first Monday in each month or the following Tuesday if such Monday is a legal holiday. Set forth below is a schedule of when the Assessments might be collected through the enforcement process, though there is no assurance that this schedule will be adhered to in connection with the enforcement and collection of delinquent Assessments:

NOT EARLIER THAN	ACTION	CONSEQUENCE
March 17	Taxes, assessments and penalties go into execution	Cost of enforcement began to accrue
April 1	Tax Collector mails reminder notice of delinquency	
May 1	Tax Collector mails notice of delinquency by certified mail to initiate sale process	Starts 30 day period after which sale can be made
June 15	Tax Collector takes possession by mailed notice; if notice returned, takes possession by posting notice	Notice of Levy

NOT EARLIER THAN	ACTION	CONSEQUENCE
September	Notice of sale published once a week for three weeks	Condition to sale
First Monday in October	Sale	Payment due at sale; minimum bid entered by the FLC

Several things can happen that might delay the foregoing schedule, but the process should be completed and a sale conducted on the first Monday in October following nonpayment. It is possible, however, that sales relating to delinquencies for properties located in Bond Area 1 would not be held on the same date and such sales may take place on the first Monday of November or December following nonpayment.

If any property is offered for sale for the nonpayment of any Assessment and no person or persons purchase such property for an amount equal to the full amount due on such property, such property is then purchased by the FLC in accordance with the bid of such FLC submitted as provided by law. The statutes governing foreclosure in tax sales provide that the bid to be submitted by the FLC shall be in an amount equal to unpaid property taxes, penalties, assessments and costs. The FLC is not required to bid on property known or reasonably suspected to be contaminated. If the contamination becomes known after the bid or while the FLC holds the title, the title voids at the election of the FLC.

If purchased by the FLC, the FLC may subsequently sell such property with the proceeds of any such sale to be turned over to the County Treasurer and distributed as provided by law. Pursuant to the Indenture, the County is required to direct the County Treasurer to deposit any legally available net proceeds of such sale allocable to Assessments into the Revenue Fund. The County has agreed that it will promptly pursue the measures provided by law for sale of property acquired by it for the benefit of the 2015A-1 Bondholders. See **"BOND OWNERS' RISKS—POTENTIAL DELAY AND LIMITATIONS IN FORECLOSURE PROCEEDINGS."**

The State statutes governing collection of delinquent taxes provide that a defaulting Landowner, any grantee from such Landowner, or any mortgage or judgment creditor with respect to the real property in question may, within twelve (12) months from the date of the delinquent tax sale, redeem each item of real property by paying to the person officially charged with the collection of delinquent taxes, assessments, penalties, and costs, together with interest on the whole amount of the delinquent taxes, assessments, penalties and costs at rates set forth in the statutes: provided, however that in every redemption, the amount of interest due must not exceed the amount of the bid on the property submitted on behalf of the FLC as described in the preceding paragraph. If the property is not redeemed, the excess above the amount of taxes, penalties, assessments, charges, and costs for the year in which the property was sold must be applied first to the taxes becoming due during the redemption period.

If any property in Bond Area 1 is purchased by the FLC, under existing law, any Assessment imposed upon the property will continue to apply and accrue upon such property, because neither the FLC nor any other tax-exempt owner of property in the District has been excluded under the Act from the obligation to pay assessments levied thereunder. In 2003, the Supreme Court of South Carolina affirmed the ruling of a Charleston County Circuit Court that the owner of property located in a municipal improvement district, which owner was otherwise exempt from property taxes, was properly subjected to an assessment under the Municipal Improvement Act, S.C. Code Ann. § 5-37-40(h) (the "Municipal Improvement Act"). *German Evangelical Lutheran Church of Charleston, S.C. v. City of Charleston*, 352 S.C. 600; 576 S.E.2d 150; 2003 S.C. Lexis 1 (2003). In that case, the circuit court had previously ruled that the Municipal Improvement Act's exclusion of certain other tax-exempt property from the improvement district and the assessments imposed under such act showed a legislative intent that the

remaining tax-exempt land owners, not explicitly excluded, were to be included in the municipal improvement district and subject to the assessments imposed upon the property owners therein. *Id.* Investors should note that the 2015A-1 Bonds were authorized under the Act and not the Municipal Improvement Act, so no assurances can be given that a court would reach a similar conclusion with respect to the Assessments. In fact, if the FLC should purchase property in the District, investors should look to the proceeds of the sale of such property by the FLC as security and the source of payment for amounts due and should not rely on any purported obligation of the FLC to pay taxes or assessments on such property. See **“BOND OWNERS’ RISKS—POTENTIAL DELAY AND LIMITATIONS IN FORECLOSURE PROCEEDINGS.”**

FORBEARANCE AGREEMENTS

Beginning in 2011, the Sole Bondholder entered into a total of six forbearance agreements with the County (the “Forbearance Agreements”) related to the payment of the 2006A Assessments (“A Assessments”) and the 2006 B Assessments (the “B Assessments”), which secure the payment of the 2006A Bonds and 2006B Bonds, respectively. The Forbearance Agreements primarily allowed the District’s largest landowner, the Developer, to defer payment of the A Assessments and B Assessments related to certain property owned by the Developer on an annual basis. A summary of each Forbearance Agreement is provided below:

2011 Forbearance Agreement. A Forbearance Agreement dated October 10, 2011 (the “2011 Forbearance Agreement”) was executed by the Sole Bondholder, the Developer, the County, and Wells Fargo Bank, N.A., as trustee for the 2006 Bonds (the “2006 Bond Trustee”). Pursuant to the 2011 Forbearance Agreement, the Sole Bondholder forgave the collection of 2011 tax year assessments (payable in 2012) owed by certain then existing homeowners (e.g., approximately 64) within the District that had remained current on the payment of their annual assessments despite the Prior Developer’s abandonment of the development. The amounts were forgiven in recognition of the hardships caused by the Prior Developer and as a gesture of goodwill from the Sole Bondholder to the County and the homeowners.

2011/12 Forbearance Agreement. Pursuant to a Forbearance Agreement dated February 13, 2012 (the “2011/12 Forbearance Agreement”), the County and the 2006 Bond Trustee agreed to defer the payment of the 2011 tax year assessments in the amount of \$2,273,694 (payable in 2012) due on certain land owned by the Developer until such time as a consensual restructuring of the 2006 Bonds was agreed to by the Sole Bondholder, or the Sole Bondholder directed the 2011 assessments to be collected (the “Payment Date”).

2012/13 Forbearance Agreement. Pursuant to a Forbearance Agreement dated as of January 15, 2013 (the “2012/13 Forbearance Agreement”), the County and the 2006 Bond Trustee agreed to defer the payment of the 2012 tax year assessments in the amount of \$2,034,933.23 (payable in 2013) due on certain land owned by the Developer. Despite entering into the 2012/13 Forbearance Agreement, tax bills were mailed to landowners prior to the County Auditor receiving direction to defer collection of the 2012/13 assessments. Consequently, the 2012/13 deferred payments were paid in full by the Developer and no amounts presently remain unpaid with respect to the 2012/13 assessments on land owned by the Developer.

2013/14 Forbearance Agreement. Pursuant to a Forbearance Agreement dated October 14, 2013 (the “2013/14 Forbearance Agreement”), the County and the 2006 Bond Trustee agreed to defer the payment of the 2013 tax year assessments in the amount of approximately \$1,737,557.81 (payable in 2014) due on certain land owned by the Developer until the Payment Date, as defined in the 2011/12 Forbearance Agreement.

2014/15 Forbearance Agreement. Pursuant to a Forbearance Agreement dated as of August 25, 2014 (the "2014/15 Forbearance Agreement"), the County and the 2006 Bond Trustee agreed to defer the payment of the 2014 tax year assessments in the amount of approximately \$1,620,057.34 (payable in 2015) due on certain land owned by the Developer until the Payment Date, as defined in the 2011/12 Forbearance Agreement; provided, in no event would the Payment Date occur after the date which is two years after the date of the 2014/15 Forbearance Agreement.

2015/16 Forbearance Agreement. Pursuant to a Forbearance Agreement approved by the County on September 4, 2015 (the "2015/16 Forbearance Agreement"), the County and the 2006 Bond Trustee agreed to defer the payment of the 2015 tax year assessments in the amount of approximately \$334,328.01 (payable in 2016) due on certain land owned located in Bond Area 3 until the Payment Date, as defined in the 2011/12 Forbearance Agreement. Despite approval by the County of the 2015/16 Forbearance Agreement, tax bills were mailed to landowners (including the Developer), which included the 2015 tax year assessments payable in 2016.

Per the District's Annual Assessment Report and Update of Assessment Roll A and Assessment Roll B for Imposition of Assessments in 2015 and collection in 2016, prepared by the Consultant and dated August 25, 2015 (the "2015/16 Assessment Roll"), the total amount of deferred assessments relating to the Forbearance Agreements and payable by the Developer equaled \$4,360,048.84. This amount is comprised of \$3,661,082.11 of deferred A Assessments and \$698,966.74 of deferred B Assessments.

For properties within the boundaries of Bond Area 1, which were sold by the Developer during calendar year 2015, amounts were collected at closing in order to pay previously deferred payments of deferred assessments, which are held by the 2006 Bond Trustee. Prior to or simultaneous with the issuance of the 2015A-1 Bonds, the Developer will pay all deferred payments due with respect to land that is located within the boundaries of Bond Area 1 which are owned by the Developer. All such moneys will be applied to the payment of principal, interest or redemption price of the 2006A Bonds or the 2006B Bonds, as applicable. No deferred assessments created pursuant to the Forbearance Agreements will exist for Bond Area 1 after issuance of 2015A-1 Bonds.

THE DEVELOPMENT

The information appearing herein under the captions the "THE DEVELOPMENT" and "THE DEVELOPER" has been furnished by the Developer for use in this Preliminary Limited Offering Memorandum and, although believed to be reliable, such information has not been independently verified by the County or its counsel, or the Underwriter or its counsel or Bond Counsel, and no persons other than the Developer and the Development Manager make any representation or warranty as to the accuracy or completeness or such information supplied by it. The successful construction, leasing, and operation of the Development are subject to various economic, regulatory and financial conditions, many of which are outside the control of the Developer, the Development Manager, or the County. The planned absorption and other financial or statistical projections contained herein are based upon estimates and assumptions made by the Developer and the Development Manager that are inherently uncertain, though considered reasonable by the Developer and the Development Manager and are subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the Developer or the Development Manager. As a result, there can be no assurance such absorption rates and/or financial or statistical projections will occur or be realized in the time frames currently anticipated and set forth herein.

PRESENT STATUS

The Development is an 868-acre master-planned residential community located in the County in Indian Land, South Carolina. The Development is located in the northwestern portion of the County, known to County residents as the “panhandle” section of the County. The “panhandle” is the name given to the long, narrow north-south projection of the County that is bordered on the west by York County, South Carolina, and on the east by Mecklenburg County and Union County, North Carolina. The Development is located on the northwest corner of the intersection of U.S. Highway 521 and South Carolina Highway 75 (Waxhaw Highway), approximately 15 miles south of uptown Charlotte, North Carolina, approximately 12 miles from Charlotte-Douglas International Airport and approximately five miles from Interstate 485, the outer beltway around Charlotte.

The Development consists of four major phases, with multiple smaller phases, of construction that are projected to include approximately 2,235 residential units on 553 acres, 299 acres of common open space and recreational areas, and approximately 100,000 square feet of commercial development. In addition to a broad offering of amenities, the Development includes a combined Sheriff and EMS substation.

The Development offers an array of amenities, including a 7,000 square foot clubhouse, swimming pools, playgrounds, walking trails, and a 60-acre county sports and recreation park that includes tennis courts, pickleball courts, lighted baseball fields, multiple sports fields, and a fishing pond. The clubhouse/pool facility has an additional 3,000 square feet of space designated for future expansion. The building features a fitness center, catering kitchen, an elevator, event rooms, and a large balcony/porch that over-looks the pool area. The pool area has a Junior Olympic pool, a children’s pool with water feature, and a shade structure. In addition, a playground accommodating multiple age levels has been installed adjacent to the pool area. The Development also includes numerous walking/hiking trails that directly connect with the Carolina Thread Trail, a regional network of greenways connecting 15 counties.

On May 6, 2014, the Developer entered into an Amended and Restated Management Agreement (the “Management Agreement”) with the Development Manager.

Under the terms of the Management Agreement, the Development Manager is charged with the management and supervision of the Development. The Development Manager maintains a website for Walnut Creek which assists with marketing of the community to homebuilders and potential residents and includes MLS-fed new home listings offered by homebuilders. The community’s website is www.walnutcreeksc.com.

The Developer expects to add two additional contiguous parcels of land to the District in late 2015 that will add 57.1 acres of land and approximately 224 residential lots to the Development. The additional parcels are owned by the Developer and were originally expected to be added to the District by the Prior Developer. The residential lot counts reflected herein assume that the additional parcels are part of the District.

Per the Charlotte New Home Market Executive Client Briefing for the second quarter of 2015 dated August 6, 2015, Walnut Creek is ranked as the 2nd best-selling community in the Charlotte market area in terms of annual starts (224 starts) and in terms of market share (2.3%), trailing only Sun City which had 276 starts in the second quarter and 2.8% market share.

As of the date of this Preliminary Limited Offering Memorandum, the Development is home to approximately 491 homeowners. Of the remaining 1,744 residential lots that are expected to comprise the Development, approximately 1,046 lots (60%) are either owned by a homebuilding company or subject to

an executed purchase and sale agreement or letter of intent with a homebuilding company. Presently, five (5) homebuilding companies are active within the Development, including two regional home building companies, and three national home-building companies, two of which were ranked as the #1 and #2 home builders in Builder magazine's list of top 200 builders for 2015 based on number of closings, gross revenues, and other factors.

PHASES OF DEVELOPMENT

The Development consists of four major phases, with multiple smaller phases within each major phase. Bond Area 1 includes elements of Phases 1, 2 and 3. A map of the Development is included in Appendix B attached hereto.

Phase 1 Phase 1 of the Development ("Phase 1") consists of 432 single family lots, of which all but nine lots have been sold to homebuilders. As of November 5, 2015, of the 432 lots in Phase 1, 382 lots (88.4%) have been sold to homeowners and 41 (9.5%) are owned by homebuilders, including seven (7) lots owned by Bonterra Builders, LLC ("Bonterra") or its affiliates, sixteen (16) lots owned by DR Horton Inc. ("DR Horton"), four (4) lots owned by Lennar Carolinas, LLC ("Lennar"), and fourteen (14) lots owned by The Ryland Group, Inc. ("Ryland"). All of the in-tract infrastructure within Phase 1 of the District has been completed and dedicated to the County. All residential lots within Phase 1 are finished and are included in Bond Area 1.

Phase 2: Phase 2 of the Development ("Phase 2") is planned to include 427 single family lots and 120 townhome lots. Phase 2 is presently comprised of five smaller phases (2A, 2B, 2C, 2D, and 2E), each with additional smaller phases. Phase 2B and portions of Phases 2C and 2D are located within in Bond Area 1, and the remaining portions of Phase 2 are located within Bond Area 2. As of October 1, 2015, approximately 57% of the in-tract infrastructure within Phase 2 was constructed and 192 lots were platted. All infrastructure for Phase 2 is expected to be completed in March 2017 at a total remaining cost of approximately \$4.7 million. As of November 5, 2015, of the 547 total lots in Phase 2, 128 lots (23.4%) have been purchased by homebuilders and the remaining 419 lots (79.1%) are subject to executed purchase and sale agreements with three (3) different homebuilders. As of the date of this Preliminary Limited Offering Memorandum, 49 homes in Phase 2 have been sold to homeowners. The Developer expects to completely build out Phase 2 in 2017 with the remaining lots to be sold to homebuilders in 2018. Phase 2 of the Development includes the fully completed County Park and the pond amenity, which will be completed by the first quarter of 2016.

Phase 3: Phase 3 of the Development is planned to include 688 residential lots, including 564 single family lots and 124 townhome lots. Phase 3 is comprised of six smaller phases (3A, 3B, 3C, 3D, 3E, and 3F), each with additional smaller phases. Phases 3A and 3B are located within Bond Area 1, and the remaining portions of Phase 3 are located within Bond Area 2. As of October 1, 2015, approximately 31% of the in-tract infrastructure within Phase 3 has been constructed and 102 lots have been platted. All infrastructure for Phase 3 is expected to be completed in September 2017 at a remaining cost of approximately \$11.2 million. A homebuilder has purchased 90 lots within Phase 3 as of the date of this Preliminary Limited Offering Memorandum and has sold 59 lots to homeowners. An additional 58 lots remain subject to a purchase and sale agreement with one (1) homebuilder, and letters of intent have been executed to sell 413 additional lots to three (3) different homebuilders. Purchase and sale contracts are in various stages of completion with these homebuilders. In total, 561 lots (81.5%) in Phase 3 are either owned by a homeowner, under contract with a homebuilder, or subject to a letter of intent with a homebuilder.

Phase 4: Phase 4 of the Development ("Phase 4") is planned to include approximately 568 residential lots. The Developer expects that this final phase of the Development will likely be sold in bulk

to one or two builders in 2017. Due to continued growth in demand, this phase may be an age targeted enclave of the development.

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RESIDENTIAL LOTS BY PHASE

The following chart shows the projected total number of lots, type of lots and size of the lots by phase of development. Bond Area 1 includes elements of Phases 1, 2 and 3.

WALNUT CREEK
Expected Composition of Lot Sizes and Types

PHASE	45' Lots	50' Lots	52' Lots	53' Lots	60' Lots	65' Lots	70' Lots	80' Lots	20' Town Home	26' Town Home	34' Town Home	40' Duplex	Subtotal
Phase 1A	-	44	-	-	50	-	61	-	-	-	-	-	155
Phase 1B	-	-	-	-	62	-	5	38	-	-	-	-	105
Phase 1C	-	56	-	-	37	-	-	-	-	-	-	-	93
Phase 1D	64	15	-	-	-	-	-	-	-	-	-	-	79
Subtotal	64	115	-	-	149	-	66	38	-	-	-	-	432
Phase 2A	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 2B	-	-	102	-	-	54	-	-	-	-	-	-	156
Phase 2C	-	-	37	-	-	41	-	-	-	120	-	-	198
Phase 2D	-	-	37	-	-	28	-	-	-	-	-	-	65
Phase 2E	-	-	78	-	-	50	-	-	-	-	-	-	128
Subtotal	-	-	254	-	-	173	-	-	-	120	-	-	547
Phase 3A	-	-	-	-	-	-	11	-	-	-	-	-	11
Phase 3B	-	71	-	-	-	-	69	-	-	-	-	-	140
Phase 3C	57	-	-	-	-	-	-	-	-	-	-	-	57
Phase 3D	-	-	79	-	-	64	-	-	-	-	-	-	143
Phase 3E	-	113	-	-	57	-	-	-	-	-	-	-	170
Phase 3F	-	-	25	-	-	-	-	-	124	-	-	-	149
Phase 3G	-	-	-	-	-	18	-	-	-	-	-	-	18
Subtotal	57	184	104	-	57	82	80	-	124	-	-	-	688
Phase 4A	-	-	57	-	-	52	69	-	-	-	-	-	178
Phase 4B	-	-	-	-	-	-	-	-	-	-	234	156	390
Subtotal	-	-	57	-	-	52	69	-	-	-	234	156	568
TOTALS	121	299	415	-	206	307	215	38	124	120	234	156	2,235

Source: LStar Development Group, Inc.

LOT SALES

As of the date of this Preliminary Limited Offering Memorandum, all lots within Phases 1, 2 and 3 of the Development are expected to be developed and sold by mid-2018, although there can be no assurance of such rate of absorption. The table below sets forth the Developer's estimated absorption schedule for residential lots in the Development:

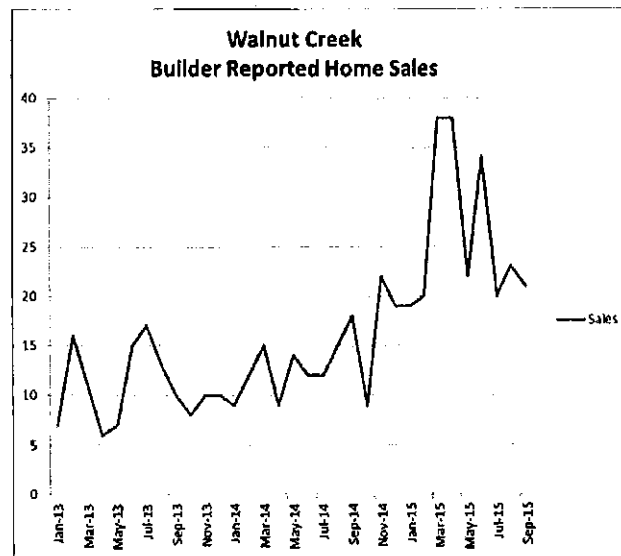
Projected Walnut Creek Lot Closings

2013 (Actual)	2014 (Actual)	2015 (Projected)	2016 (Projected)	2017 (Projected)	2018 (Projected)
129	116	129	476	899 [†]	85

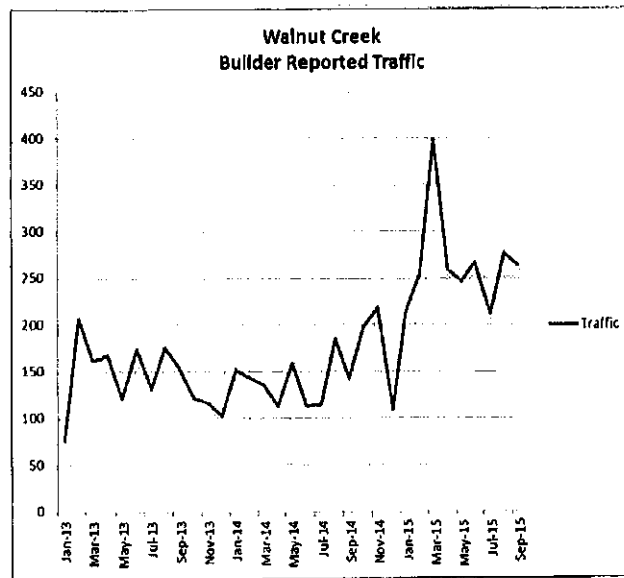
[†] Of the 899 lots projected to be absorbed in 2017, 568 is the bulk sale of Phase 4
Source: LStar Development Group, Inc.

Through October 21, 2015, a total of 633 lots within the Development have been sold to homebuilders, of which 490 lots have been sold to homebuyers. The Development is presently home to more than 1,400 residents.

As illustrated by the charts below, builder reported sales and traffic counts within the Development have accelerated as the reputation of Walnut Creek has overcome the negative publicity associated with the Prior Developer's abandonment of the project, and as the Developer and its affiliates have successfully demonstrated their commitment to the Development through the investment of over \$28 million into the Development following acquisition in October 2011.



Source: LStar Development Group, Inc.



Source: LStar Development Group, Inc.

For the nine (9) months ended September 2015, builder-reported home sales have averaged approximately 26 homes per month, and builder-reported traffic has averaged approximately 265 potential buyers per month.

MARKET AND COMPETITION

The Development's market area is comprised of the Charlotte Metropolitan Statistical Area, which consists of the North Carolina counties of Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, and Union, and the South Carolina counties of Chester, Lancaster, and York. The Developer defines Walnut Creek's primary competitors to include communities with approximately 300 units or more located within 10 miles of the site. Millbridge is a 2,000-unit highly amenitized master plan community bordering Walnut Creek to the east, across the South Carolina/North Carolina border. Home prices range from \$280,000 to \$390,000. River Chase is a Meritage Homes community located in Fort Mill, South Carolina. The project contains 231 lots, selling homes from \$230,000 to \$420,000. Riverwalk is a 770-unit community in Rock Hill, South Carolina, with multiple builders offering homes from \$215,000 to \$375,000. Retreat at Rayfield is a 385-unit Lennar community in Fort Mill, South Carolina. Home prices range from \$275,000 to \$420,000.

ZONING AND PERMITTING

The Developer has obtained the zoning necessary for development of the Development pursuant to ordinances adopted by the County. The Development will be consistent with the zoning of the property and with the development regulations outlined under the pertinent County ordinances. The Development Agreement, as further discussed and defined below, provides that the Developer has a vested right to proceed with the development of the real property in the District in accordance with the zoning classification set forth in the County ordinance zoning the property as a planned development district. In addition, the Development Agreement limits the applicability of future County laws, ordinances and regulations including, but not limited to, moratoria and other provisions which could prevent or limit the rate of development under certain circumstances. Except for the U.S. Army Corps of Engineers 404 Permit associated with Phase 4 of the Development, which is currently not required since there is presently no development activity within this phase, all major permits and approvals required for the Development have been obtained.

DEVELOPMENT AGREEMENT

The Development is subject to a Development Agreement which was entered into between the County and the Prior Developer on June 13, 2006 (the "Development Agreement"). The rights and obligations under the Development Agreement were transferred to the Developer pursuant to a Development Rights Transfer for the Development entered into among the County and the Developer, dated October 26, 2011.

The Development Agreement had an original term of 10 years and was scheduled to expire on June 13, 2016. However, such date has been effectively extended to June 13, 2023 as a result of two Acts ratified by the South Carolina General Assembly and the Governor of South Carolina (the "Governor"). Act No. 297, ratified on May 19, 2010, by the Governor, effectively extended the original termination date by five (5) years by suspending the period of development approvals and associated vested rights, on a State-wide basis, during the period beginning January 1, 2008, and ending December 31, 2012. In addition, pursuant to Act No. 112 ratified by the Governor on June 20, 2013, the running period of the development approval and any associated vested rights were suspended by an additional four (4) years from January 1, 2013, through December 31, 2016. It is anticipated that the majority of the development contemplated in the District will be completed by June 13, 2023.

The Development Agreement (i) provides that the real property will be developed in accordance with the development schedule, which estimates generally the timing of development by zoning category, (ii) describes the permitted uses of the real property, including general commercial, general residential and office, institutional and residential, (iii) describes the facilities that the Developer agrees to cause to be constructed, including (1) roadway system improvements consisting of streets, curbs, gutters, bridges, intersection improvements, right-of-way improvements, street lighting, landscaping, signage and signalization; (2) entrance and intersection improvements, as required by the South Carolina Department of Transportation and the County, to U.S. 521, Jim Wilson Road, Hancock Road, Hector Road, Twelve Mile Creek Road and Claude Phillips Road; (3) a sanitary sewer system consisting of force mains, gravity mains, a pump station, easements, and related facilities; (4) a water system consisting of appropriately sized water mains, valves, joints, fire hydrants, easements, and related facilities; (5) a storm water drainage system; (6) a combined Sheriff and EMS substation; (7) a County park and (8) other public improvements as allowed under the terms of the Act and as may be acceptable to the Developer and approved by the County, (iv) details the services for which the County will and will not be responsible, (v) lists the charges and fees for which the Developer is responsible, including fees for public safety services, (vi) provides for certain protections of the environment, and (vii) limits the applicability of future County laws, ordinances and regulations including, but not limited to, moratoria and other provisions which could prevent or limit the rate of development under certain circumstances.

The County planning director is obligated to review compliance with the Development Agreement by the Developer at least once every 12 months. If, as a result of any such review, the County planning director finds and determines that the Developer has committed a material breach of the terms or conditions of the Development Agreement, the County planning director will notify the Developer of such material breach in writing and give the Developer a reasonable time to cure such breach. If the Developer fails to cure such material breach and is not proceeding expeditiously and with diligence to cure such breach within a reasonable time, then the Council may unilaterally terminate or modify the Development Agreement; provided that the County may not terminate or modify the Development Agreement without providing the Developer the opportunity to cure or rebut the finding and determination by the County planning director or to consent to amend the Development Agreement to meet the concerns of the Council with respect to such findings and determinations. The Development Agreement is recorded against the real property and runs with such land, and the development rights with respect to the real property are vested with the Developer as of the date of execution thereof.

As of the date of this Preliminary Limited Offering Memorandum, neither the Developer nor the Development Manager has received notice of any outstanding defaults under the Development Agreement. A copy of the Development Agreement can be obtained from the Underwriter. See "SUITABILITY FOR INVESTMENT" herein.

ENVIRONMENTAL

In connection with the acquisition of the Development, Phase I environmental site assessments prepared on or before [Date] were obtained by the Development Manager. Per the environmental site assessments, there are no recognized environmental conditions and no environmental issues which require separate approvals from state or federal environmental agencies or require environmental remediation or cleanup of any kind. Due to the significant ongoing development activity throughout the Development, County inspectors and third party consultants conduct regular inspections to ensure the site remains in environmental compliance. Copies of the Phase I site assessments may be obtained from the Underwriter.

Shortly after its purchase of the Development, the Developer entered into an Erosion and Sediment Control Stabilization Agreement 11-043-W (the "Stabilization Agreement") with the South Carolina Department of Health and Environmental Control ("DHEC"). Under the terms of the Stabilization Agreement, DHEC noted deficiencies at the Development in the areas of sediment control and soil stabilization, all resulting from the Prior Developer's abandonment of the project. The Developer agreed to take corrective action as outlined in the Stabilization Agreement within certain timeframes. On March 27, 2012, DHEC informed the Development Manager that all of the requirements to be accomplished under the Stabilization Agreement were met and, therefore, the Stabilization Agreement was considered closed by DHEC.

UTILITIES

Public water service and sanitary sewage treatment is provided by Lancaster County Water and Sewer District.

Duke Power and York Electric furnish underground electric service for the Development. Lancaster County Natural Gas Authority provides natural gas for the Development, and Comporium Communications offers telephone and cable television service for the Development.

THE DEVELOPER

The Developer is a Delaware limited liability company created on August 15, 2011. The Developer is 99% owned by Edenmoor Holdings, LLC ("Edenmoor Holdings"), which serves as the Managing Member of the Developer, and 1% owned by Saybrook Fund Investors, LLC ("SFI"), a Delaware limited liability company.

Formed in July 2011, Edenmoor Holdings is a joint venture between Saybrook Municipal Opportunity Fund IV, L.P. and LS Edenmoor, LLC, an affiliate of LStar Communities. Edenmoor Holdings is 95% owned by SFI and 5% by LS Edenmoor, LLC.

In addition to owning 99% of the Developer, Edenmoor Holdings also owns a 99% interest in Edenmoor Acquisition, LLC, a Delaware limited liability company that owns 100% of the outstanding 2006 Bonds. Edenmoor Holdings also owns a 99% interest in Edenmoor Land Acquisition II, LLC, a Delaware limited liability company that owns all of the land that comprises Phase 4 of the Development. SFI is a 1% owner and serves as the Managing Member of the Sole Bondholder, the Developer. SFI is also the Development Manager of Edenmoor Holdings, and the Managing General Partner of Saybrook Opportunity Fund IV, L.P.

BOND AREA 1

The District will be split into three separate bond areas, each of which will have separate and distinct legal boundaries. See Appendix A, "THE DEVELOPMENT." Annual assessments on land that comprises each Bond Area will secure the repayment of separate series of municipal bonds described herein. See Appendix F, "BOND AREA 1 ASSESSMENT COLLECTION HISTORY AND FORECAST."

Bond Area 1 consists of land that is either owned by a homeowner, owned by a homebuilder, or subject to executed purchase and sale agreements with a homebuilder, with the exception of six (6) single-family residential lots that are owned by the Developer but not under contract for sale and one (1) parcel of land owned by the Walnut Creek Residential Property Owners Association, LLC, on which the Development's club house and pool facilities are located. Consequently, because of the diversity of ownership of the parcels within Bond Area 1, it is believed that the payment of annual assessments on land within Bond Area 1 currently have the least likelihood of encountering delinquencies when compared with the rest of the land that comprises the Development. However, the County does not guarantee or otherwise represent that the assessments imposed on land within Bond Area 1 will be paid at times or in amounts sufficient to avoid payment defaults on the 2015A-1 Bonds as the same become due.

The 2015A-1 Bonds will be secured by the Pledged Revenues, which includes, among other things, revenues derived from Assessment A assessed against real property that comprises Bond Area 1 and the Pledged Funds. Per the [Annual Assessment Report] of the District prepared by the Consultant, and approved by the Council on _____, the Assessment A on Bond Area 1 total \$ _____ for the year ending [].

Bond Area 1 consists of 839 single-family residential lots and one parcel of land, on which the District's club house and pool facility amenity is located. The 839 residential lots in Bond Area 1 include 432 finished lots in Phase 1 of the Development, 156 finished lots in phase 2B, 100 finished lots in phases 2C and 2D, and 151 finished lots in phases 3A and 3B.

The following chart provides a summary of the ownership of 839 single-family lots that are part of Bond Area 1:

BOND AREA 1: RESIDENTIAL LOT OWNERSHIP

	Homeowner	Builder	Developer (under contract with a Builder)	Developer (Not Under Contract With a Builder)	Total Number of Lots
PHASE 1	382	41	5	4	432
PHASE 2B	30	29	97	0	156
PHASE 2C & PORTION OF 2D	19	42	39	0	100
PHASE 3A, B-1, B-2 & B-3	60	31	58	2	151
	491	143	199	6	839
	58.5%	17.0%	23.7%	0.7%	

Five different homebuilders (including affiliates thereof) constitute the ownership of the 143 lots in Bond Area 1 that are owned by homebuilders as illustrated below:

	BUILDER OWNERSHIP					TOTAL
	BONTERRA BUILDERS LLC	D R HORTON INC	EASTWOOD CONSTRUCTION LLC	LENNAR CAROLINAS LLC	THE RYLAND GROUP INC	
PHASE 1	7	16	0	4	14	41
PHASE 2B	0	0	29	0	0	29
PHASE 2C & PORTION OF 2D	42	0	0	0	0	42
PHASE 3A, B-1, B-2 & B-3	0	0	0	31	0	31
	49	16	29	35	14	143
	34.3%	11.2%	20.3%	24.5%	9.8%	

BOND OWNERS' RISKS

RISK FACTORS

The following is a discussion of certain risks which should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2015A-1 Bonds. This discussion does not purport to be comprehensive or definitive; rather, it is meant to draw attention to some, though not necessarily all of the risks that may be peculiar to obligations such as the 2015A-1 Bonds. Each potential investor is expected and encouraged to make its own independent evaluation of the merits of acquiring and holding the 2015A-1 Bonds. The occurrence of any of the events discussed herein could adversely affect the ability or willingness of any Landowner to pay the Assessments when due. Any failure to pay Assessments could result in the inability to make full and punctual payments of debt service on the 2015A-1 Bonds and a default under the Indenture. In addition, the occurrence of any of the events discussed herein could adversely affect the value of the property in the District, which could, in turn, adversely affect the ability of the County to realize proceeds in a foreclosure action against the property to recover delinquent Assessments.

LIMITATIONS AND COLLECTABILITY OF ASSETS

The business plan for the Development assumes that portions of the actual payment of the Assessments will be made by individuals or entities buying benefited parcels in the Development or by the tenants of buildings in the Development. While nearly sixty percent (60%) of the residential lots located in Bond Area 1 are owned by individuals, market conditions such as competition with other competitive developments or adverse changes in general economic conditions may limit the ability of third-party builders or developers (including the Developer) to pass some or all of the Assessments to and any subsequent owners of real property in the District (the "Subsequent Landowners" and, together with the Developer, "Landowners"). The legal obligation to pay the Assessments rests with the Landowners. No assurance can be made that the construction and development of the Development will be completed. See "**FAILURE TO DEVELOP PROPERTIES**" below. As a result, no assurance can be given that such third-party builders or developers (including the Developer), will continue to pay the Assessments in the future or that they will be able to pay such Assessments on a timely basis. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other subsequent significant Landowner of benefited property, delays could occur in the payment of debt service on the 2015A-1 Bonds as such bankruptcy could negatively impact the ability of the Developer and any other Landowner to pay the Assessments. In addition, the remedies available to the Owners of the 2015A-1 Bonds under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion

and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the 2015A-1 Bonds, including, without limitation, enforcement of the obligation to pay Assessments and the ability of the County to foreclose the lien of such Assessments may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2015A-1 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available respecting 2015A-1 Bonds could have a material adverse impact on the interest of the owners of the 2015A-1 Bonds.

DEVELOPMENT RISKS

The progress of the Development may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Developer. In addition, the growth of the Development is subject to comprehensive federal, state, and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of required improvements, both public and private, and construction of the buildings intended for the Development must be in accordance with applicable zoning, land use and environmental regulations. Failure to obtain any such approvals in a timely manner could delay or adversely affect the progress of the Development, which may negatively impact the Developer's desire or ability to continue such development. No assurance can be given that unknown hazardous materials, protected animals, etc. do not currently exist or may develop in the future whether originating within the Development or from surrounding property, and what effect such may have on the Development. See also, "—FAILURE TO DEVELOP PROPERTIES" below.

LIMITED RECOURSE

The Developer's obligation to pay the Assessments is limited solely to the obligation that any Landowner has to pay Assessments against its land, the Developer is not a guarantor of payment by any other Landowner of the Assessments applicable to it, and the recourse for the Developer's failure to pay Assessments is limited solely to its ownership interest in the assessed land. Assessments against land within the District that is not owned by the Developer are also not guaranteed by the owner of such land, and the recourse for the failure of any such Landowner to pay an Assessment is limited to such Landowner's ownership interest in the assessed land.

TIMELY PAYMENT OF ASSESSMENTS

The timely payment of the 2015A-1 Bonds depends on the willingness and ability of the Landowners to pay Assessments when due. Failure of Landowners to pay Assessments when due could result in the rapid, total depletion of the Series 2015A-1 Debt Service Reserve Account established for the 2015A-1 Bonds and a default in payments of the principal of and interest on the 2015A-1 Bonds.

VALUE OF REAL PROPERTY

Prospective purchasers of the 2015A-1 Bonds should not assume that the real property within Bond Area 1 could be sold for an amount sufficient to fund delinquent Assessments.

MARKET AND COMPETITION

In general, the regional residential market and the retail, commercial and office markets are highly competitive and are affected by competitive changes in geographic area, changes in the public's

spending habits, population trends, traffic patterns, economic conditions and business climate. Other competitive factors include location and attractiveness of facilities, proximity to certain types of businesses and supporting services. The ability of the Development to compete in this competitive market is dependent upon the foregoing and a variety of other factors about which no assurance can be given. See **"THE DEVELOPMENT—MARKET AND COMPETITION"** herein.

ASSESSMENT DELINQUENCIES

Timely payment of debt service on the 2015A-1 Bonds is dependent upon timely receipt of the Assessments. Under provisions of the Act, the Assessments, from which funds necessary for the payment of principal of and interest on the 2015A-1 Bonds are derived, are contained within a single bill from the County Auditor, which also includes the *ad valorem* taxes then due on the related Parcel within Bond Area 1. Such Assessments are due and payable and bear the same penalties and interest for non-payment as do regular *ad valorem* property tax installments. The unwillingness or inability of Landowners to pay any portion of the amounts due with respect to taxes and assessments that relate to a parcel within Bond Area 1 could result in a foreclosure action being taken by the County.

In the event that sales or foreclosures of property are necessary, and if the Series 2015A-1 Debt Service Reserve Account is depleted, there could be a delay in payments to owners of the 2015A-1 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the County of the proceeds of sale.

See **"ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL—DELINQUENCIES; ENFORCEMENT; FORECLOSURE,"** for a discussion of the provisions which apply, and procedures which the County is obligated to follow in the event of delinquencies in the payment of Assessments. See **"—POTENTIAL DELAY AND LIMITATIONS IN FORECLOSURE PROCEEDINGS"** and **"—BANKRUPTCY"** below, for a discussion of limitations on the County's ability to foreclose on the lien of the Assessments in certain circumstances.

POTENTIAL DELAY AND LIMITATIONS IN FORECLOSURE PROCEEDINGS

In the event that any installment of Assessments or the payment of County real estate taxes is delinquent on March 17 of the year in which Assessments and County real estate taxes shall have become due, the County is authorized to initiate enforced collection procedures against the owner of record of the property. These procedures culminate in a sale, which should take place on the first Monday in October of the year in which such sums are due. The process of enforced collection and sale may be subject to delays for various reasons and potential investors should be aware that many of the reasons for delay are beyond the control of the County. See **"ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL—DELINQUENCIES; ENFORCEMENT; FORECLOSURE."**

Delays and uncertainties in the enforced collection process create significant risks for owners of the 2015A-1 Bonds. High rates of delinquency of Assessments or real estate tax payments that continue during the pendency of such proceedings could result in the rapid, total depletion of the Series 2015A-1 Debt Service Reserve Account. In that event, there could be a default in payments of the principal of, and interest on, the 2015A-1 Bonds.

The payment of the Assessments and the ability of the County to effect a sale to force collection of delinquent unpaid Assessments pursuant to its covenant to enforce collection may also be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See **"ASSESSMENT REVENUES; DETERMINATION OF RATE**

**AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL—
COLLECTION PROCEDURES” and “BOND OWNERS’ RISKS—LIMITATIONS ON COLLECTABILITY
OF ASSETS” and “—BANKRUPTCY.”**

The ability of the County to effect a sale with respect to the lien of a delinquent unpaid Assessment also may be limited with regard to properties in which the FLC may acquire an interest. The FLC currently does not have an interest in the land within Bond Area 1. However, if a lender takes a security interest in the subject property and becomes insolvent, such a lender could fall under the jurisdiction of the FLC, in which case FLC policies regarding the payment of state and local property taxes, including real estate taxes and assessments, may apply and such policies may include a requirement that the County obtain the consent of the FLC prior to foreclosing on the lien of special taxes, which may affect the ability of the County to complete such a sale in a timely fashion.

No assurances can be given that the real property subject to sale will be sold; or that property acquired by the FLC in connection with a sale will be resold; or, if sold or resold, that the proceeds of such a sale will be sufficient to pay any delinquent Assessments. As provided in the Act, assessments (such as the Assessments) constitute a lien on real property superior to all other liens except the liens for property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for assessments (such as the Assessments) and the liens for property taxes, and there is no State case law on point. Accordingly, the lien for assessments (such as the Assessments) is either at the same level of priority as, or is subordinate only to, the liens for property taxes. If the Series 2015A-1 Debt Service Reserve Account is depleted and delinquencies in the payment of Assessments exist, there could be a default or delay in payments of debt service on the 2015A-1 Bonds pending prosecution of foreclosure proceedings and receipt by the County of foreclosure sale proceeds, if any. There can therefore be no assurance that the Assessments will at all times be sufficient to pay debt service on the 2015A-1 Bonds.

BANKRUPTCY

Although a bankruptcy proceeding would not cause the Assessments to become extinguished, the amount and priority of any Assessment could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of the Landowners could result in a delay in foreclosure proceedings. Such delay could increase the likelihood of a delay or default in the payment of debt service on the 2015A-1 Bonds.

EXEMPT PROPERTIES

The Rate Study assumes that Assessments shall not be levied on Non-Benefited Property (as defined in the Rate Study). If for any reason any parcel of the property subject to Assessments becomes exempt from taxation by reason of transfer to or ownership by a non-taxable entity such as the federal, state or local government or another public agency, subject to ad valorem taxes and Assessments being paid current at the time of the transfer, the Rate Study does not reallocate Assessments to the remaining taxable parcels within Bond Area 1. If the transfer occurs by reason of condemnation proceedings, the laws of the State require the application of condemnation proceeds, if any, to the payment of ad valorem taxes and assessments related to such property. The amount received as a result of such proceeding may not be sufficient to pay the Assessment upon such parcel. In the case of the public dedication, gift or transfer without consideration of a parcel, there may be no mechanism for collecting the Assessment on such parcel once it becomes Non-Benefited Property. The Rate Study provides that when a parcel is subdivided into additional parcels, and a subdivided parcel becomes Non-Benefited Property, the Assessment with respect to that parcel may be collected from the other subdivided parcels which remain taxable property. The Rate Study also provides that prepayment of the Assessment is required when a

taxable parcel is acquired by an entity which results in such parcel being reclassified as Non-Benefited Property.

If a substantial portion of land within Bond Area 1 became exempt from Assessments because of public ownership or otherwise, the amount of the Assessments which could be levied upon the remaining property might not be sufficient to pay principal of and interest on the 2015A-1 Bonds when due.

INSUFFICIENCY OF ASSESSMENTS

Within the limits of the Rate Study, the County may adjust the Assessments levied on all property within Bond Area 1 to provide an amount required to pay debt service on the 2015A-1 Bonds and to pay all annual Administrative Expenses. However, the amount of the Assessments that may be levied against a particular parcel within Bond Area 1 is subject to the amount of the Assessments provided in the Rate Study approved by the County. There is no assurance that the amount of the Assessments will at all times be sufficient to pay the amounts required to be paid by the Indenture. For example, delays in collection or foreclosure of Assessments could result in insufficient funds being available to pay timely debt service on the 2015A-1 Bonds after depletion of the Series 2015A-1 Debt Service Reserve Account. There is no provision in the Act, the Bond Ordinance or the District Ordinance for the levy of Assessments to replenish the Series 2015A-1 Debt Service Reserve Account in the event of delays in collection or foreclosure.

See “ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL—DELINQUENCIES; ENFORCEMENT; FORECLOSURE” above and the subsection “—POTENTIAL DELAY AND LIMITATIONS IN FORECLOSURE PROCEEDINGS” above under this heading.

DISCLOSURE TO FUTURE PROPERTY PURCHASERS

There is no provision in the Act that requires a notice to future purchasers other than the record notice provided in connection with the establishment of the District. There can be no guarantee that title companies will refer to such notices in title reports or that a prospective purchaser or lender will consider, or receive notice, of such Assessment obligation in the purchase of a parcel within Bond Area 1 of the District or the lending of money thereon. Any failure on the part of a prospective lender or purchaser to determine the existence of the Assessments may affect the willingness and ability of such future owner to pay the Assessments when due.

NO ACCELERATION PROVISION

The Indenture contains no provision for the acceleration of the 2015A-1 Bonds in the event of a payment default or other default under the terms of the 2015A-1 Bonds or the Indenture. The ultimate source of recovery in the event of a default of payment of Assessments is the foreclosure provision described under “ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL—DELINQUENCIES; ENFORCEMENT; FORECLOSURE.”

ILLIQUIDITY OF 2015A-1 BONDS AND LIMITED SECONDARY MARKET

The 2015A-1 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the 2015A-1 Bonds in the event an owner of 2015A-1 Bonds determines to solicit purchasers of the 2015A-1 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the 2015A-1 Bonds may be sold. Such price may be lower than that paid by the then 2015 Bondholder, depending on the progress of the development of the Development,

existing market conditions and other factors. Although the County and the Developer have committed to provide certain financial and operating information as set forth in Appendix E hereto, there can be no assurance that such information will be available to owners of the 2015A-1 Bonds on a timely basis. See **"CONTINUING DISCLOSURE"** herein. The failure to provide the required financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

LOSS OF TAX EXEMPTION

As discussed under the caption **"TAX TREATMENT,"** the interest on the 2015A-1 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the 2015A-1 Bonds as a result of a failure of the County to comply with certain provisions of the Code. Should such event of taxability occur, the 2015A-1 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption, extraordinary redemption or mandatory sinking fund redemption provisions (as applicable) of the Indenture.

OTHER ASSESSMENTS AND TAXES

The willingness and/or ability of a Landowner to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the County or any other local special purpose or general purpose governmental entities. Public entities whose boundaries overlap those of the District, including the Lancaster County Water and Sewer District, could, without the consent of the owners of the land within the District, impose additional taxes on the property within the District.

By enactment of Ordinance No. 1083, the Council established the Indian Land Fire Protection District ("Fire District"). The Fire District includes the property within the Development. The purpose of the Fire District is to provide a funding mechanism through the imposition of a uniform service charge for the provision of fire protection at a level over and above the level provided outside of the Fire District. The annual uniform service charge was set initially at seventy five dollars (\$75.00) per equivalent residential unit ("ERU") and is presently set initially at seventy-five dollars (\$75.00) per ERU. The exact ERU amount is set annually by the Council. One dwelling unit equals one ERU and for structures other than dwellings, one ERU is equal to each 2500 square feet or fraction thereof. The uniform service charge is not imposed on undeveloped property. Imposition and collection of the uniform service charge begins only when a certificate of occupancy is issued with respect to a particular parcel of property.

LEGISLATIVE INITIATIVES

The South Carolina General Assembly may, from time to time, consider bills and proposed constitutional amendments that could affect local ad valorem property taxes and could reduce significantly the amount of ad valorem taxes that may be payable for property in the Development. No such proposals are currently pending and it is impossible to predict whether any of these proposals are forthcoming, what form they will take and when they might become effective.

FAILURE TO DEVELOP PROPERTIES

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the 2015A-1 Bondholders should it be necessary to institute proceedings due to the nonpayment of Assessments. Failure to complete development or substantial delays in the completion

of the development of the Development due to litigation or other causes may reduce the value of the Development and increase the length of time during which Assessments will be payable from undeveloped property, and may affect the willingness and ability of the owners of such property to pay the Assessments when due.

There can be no assurance that development operations with respect to the Development will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, state and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect the ability or desire of the property owners to pay the Assessments. Similarly, the failure by the Developer to close on the construction and sale of homes in the Development could reduce the ability or desire of the Developer to pay the Assessments. In either such event, there could be a default in the payment of principal of and interest on the 2015A-1 Bonds when due.

ADDITIONAL RISKS

This section does not purport to summarize all risks that may be associated with purchasing or owning the 2015A-1 Bonds and prospective purchasers are advised to read this Preliminary Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the 2015A-1 Bonds.

DEBT SERVICE REQUIREMENTS

The following presents the debt service schedule for the 2015A-1 Bonds based on the maturity dates and interest rates set forth on the cover of this Preliminary Limited Offering Memorandum and the mandatory redemption requirements applicable to the 2015A-1 Bonds set forth above:

<u>YEAR ENDING DECEMBER 31</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
Total			

PLAN OF REFUNDING

The County will use the proceeds of the sale of the 2015A-1 Bonds, after payment of the costs of issuance, to refund a portion of the outstanding 2006 Bonds (the "Refunded Bonds"). The bond proceeds remaining after payment of the issuance costs will be applied, with consent of the Sole Bondholder, to redeem the Refunded Bonds.

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

	<u>TOTAL</u>
Sources of Funds	
Proceeds of the 2015A-1 Bonds (includes [net] OIP/OID)	<u> </u>
TOTAL SOURCES	
Uses of Funds	
Deposit to Series 2015A-1 Debt Service Reserve Acct	
Deposit to Series 2015A-1 Administrative Expense Acct	
Costs of Issuance (including Underwriter's Discount)	<u> </u>
TOTAL USES	

TAX TREATMENT

FEDERAL TAX TREATMENT

In the opinion of McNair Law Firm, P.A., Columbia, South Carolina, as Bond Counsel, to be delivered on the delivery date of the 2015A-1 Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the 2015A-1 Bonds is excludable from gross income of the recipients thereof for federal income tax purposes. Bond Counsel is further of the opinion that interest on the 2015A-1 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the 2015A-1 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. Bond Counsel has expressed no opinion regarding other federal tax law consequences arising with respect to the 2015A-1 Bonds.

The Internal Revenue Code of 1987, as amended (the "Code"), including the Treasury Regulations promulgated thereunder, imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations, such as the 2015A-1 Bonds. The County has covenanted to comply with certain covenants, restrictions, conditions and requirements designed to ensure that interest on the 2015A-1 Bonds will not become includable in gross income. Failure to comply with these covenants could cause interest on the 2015A-1 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2015A-1 Bonds. The opinion of Bond Counsel assumes the accuracy of certain representations of the County with respect to the investment and use of proceeds of the 2015A-1 Bonds and compliance by the County with certain covenants.

Although Bond Counsel is of the opinion that interest on the 2015A-1 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the 2015A-1 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the 2015A-1 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property and casualty insurance companies, banks, thrifts or

other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit or the refundable credit for coverage under a qualified health plan, taxpayers subject to the application of backup withholding and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the 2015A-1 Bonds.

ORIGINAL ISSUE DISCOUNT

Certain of the 2015A-1 Bonds may be sold at initial public offering prices which are less than the principal amounts payable at maturity ("Discount Bonds"). The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold and the amount payable at maturity constitutes original issue discount, which is excludable from gross income to the same extent as interest on the 2015A-1 Bonds for federal income tax purposes.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a constant yield to maturity basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Bond will be treated as gain from the sale or exchange of such Discount Bond.

Purchasers of Discount Bonds should consult their own tax advisors with respect to the determination and treatment of original issue discount for federal income tax purposes, and with respect to the state and local tax consequences of owning Discount Bonds.

ORIGINAL ISSUE PREMIUM

Certain of the 2015A-1 Bonds may be sold at initial offering prices, or may be subsequently purchased at prices, which are greater than the amount payable at maturity ("Premium Bonds"). An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over the Premium Bond's term using constant yield principles, based on such Premium Bond's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bond, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Bonds.

CHANGE IN LAW

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause the interest on the 2015A-1 Bonds to be subject, directly or indirectly, to federal income taxation or

to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration offered a legislative proposal which generally would have limited the exclusion from gross income of interest on obligations like the 2015A-1 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that would significantly reduce the benefit of, or otherwise affect, the exclusion from gross income on obligations like the 2015A-1 Bonds. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2015A-1 Bonds. Prospective purchasers of the 2015A-1 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislative, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

IRS AUDIT

The Internal Revenue Service ("IRS") has established an ongoing program to audit tax exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Under current procedures, parties other than the County and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to, selection of the 2015A-1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2015A-1 Bonds, and may cause the County or the beneficial owners to incur significant expense.

STATE TAX TREATMENT

Bond Counsel is of the opinion that under present laws of the State, interest on the 2015A-1 Bonds will be excluded from South Carolina taxation, except estate, transfer and certain franchise taxes. Section 12-11-20 of the South Carolina Code imposes upon every bank engaged in business in the State a fee or franchise tax computed at the rate of 4½% of the entire net income of such bank. Department of Revenue regulations require that the term "entire net income" include income derived from any source whatsoever, including interest on obligations of any state and any political subdivision thereof. Interest on the 2015A-1 Bonds will be included in such computations.

SUITABILITY FOR INVESTMENT

Investments in the 2015A-1 Bonds poses certain economic risks. No dealer, broker, salesman or other person has been authorized by the County or the Underwriter to give any information or make any representations, other than those contained in this Preliminary Limited Offering Memorandum. Additional information will be made available to each prospective investor, including the benefit of a site visit to the Development, and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of 2015A-1 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such questions should be directed to Raymond James & Associates, Inc., 5956 Sherry Lane, Suite 1900, Dallas, Texas 75225, Attention: Lori Sullivan.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the 2015A-1 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and

delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the 2015A-1 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2015A-1 Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2015A-1 Bonds, or in any way contesting or affecting the validity of the 2015A-1 Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, the validity of the Assessments, the pledge or application of any moneys or security provided for the payment of the 2015A-1 Bonds, or the existence or powers of the County.

CONTINUING DISCLOSURE

The County and the Developer have agreed to provide certain annual financial information, operating data and notice of the occurrence of certain events with respect to the 2015A-1 Bonds, if deemed material. In addition, certain information will be provided on a quarterly basis during the development stage of the District. The specific nature of the information, as well as the circumstances under which material events will be reported, is contained in Appendix H, "FORM OF CONTINUING DISCLOSURE AGREEMENT."

A failure to comply with the requirements of the Continuing Disclosure Agreement will not result in a default under the Indenture.

In connection with the issuance of bonds and other debt obligations for which the County is the obligated person, the County previously executed continuing disclosure undertakings requiring:

(1) in the case of the County's General Obligation Bonds (CUSIP #514084) and SCAGO Installment Purchase Revenue Bonds (CUSIP # 80585U), the filing of annual reports, consisting of the County's annual audited financial statements (the "Financial Statements") and certain demographic data, debt information, tax information, and other operating data (the "Operating Data") with each of the nationally recognized municipal securities information repositories (the "NRMSIRs") (now uploaded to the Electronic Municipal Market Access system ("EMMA") established by the Municipal Securities Rulemaking Board) by a date certain after the end of each fiscal year (currently ending June 30) and the timely filing of notices of certain events (each, a "Listed Event");

(2) in the case of the County's Special Source Revenue Bonds (CUSIP #514121), the filing of annual reports, consisting of certain information regarding balances in funds and accounts, an update of information contained in the official statement under the caption "HSBC FACILITY AND HSBC FEE AGREEMENT," any change in the nature or amount of the bond security, any amendments to land use entitlements or legal challenges to construction, any changes approved by the County to the infrastructure to be constructed, the debt service schedule for the remaining term of the bonds, and an update of information contained in the official statement under the caption "THE DEVELOPMENT-THE INFRASTRUCTURE" (the "Special Source Revenue Data") with EMMA by a date certain after the end of each fiscal year (currently ending June 30) and the timely filing of notices of a Listed Event; and

(3) in the case of the County's Improvement District Assessment Revenue Bonds (for the Edgewater, Edenmoor, and Sun City Projects) (CUSIP #514088), the filing of annual reports, consisting of certain information regarding the assessed value of parcels, changes in rates and methods of

apportionment of assessments, balances in funds and accounts, certain information with respect to the Series Assessments, amendments to land use entitlements or legal challenges to construction, any material changes approved by the County to the project to be constructed, debt service schedules for the remaining term of the bonds, and any written correspondence from the developer to the office of the County Administrator which expressly updates information contained in the official statement under the caption "THE SERIES PROJECT" (the "Improvement District Data") with EMMA by a date certain after the end of each fiscal year (currently ending June 30) and the timely filing of notices of a Listed Event.

For fiscal year ended June 30, 2010, the County caused its Comprehensive Annual Financial Report ("CAFR") to be timely filed on EMMA on January 31, 2011. In addition, the County timely filed its annual report on January 30, 2011; however, this annual report did not contain all of the required Operating Data. The County posted additional Operating Data on January 8, 2013 to correct this deficiency for fiscal year ended June 30, 2010. Annual reports containing the Special Source Revenue Data for fiscal year ended June 30, 2010 were timely filed by MuniCap on behalf of the County on February 24, 2010 (covering the period from 7/1/2009 – 12/31/2009) and February 1, 2011 (covering the period from 1/1/2010 – 6/30/2010). Annual reports containing the Improvement District Data for the fiscal year ended June 30, 2010 were also filed by MuniCap on behalf of the County. However, MuniCap's report containing Improvement District Data for the Edgewater Improvement Bonds, Series 2007A and 2007B, and posted on February 1, 2011 was incomplete because it only covered the second half of the fiscal year (the period from 1/1/2010 – 6/30/2010) and no other posting was made to EMMA containing the Improvement District Data for the first half of the fiscal year (the period from 7/1/2009 – 12/31/2009).

For fiscal year ended June 30, 2011, the County caused its CAFR to be timely filed on EMMA on January 31, 2012. In addition, the County timely filed its annual report on January 31, 2012; however, this annual report did not contain all of the required Operating Data. The County posted additional Operating Data on January 8, 2013 to correct this deficiency for fiscal year ended June 30, 2011. Annual reports containing the Special Source Revenue Data for fiscal year ended June 30, 2011 were timely filed by MuniCap on behalf of the County on February 1, 2011 (covering the period from 7/1/2010 – 12/31/2010) and January 20, 2012 (covering the period from 1/1/2011 – 6/30/2011). Annual reports containing the Improvement District Data for the fiscal year ended June 30, 2011 were also filed by MuniCap on behalf of the County. However, MuniCap's Disclosure Report for the Edgewater Improvement Bonds, Series 2003A and 2003B, was posted one day late on February 15, 2012.

For fiscal year ended June 30, 2012, the County caused its CAFR to be timely filed on EMMA on January 28, 2013. In addition, the County timely filed its annual report on January 8, 2013; however, this annual report did not contain all of the required Operating Data. The County posted additional Operating Data on January 8, 2013, to correct this deficiency for fiscal year ended June 30, 2012. Annual reports containing the Special Source Revenue Data for fiscal year ended June 30, 2012 were timely filed by MuniCap on behalf of the County on January 20, 2012 (covering the period from 7/1/2011 – 12/31/2011) and January 31, 2013 (covering the period from 1/1/2012 – 6/30/2012). Annual reports containing the Improvement District Data for the fiscal year ended June 30, 2012, were also filed by MuniCap on behalf of the County. However, MuniCap's report containing Improvement District Data for the Edenmoor Improvement Bonds, Series 2006A and 2006B, was posted twelve (12) days late on February 13, 2013.

For fiscal year ended June 30, 2013, the County caused its CAFR to be timely filed on EMMA on January 27, 2014. In addition, the County timely filed its annual report on January 31, 2014. Annual reports containing the Special Source Revenue Data for fiscal year ended June 30, 2013 were timely filed by MuniCap on behalf of the County on January 31, 2013 (covering the period from 7/1/2012 – 12/31/2012), and January 31, 2014 (covering the period from 1/1/2013 – 6/30/2013). Annual reports containing the Improvement District Data for the fiscal year ended June 30, 2013 were also filed by MuniCap on behalf of the County. However, MuniCap's Disclosure Report for the Edgewater

Improvement Bonds, Series 2003A and 2003B, was posted one day late on February 15, 2014. In addition, MuniCap's report containing Improvement District Data for the Edenmoor Improvement Bonds, Series 2006A and 2006B, and posted on February 13, 2013, was incomplete because it only covered the first half of the fiscal year (the period from 7/1/2012 – 12/31/2012) and no other posting was made to EMMA containing the Improvement District Data for the second half of the fiscal year (the period from 1/1/2013 – 6/30/2013).

For fiscal year ended June 30, 2014, the County caused its CAFR to be timely filed on EMMA on January 21, 2015. In addition, the County timely filed its annual report on January 21, 2015. Annual reports containing the Special Source Revenue Data for fiscal year ended June 30, 2014, were timely filed by MuniCap on behalf of the County on January 31, 2014 (covering the period from 7/1/2013 – 12/31/2013) and January 31, 2015 (covering the period from 1/1/2014 – 6/30/2014). Annual reports containing the Improvement District Data for the fiscal year ended June 30, 2014 were also filed by MuniCap on behalf of the County. However, MuniCap's report containing Improvement District Data for the Edgewater Improvement Bonds, Series 2007A and 2007B, and posted on January 31, 2014 was incomplete because it only covered the first half of the fiscal year (the period from 7/1/2013 – 12/31/2013) and no other posting was made to EMMA containing such Improvement District Data for the second half of the fiscal year (the period from 1/1/2014 – 6/30/2014). In addition, MuniCap's Disclosure Report for the Edgewater Improvement Bonds, Series 2003A and 2003B, was posted one day late on February 15, 2015. MuniCap failed to file any reports containing Improvement District Data for the Edenmoor Improvement Bonds, Series 2006A and 2006B, for fiscal year ended June 30, 2014.

In addition, Notices of Material Events were filed to EMMA on October 5, 2015, September 30, 2015, May 27, 2015, May 26, 2015, April 2, 2015, March 30, 2015, March 27, 2015, October 17, 2014, September 30, 2014, May 2, 2014, April 4, 2014, October 18, 2013, October 2, 2013, May 30, 2013, May 24, 2013, April 18, 2013, April 12, 2013, April 2, 2013, March 11, 2013, February 5, 2013, October 22, 2012, October 1, 2012, April 5, 2012, March 30, 2012, November 3, 2011, September 30, 2011, April 8, 2011, January 28, 2011, November 29, 2010, October 1, 2010, April 7, 2010, April 5, 2010, January 29, 2010, November 16, 2009, November 2, 2009, October 2, 2009 (notices of redemption); November 7, 2011, May 4, 2011 (notices of default); May 10, 2011, November 8, 2010, April 16, 2010 (notices of delinquent annual installments); November 8, 2010, May 14, 2010, November 6, 2009 (notices of draw on debt service reserve); July 13, 2012, November 30, 2011 (notices of partial interest payment); May 30, 2014, June 2, 2014, November 26, 2014, December 1, 2014, December 3, 2014, May 29, 2015 (notices of redemption & partial interest payment); May 31, 2012, December 3, 2012, December 1, 2011, June 1, 2011, December 15, 2010, June 22, 2010, January 20, 2010 (notices of payment delinquency); August 11, 2014, October 16, 2014 (notices of extension of maturity); March 26, 2014, and June 8, 2015 (notices of ratings change).

The County's Material Event Notice filed on April 30, 2015 (regarding the refunding of a portion of the County's \$4,100,000 General Obligation Bonds, Series 2001, on March 1, 2011) was filed over four (4) years late.

In addition, one Failure to File Notice was filed to EMMA on January 8, 2013.

In the past five years there have been numerous rating actions reported by Moody's Investors Service, Standard & Poor's Rating Services and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the County. Due to widespread knowledge of these rating actions, material event notices were not filed by the County in each instance.

In the past five years, the County is not aware of any further deficiencies in its compliance with prior continuing disclosure undertakings.

[To ensure timely filing of future annual reports, the County has revised fiscal year end procedures to identify filing of annual reports as a specific responsibility of the County []. The County has also signed up for the automatic notification feature with EMMA in order to have an additional reminder to make its required filings.]

UNDERWRITING

The Underwriter set forth on the cover page hereof has agreed pursuant to a contract with the County, subject to certain conditions, to purchase the 2015A-1 Bonds from the County at a purchase price of \$_____ (representing \$_____ aggregate principal amount of the 2015A-1 Bonds, less an underwriter's discount of \$_____). The Underwriter's obligation is subject to certain conditions precedent and the Underwriter will be obligated to purchase all of the 2015A-1 Bonds if any are purchased. The 2015A-1 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

RATINGS

Moody's Investors Service, Inc., and Standard & Poor's Rating Services have assigned ratings of "___" and "___," respectively, to the 2015A-1 Bonds. The ratings reflect only the respective views of the rating agencies, and an explanation of the significance of each rating may be obtained from the rating agency furnishing such rating at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, Public Finance Group – 23rd Floor, New York, New York 10007 and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that either or both of such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the liquidity and market price of the 2015A-1 Bonds.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the 2015A-1 Bonds are subject to the approval of McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina; and for the County by its counsel, John L. Weaver, Esquire, Lancaster County Attorney, Lancaster, South Carolina.

CONTINGENT AND OTHER FEES

The County is paying the fees of Bond Counsel, the Consultant, the Developer's Counsel, the Underwriter (who has retained Underwriter's Counsel), and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the 2015A-1 Bonds. Payment of the fees of certain of these professionals is contingent upon the issuance of the 2015A-1 Bonds.

FORWARD-LOOKING STATEMENTS

This Preliminary Limited Offering Memorandum contains certain "forward-looking statements" concerning the County and the Developer's operations, performance and financial condition, including its future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to

significant uncertainties, many of which are beyond the control of either the County or the Developer. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate," and similar expressions are meant to identify these forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements.

MISCELLANEOUS

Any statements made in this Preliminary Limited Offering Memorandum involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the 2015A-1 Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions. Contemporaneously with the issuance of the 2015A-1 Bonds, an authorized representative of the County will furnish a certificate to the effect that nothing has come to his or her attention that would lead him to believe that this Preliminary Limited Offering Memorandum (excluding the information under the captions "**DESCRIPTION OF THE 2015A-1 BONDS—BOOK-ENTRY SYSTEM**," "**THE DEVELOPMENT**," "**THE DEVELOPER**," "**BOND AREA 1**," and Appendices [A through F]), as of its date and as of the date of delivery of the 2015A-1 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included herein for the purposes for which this Preliminary Limited Offering Memorandum is to be used, or which is necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

This Preliminary Limited Offering Memorandum has been prepared in connection with the sale of the 2015A-1 Bonds and may not be reproduced or used, as a whole or in part, for any purpose. This Preliminary Limited Offering Memorandum is not to be construed as a contract with the Holders or Beneficial Owners of any of the 2015A-1 Bonds.

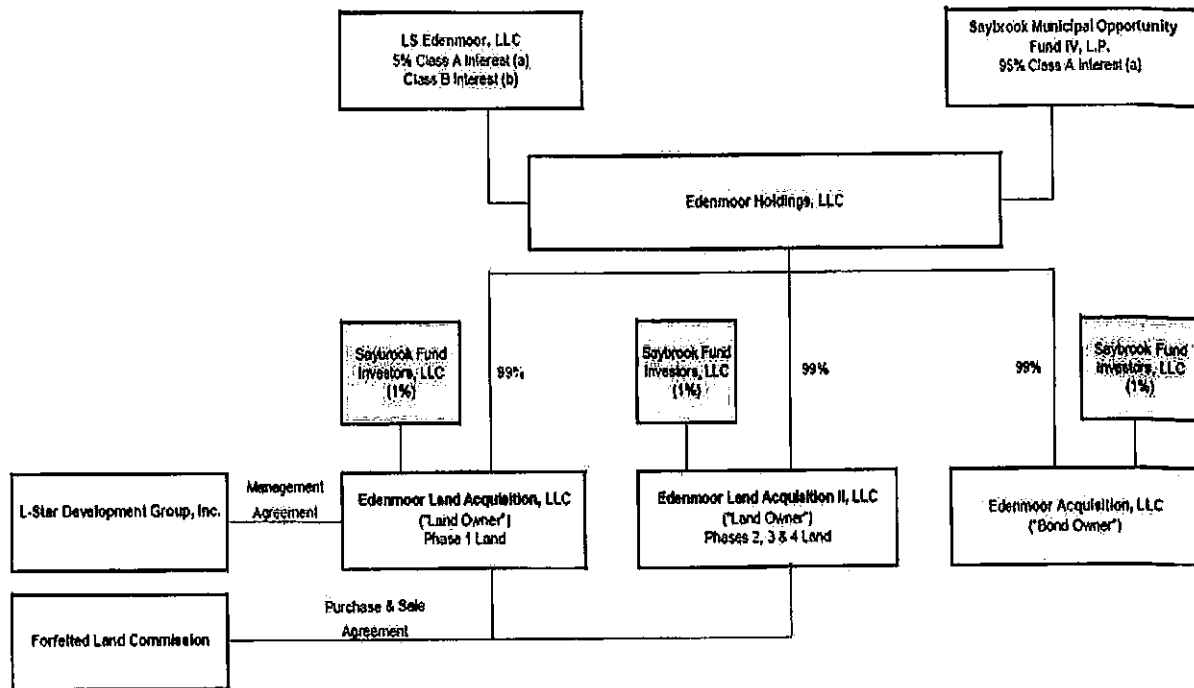
This Preliminary Limited Offering Memorandum has been duly authorized, executed and delivered by the County and deemed "final" by the County within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

APPENDIX A
THE DEVELOPMENT

Edenmoor Organization/Transaction Chart



(a) Class A interests represents the co-investment of each Member.

(b) Class B interest represents the profit allocation split portion of each Member's interest. The percentage of Class B profit allocable to each Member will be in accordance with the terms of the Operating Agreement of Edenmoor Holdings, LLC.

History of the Development

Walnut Creek, formerly known as Edenmoor ("Development"), is an 868-acre master-planned residential community located in Indian Land, Lancaster County, South Carolina. The Development was originally owned by Lawson's Bend, L.L.C. ("Prior Developer"), a Virginia-based real estate developer formed in March 2005. The sole members of Prior Developer were Steven B. Sandler and Arthur B. Sandler. Prior Developer was an affiliate of L.M. Sandler & Sons, Inc., which had significant experience developing residential communities, primarily in the mid-Atlantic region. GS Carolina LLC, a privately-held real estate development and management firm, was manager of the Development pursuant to a Development Management Agreement with Prior Developer.

On January 30, 2006, the County Council of Lancaster County, South Carolina ("Council"), enacted Ordinance No. 713 which established the Edenmoor Improvement District ("District") encompassing all of the land that comprises the Development. On April 24, 2006, the Council enacted Ordinance No. 733 authorizing the issuance of \$24,115,000 Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A ("2006A Bonds") and \$11,500,000 Edenmoor Improvement District Assessment Revenue Bonds, Series 2006B ("2006B Bonds," together with the 2006A Bonds, "2006 Bonds"). Proceeds from the issuance of the 2006 Bonds were used by Prior Developer to, among other items, finance design, construction and acquisition of off-site and on-site roadway, water, sanitary sewer, and storm-water improvements, construction of a 60-acre county park ("County Park") and a Sheriff/EMS Station. Prior Developer's development activities also included mass grading of Phases 1 and 2, completion of spine roads, and construction of in-tract improvements within Phase 1 of the Development.

Prior Developer planned to sell lots to homebuilders and had signed letters of intent for the sale of all Phase 1 lots to four major homebuilders, which included M/I Homes, Ryland Homes, Pulte Homes and Westfield Homes (a division of Standard Pacific). After selling 113 lots, Prior Developer defaulted on its obligations to pay assessments related to the 2006 Bonds on January 15, 2009, and ultimately abandoned the project due to adverse economic and financial conditions. As a result, the Development suffered from vandalism and wide-spread erosion issues that led to numerous road failures and dangerous sinkholes. The failing erosion control measures led to the South Carolina Department of Health and Environmental Control ("DHEC") issuing a notice of non-compliance in February 2009, effectively halting any further development. Failure of the Development created backlash from existing residents of the community (which totaled only 69 homeowners at the time) and significant negative publicity.

As a result of Prior Developer's failure to pay bond assessments and *ad valorem* tax payments, the FLC acquired through foreclosure all of the land owned by the Prior Developer within the District on November 3, 2010, which eliminated an approximate \$17.5 mortgage lien with Bank of America, in addition to an approximate \$4 million in other liens and an approximate \$5 million in developer equity. Furthermore, Prior Developer's nonpayment of bond assessments resulted in a payment default with respect to the 2006 Bonds.

In July 2011, Saybrook Municipal Opportunity Fund IV, L.P. ("Saybrook") and LS Edenmoor, LLC, an affiliate of LStar Communities, formed a joint venture named Edenmoor Holdings, LLC ("Edenmoor Holdings") to acquire from the FLC all of the land that comprised the District. The purchase was consummated in October 2011 through Edenmoor Land Acquisition, LLC ("Developer") and Edenmoor Land Acquisition II, LLC ("ELA II"), both of which are subsidiaries of Edenmoor Holdings. Approximately \$2.1 million of the purchase price paid by the Developer and ELA II went to cure past due *ad valorem* taxes and assessments payable to the County.

Also in July 2011, Edenmoor Holdings, through its subsidiary, Edenmoor Acquisition, LLC ("EA") acquired nearly all of the outstanding and defaulted 2006 Bonds. With ownership of the 2006 Bonds and almost all of the land comprising the District, Edenmoor Holdings had sufficient control over

the Development and its financing mechanisms to commence a turnaround of the community. As of [], 2015, EA owns 100% of the outstanding 2006 Bonds.

Repairs to the community began immediately following acquisition by the Developer and ELA of the District land from the FLC and were completed in 2012. The Developer obtained renewed permits from DHEC, implemented proper erosion control measures, regraded and stabilized those parts of the District that suffered from erosion, and repaired all failed infrastructure that had been constructed by the Prior Developer. In addition, the Developer completed construction of the County Park and the combined Sheriff/EMS station. The Sheriff/EMS station and the County Park were accepted by and deeded to the County in February 2012 and March 2013, respectively. Also in March 2013, the County accepted and obtained ownership of the portion of Walnut Creek Parkway that runs from Highway 521 to the County Park, and all of the roads that comprise Phase 1 of the Development. The Developer completed construction of the community's clubhouse and pool amenity at a cost of approximately \$2 million and deeded the facility to the Edenmoor Residential Property Owners Association, Inc. ("HOA") in April 2014.

As of the date of the Preliminary Limited Offering Memorandum, all major off-site improvements have been completed, including improvements to Jim Wilson Road and SC Hwy 521, installation of sewer mains and lift station, the Sheriff/EMS station, and the County Park. In addition, all community amenities to be constructed by the Developer are complete, and the commercial site has been mass graded. A public access easement has been granted to the County and a 3 mile portion of the Carolina Thread Trail system has been constructed on that easement along Twelve Mile Creek. Significant in-tract infrastructure in Phases 2 and 3 of the Development, including secondary roads, water and sewer lines, and landscaping have been completed; however, site work in multiple phases of Phases 2 and 3 is ongoing to meet current contracted lot delivery obligations. The Developer is also presently constructing final phase of the Walnut Creek Parkway spine road that will connect Phase 2 of the Development to Phases 1 and Phase 3 of the Development, and provide residents with easy access to all of the amenities offered by the community. This \$3 million spine road extension is expected to be completed near year-end 2015.

The Developer intends to complete all improvements to Phases 2 and 3 of the Development by 2017 and currently intends to bulk sale Phase 4 of the Development to third-party land developers or homebuilders. Since becoming owner of the land that comprises the District in October 2011, the Developer and its affiliates have invested over \$28.0 million into the Development, excluding the costs of acquiring the District land and the 2006 Bonds.

From June 2012 through the date of this Preliminary Limited Offering Memorandum, approximately 521 lots were sold to five different builders, and together with the initial 113 lots sold by the Prior Developer, Walnut Creek currently has approximately 491 occupied homes and is home to more than 1,400 residents. In addition to the five home building companies that are active in the Development, two additional builders are expected to begin purchasing lots and building homes in the summer of 2016 as additional phases of Phase 2 and Phase 3 are constructed. Additionally, the extension of Walnut Creek Parkway that will unite the community from Highway 521 to Jim Wilson Road is expected to be complete near year-end 2015. The Development is planned to contain more than 2,000 single family detached and attached homes and approximately 100,000 square feet of commercial development, consisting of retail, restaurant, and/or support services for residents in the community. The development of Phase 1, Phase 2, and Phase 3 is expected to be complete by 2018. Development in Phase 4 and on the commercial land will likely commence in mid-2017.

With respect to the residential portion of the Development, the Developer intends to install the infrastructure and market and sell lots to builders. As of the third quarter of 2015, more than two-thirds of the anticipated lots in the community have been sold, are under contract for sale, or are committed under a

letter of intent (with active contract negotiations currently in process). With respect to the commercial portion of the Development, the Developer has listed the property with a regional commercial real-estate broker with the intent to sell the 10 acre parcel as raw land to a commercial developer.

The Developer is a Delaware limited liability company created on August 15, 2011. The Developer is 99% owned by Edenmoor Holdings, LLC ("Edenmoor Holdings") and 1% owned by Saybrook Fund Investors, LLC ("SFI"), a Delaware limited liability company which serves as the Managing Member of the Developer.

Formed in July 2011, Edenmoor Holdings is a joint venture between Saybrook Municipal Opportunity Fund IV, L.P. and LS Edenmoor, LLC, an affiliate of LStar Communities. Edenmoor Holdings is 95% owned by SFI and 5% by LS Edenmoor, LLC.

In addition to owning 99% of the Developer, Edenmoor Holdings also owns a 99% interest in Edenmoor Acquisition, LLC, a Delaware limited liability company that owns 100% of the outstanding 2006 Bonds. Edenmoor Holdings also owns a 99% interest in Edenmoor Land Acquisition II, LLC, a Delaware limited liability company that owns all of the land that comprises Phase 4 of the Development. SFI is a 1% owner and serves as the Managing Member of the Sole Bondholder and the Developer. SFI is also the Manager of Edenmoor Holdings, and the Managing General Partner of Saybrook Opportunity Fund IV, L.P.

Officers of SFI include Jon P. Schotz, Jeffrey M. Wilson and Scott Bayliss. Members of SFI include the Schotz-Wheeler Family Trust, the Diane E. and Jeffrey M. Wilson Family Trust, Scott A. Bayliss and David R. Rodriguez. In 2000, the officers of SFI launched the Saybrook Tax-Exempt Opportunity Fund, L.P., one of the first private equity funds created for the purpose of acquiring defaulted and distressed municipal bonds, and assets related to such bonds. In total, the officers have created and managed five private equity funds focused on defaulted and distressed municipal bonds since 2000 with commitments totaling approximately \$675 million. The officers of SFI have significant municipal and corporate work-out and turn-around expertise in addition to a deep knowledge of and contacts within the municipal bond market.

The following are biographical summaries of the officers of SFI:

Jon P. Schotz

Mr. Jon P. Schotz is a Managing Partner and member of the investment committee of the Kayne-Saybrook Municipal Opportunity Fund, L.P., a private equity fund affiliated with Kayne Anderson Fund Advisors, and the co-managing partner and co-portfolio manager of the Saybrook Municipal Opportunity Funds, which presently include the Saybrook Municipal Opportunity Fund IV, L.P. and the entities that comprise Saybrook Tax-Exempt Opportunity III. Mr. Schotz has over 35 years of distressed investing and financial advisory experience, most notably in areas of distressed tax-exempt credits.

In 1990, Mr. Schotz co-founded Saybrook Capital, LLC, an investment management and financial advisory firm headquartered in Los Angeles. During his tenure with Saybrook Capital, Mr. Schotz served as the financial advisor to the Orange County Investment Pool Creditors' Committee and helped lead Saybrook Capital's team that restructured and disposed of more than \$1 billion in letter-of-credit portfolios. Prior to founding Saybrook Capital, Mr. Schotz was responsible for opening the Los Angeles office of Ehrlich Bober & Co., Inc., a public finance investment bank. Upon his departure, he was Executive Vice President, a member of the Management Committee and a member of Ehrlich Bober's Board of Directors.

Mr. Schotz received his BA and MPPM degrees from Yale University.

Jeffrey M. Wilson

Mr. Jeffrey M. Wilson is a Managing Partner and member of the investment committee of the Kayne-Saybrook Municipal Opportunity Fund, L.P., and the co-managing partner and co-portfolio manager of the Saybrook Municipal Opportunity Funds. Mr. Wilson has more than 25 years of investment experience in the municipal bond market with a particular focus in distressed, high-yield and special situation investing.

Mr. Wilson joined Saybrook Capital in 2000, where he served as the co-portfolio manager and member of the investment committee of Saybrook Capital's private equity funds focused on opportunistic investments in distressed and defaulted municipal bonds and related assets. Mr. Wilson has extensive restructuring advisory experience having helped lead Saybrook Capital's advisory effort in the Pacific Gas and Electric bankruptcy and serving clients in assignments related to United Airlines, Kmart, Adelphia, Foster Wheeler, the City of Richmond, Virginia, and the City of Desert Hot Springs, California. Prior to joining Saybrook Capital, he was a Vice President and Senior Research Analyst in Franklin Templeton's Municipal Bond Department where he led numerous complex financings focusing on the high-yield municipal market through structuring of new bond financings and restructuring of distressed credits.

Mr. Wilson earned his BS in Business Administration from the University of the Pacific.

Scott A. Bayliss

Mr. Scott A. Bayliss is a Partner and Investment Committee Member of the Kayne-Saybrook Municipal Opportunity Fund, L.P. and the Saybrook Municipal Opportunity Funds. Mr. Bayliss joined Kayne Anderson in 2013 and is involved in the overall management of several private-equity funds focused on investing in defaulted and distressed municipal bonds, including identifying acquisition candidates, performing real estate and bond due diligence, negotiating work-out arrangements and bond restructurings, implementing the disposition of investments, and general management of day-to-day fund operations.

In 1995, Mr. Bayliss joined Saybrook Capital where he assisted in the formation of one of the country's first private equity funds focused on opportunistic investment in distressed and defaulted municipal bonds. While at Saybrook Capital, Mr. Bayliss was also involved in numerous financial advisory engagements, including assisting with the restructuring and disposition of more than \$1 billion of letter-of-credit portfolios for both domestic and Japanese banks. Prior to joining Saybrook, Mr. Bayliss was a Vice President with Houlihan Lokey Howard & Zukin, a national specialty investment bank, where he was a member of the firm's municipal bond restructuring group, and provided financial advisory related to leveraged buy-outs, and corporate mergers, acquisitions, and valuation services.

Mr. Bayliss earned his Bachelor of Business Administration degree with a major in Finance from the University of Iowa, and he is a member of the California Society of Municipal Analysts and the National Federation of Municipal Analysts.

THE DEVELOPMENT MANAGER

The Development Manager of the Development is LStar Development Group, Inc. (the "Manager") pursuant to a Development Agreement entered into between the Development Manager and the Developer. The Development Manager is an affiliate of LS Edenmoor, LLC and LStar Communities ("LStar"), a full service development company staffed by a team with over 400 years of combined land development experience across all disciplines including land planning, engineering, home building, accounting, legal, marketing and sales. LStar was formed in 2007 and is one of the largest purchasers of distressed assets in the nation. Collectively, the LStar team has been actively involved in the development of more than 100,000 lots in over 110 communities. Since mid-2009 alone, LStar has closed on more than 40,000 lots. In addition to its joint venture with Saybrook, LStar serves as the development partner to a number of well-known private equity funds.

LStar is a full-service real estate investment firm that acquires and manages undervalued assets in multiple sectors and geographies around the United States. As the country emerged from the economic downturn, the firm's acquisition strategy emphasized opportunistically pursuing target assets during times of financial distress and market imbalances. More recently, the firm has focused on acquiring selected assets where its unique and broad skill set adds value to complex projects. The firm has partnered with some of the most highly regarded financial institutions in the country to achieve a track record of strong financial and operational performance.

LStar has demonstrated a consistent ability to achieve superior financial performance in the near-term and long-term. Accordingly, the firm is widely regarded as a company that can continually identify, underwrite and acquire under-valued assets across the country, bringing specialized expertise that adds value to its acquisitions. LStar focuses on exemplary money management, with a particular emphasis on the protection of invested capital, risk minimization, and maximization of potential returns.

With in-depth knowledge in the disciplines of land acquisition, asset management, site development, design, planning, permitting, engineering, marketing, real estate law, finance, commercial development, multi-family housing and construction. The firm has offices in Raleigh and Charlotte, North Carolina, Myrtle Beach, South Carolina, and Boston, Massachusetts.

Kyle Corkum, Managing Partner

Kyle is the Managing Partner and co-founder of LStar. He is a National Urban Fellow, a full member of the Urban Land Institute, a member of ULI's Residential Gold Council and is a member of the Raleigh Chamber Board of Advisors. Kyle also co-founded The Flying Fish Project, a charitable organization that supports children in need and the disadvantaged. Over the past 30 years, he has been responsible for the acquisition of nearly 60,000 housing units in 15 states. The first 22 years of his career were spent in the high barrier-to-entry submarkets of the Northeast where he gained extensive experience in residential development.

Steven Vining, Managing Partner/General Counsel

Steve is the Managing Partner, General Counsel, and co-founder of LStar. Steve has over 30 years of legal experience, practicing in the areas of real estate, land use, development, environmental law and permitting. He is responsible for all contract negotiations, environmental compliance, legal underwriting, risk management, and zoning review.

Prior to co-founding LStar, Steve was in private law practice with a focus on land use and real estate law, first in Los Angeles, California then in Cary, North Carolina. Through his broad experience managing the acquisition and permitting of large commercial, industrial, and residential assets, he has

gained a well-respected reputation for his experience in permitting complex zoning applications in onerous regulatory environments. During his career he has been involved in the permitting, acquisition, and disposition of residential projects totaling over 50,000 units. Additionally, he is involved in day-to-day management of numerous LStar projects and manages all financial reporting and accounting functions for LStar.

ML Mueller, Managing Partner

ML is a progressive acquisition, operations and development executive with 20+ years of real estate experience. An expert in many disciplines, she began her career in new home sales and was recognized for 5 of 7 years as a top 10 producer; had ownership in two custom home building companies; and later expanded into tactical site selection, and residential and commercial development. Before joining LStar, ML spent nearly a decade performing strategic market research and managing site selection and development for various communities across North and South Carolina. During those years her accomplishments include involvement in the acquisition, construction and disposition of nearly 4,000 residential lots and homes and multiple commercial sites. Her entrepreneurial spirit and passion for successful asset acquisition, development and strategic disposition drive her to be a leader, and she consistently heightens performance levels and ROI by substantial margins.

As a managing partner, ML plays a vital role in the analysis, underwriting, design and disposition of all potential assets and brings an exceptional level of expertise to the oversight of planning, permitting, acquisition, operations management, and financial performance across all active LStar projects.

Pete Sullivan, Partner

Pete has nearly 25 years of engineering, due diligence underwriting and construction management experience, including work on over 45 projects with 10,000 lots in the Southeast. As a licensed Professional Engineer (NC and SC), Pete provides valuable experience to the site design and engineering process. Prior to joining LStar, Pete served as Vice President of Land for KB Home in the Raleigh-Durham Division. Pete has overseen the design, permitting and development of over 5,400 lots, including the management of engineering and development for the first Martha Stewart Community in the United States.

Pete oversees civil engineering, permitting, and infrastructure construction for LStar. His specific responsibilities include management of due diligence, oversight of the engineering design, construction cost estimating and bidding, and oversight of utility, pavement and lot construction. Working closely with the acquisition team, he is also instrumental in homebuilder underwriting and lot disposition. He also plays a key role in market analysis and assists with site selection.

Adam Ashbaugh, Partner

Adam has over 30 years of experience in all aspects of land development planning entitlements, engineering, surveying and construction management totaling over 90 projects and more than 45,000 residential units in North Carolina, South Carolina, Florida and California. He has extensive experience with large, master-planned communities, including mixed-use developments, golf course communities and development districts. His largest project was Julington Creek Plantation, a 4,150 acre mixed-use Development of Regional Impact (DRI) master-planned community where he directly managed the development of over 5,000 single family residences, 1,200 multi-family residences and 390,000 square feet of commercial and office uses. Adam also has extensive experience working in communities financed with community development district bonds either as the engineer of record or as the district engineer.

As a licensed Professional Engineer and Certified Planner, Adam manages all facets of land acquisition due diligence, property investigation, yield study, pro-forma analysis, entitlements, re-zonings and comprehensive plan amendments. He is also responsible for the direction and oversight of development activities, permitting, design and construction for LStar's wide variety of large scale residential and mixed-use projects.

Hampton Pitts, Partner

As Chief Operating Officer and a partner in the firm, Hampton brings 30 years of real estate development, homebuilding, and operational leadership to our team. As an accomplished real estate development and home building executive, he most recently served in the capacity of Regional Executive Vice President – Texas and Carolinas markets, for Ashton Woods Homes, one of the nation's five largest private home builders. As both Executive Vice President and the founding Raleigh Division President, Hampton was responsible for managing over 250 employees and daily operations in the company's six North Carolina and Texas offices, as well as developing strategic plans for their future growth. Prior to that, he worked with national public builder Centex Homes for over 16 years as founding Division President in Myrtle Beach, SC and later as the company's Division President in Raleigh, NC.

Hampton is a graduate of NC State University and is currently the Chair of the Poole College of Management Dean's Advisory Board. He is past Chair of the Dean's Advisory Board for the College of Humanities and Social Sciences. Other current and past community leadership roles include involvement in the Home Builders Association of Raleigh-Wake County and the Home Builders Association of Durham, Orange and Chatham Counties, the Midtown Raleigh Alliance Advisory Board, the City of Raleigh's Environmental Advisory Board and leadership council for the Church of the Apostles in Raleigh.

Rachel Vradenburgh, Partner

Spanning a career of nearly 30 years, Rachel's experience ranges from Human Resources Director for a software developer during the 1980's dot-com explosion to Senior Vice President of HR & Operations for a successful start-up. While with the software developer, she managed the growth of the company from 30 employees to 600 employees in only five years, including the staffing of two international offices. Her expertise lies in evaluating a company's operations and structuring the best model to successfully achieve growth.

Rachel brings her experience to LStar and our larger communities by managing all aspects of human resources including: evaluation of personnel needs, recruiting, benefit analysis, customer service, updating insurance policies, creating and leading training programs, risk management, and instituting compliance guidelines. Rachel is instrumental in fostering positive relations between existing homeowners, employees and LStar management while minimizing the firm's liability exposure.

Existing LStar Communities

Existing communities that LStar is presently developing include:

GRANDE DUNES, Myrtle Beach, SC The premier master-planned coastal development in the southeast, Grande Dunes is a 2,200 acre community located in Myrtle Beach, South Carolina. LStar's acquisition includes 770 acres of land with zoning for significant residential and commercial development. Grande Dunes' renowned amenity package includes the exclusive Grande Dunes Member's Club private 18 hole golf course; the Grande Dunes Member's Club 27,000 square-foot clubhouse; the Ocean Club (a 25,000 square-foot clubhouse, restaurant and pool complex on the Atlantic Ocean); the Grande Dunes Tennis Club (consisting of 10 tennis courts, a clubhouse and fitness center); the 131-slip

Grande Dunes Marina (capable of accommodating boats up to 120 feet in length), and the waterfront Anchor Café.

SYCAMORE HILLS, Upland, CA Sycamore Hills is a 42-acre, mixed-use site in Upland and Claremont, California. The site, located just east of Los Angeles, has direct access to Highway 210 and Baseline Road. The property is entitled for 100,000 square feet of retail on 10 acres, and up to 400 high-density residential units on 32 adjacent acres.

BRIGHTLEAF AT THE PARK, Durham, NC - Brightleaf at the Park is one of the premier master-planned communities in the Triangle (Durham, NC) located only 4 minutes to the Research Triangle Park, 7 minutes to Brier Creek and 12 minutes to the Raleigh-Durham International Airport. Brightleaf's proximity to the Research Triangle Park makes it highly sought after by homebuyers. The acquisition included 67 VDL, 79 PDL and 743 UDL. Brightleaf is planned for 2,866 units over 14 phases. Brightleaf's activity center, The Brightleaf Club, is a Tim Wilkison signature private club that includes a swim complex with a Junior Olympic Pool, a zero entry beach pool with twin slides and a toddler pool with splash pad and fountains. The Club also includes a 24-hour fitness center plus an expansive tennis facility. LStar partnered with Mountain Real Estate Group to purchase Brightleaf.

SOUTHFIELD, Weymouth, MA Formerly the South Weymouth Naval Air Station, SouthField is entitled for 3,855 units of housing and up to 3 million square feet of commercial and retail space. The recently revamped master plan also includes a mixed use village center, one of the largest office parks in the Boston area, neighborhood parks and 100's of acres of dedicated open space. The site is a transit oriented development with direct pedestrian access to the South Weymouth Commuter Rail Station. The project is LEED certified. Approximately 70 percent of all land in SouthField is preserved as open space.

OTHER BOND AREAS

Bond Area 2

The land that comprises Bond Area 2 is expected to include 828 single-family and townhome lots that are in various states of planning and development. All of the land within Bond Area 2 is presently owned by the Developer, except for eight townhome lots owned by DR Horton, Inc. ("DR Horton") Bond Area 2 will include one additional parcel of land that is expected to be added to the District in late 2015 or early 2016. The following chart provides the expected composition of Bond Area 2:

Composition of Bond Area 2 Lots

Sub-Phase	Lots
2C (Partial) --Town Homes	120
2D (Partial)	43
2E (Partial in 028)	28
2E (Partial in 024.05)	100
3C	57
3D (excl. portion of new Tract)	121
3D (portion of new Tract 3F)	22
3E (portion of new Tract 3F)	22
3E (excl. portion of new Tract)	148
3F -single family	25
3F -town homes	124
3G	18
	828

As of the date of this Preliminary Limited Offering Memorandum, the 120 townhome lots in Phase 2C of the Development are subject to an executed purchase and sale agreement with a large national homebuilder, 171 lots are subject to an executed purchase and sale agreement with a regional homebuilder, and 413 lots are subject to executed letters of intent with four (4) separate homebuilding companies.

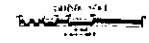
The [DISCUSS] Bonds will be secured by Assessment A assessed against real property that comprises Bond Area 2. Per the _____ Annual Assessment Report of _____ prepared by Municap, Inc. and approved by the Council on _____, the Assessment A on Bond Area 2 total \$ _____ for the year ending December 1, 2016.

Bond Area 3

Bond Area 3 is comprised of the land that constitutes the 10-acre commercial parcel located on the corner of Highway 521 and Walnut Creek Parkway, and Phase 4 of the Development, which is expected to contain 178 single-family residential lots and 390 age-targeted townhome lots. All of the land that constitutes Bond Area 3 is owned by Edenmoor Land Acquisition II, LLC ("ELA II"), an affiliate of the Developer. It is ELA II's present intention to seek a bulk sale of the Phase 4 land to a homebuilder or land developer within the next several years.

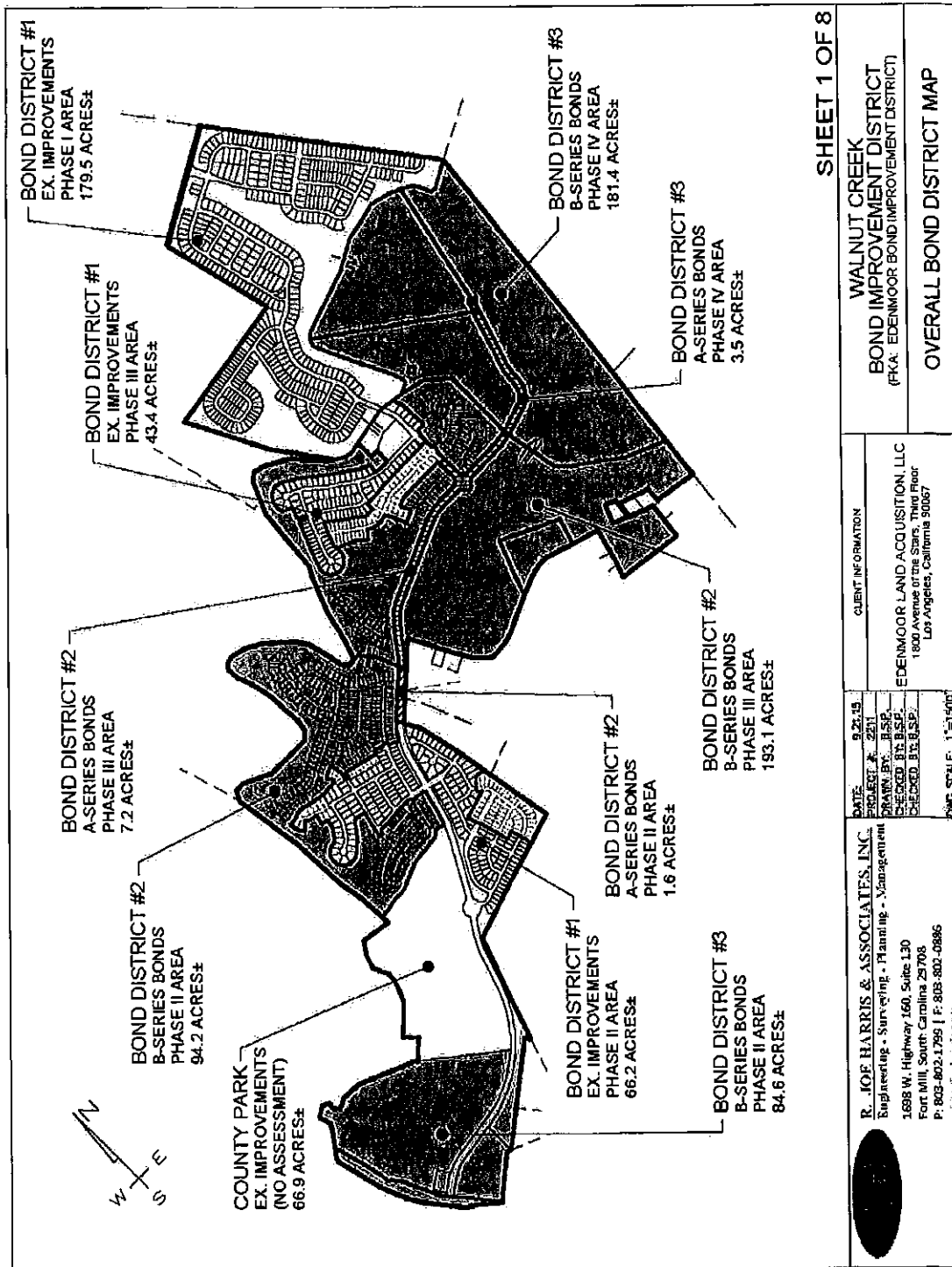
The [DISCUSS] Bonds will be secured by Assessment A assessed against real property that comprises Bond Area 3. Per the _____ Annual Assessment Report of _____ prepared by Municap, Inc. and approved by the Council on _____, the Assessment A on Bond Area 3 total \$ _____ for the year ending December 1, 2016.

APPENDIX B
MAP OF DEVELOPMENT



APPENDIX C

MAP OF DISTRICT AND BOND AREA 1



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CLIENT INFORMATION
EDENMOOR LAND ACQUISITION, LLC
1800 Avenue of the Stars, Third Floor
Los Angeles, California 90067

WALNUT CREEK
BOND IMPROVEMENT DISTRICT
(FKA: EDENMOOR BOND IMPROVEMENT DISTRICT)
OVERALL BOND DISTRICT MAP

APPENDIX D

SUPPLEMENTAL REPORT OF CIVIL ENGINEER

APPENDIX E

**ASSESSMENT ROLL FOR BOND AREA 1,
INCLUDING RATE AND METHOD OF APPORTIONMENT OF ASSESSMENTS**

APPENDIX F

BOND AREA 1 ASSESSMENT COLLECTION HISTORY AND FORECAST

YEAR OF ASSESSMENT A BILLING BILLED TO PROPERTY OWNERS OTHER THAN DEVELOPER	PERCENTAGE OF TOTAL ASSESSMENT A BILLING COLLECTED AS OF MARCH 18 DELINQUENCY DATE
2014	98.35%
2013	99.70
2012	97.50
2011	93.33
2010	97.35

Source: Municap

YEAR ^{††}	FORECASTED ASSESSMENT A COLLECTIONS [†]
2015	\$703,290
2016	703,290
2017	703,290
2018	703,290
2019	703,290

Source: Municap

[†]The assumed collection percentage of 98.5% represents a simple average of the collection rate (percentage of assessment fees for parcels owned by parties other than the developer collected by approximately March 18th of each year) for the three prior years, as calculated by Municap based on available information.

^{††}\$50,000 per year is expected to be expended on Administrative Expenses and will not be available for debt service on the 2015 A-1 Bonds.

APPENDIX G
OPINION OF BOND COUNSEL



APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX I

SUMMARIES OF PRINCIPAL DOCUMENTS

APPENDIX J

INFORMATION REGARDING LANCASTER COUNTY, SOUTH CAROLINA

APPENDIX J

INFORMATION REGARDING LANCASTER COUNTY, SOUTH CAROLINA

General Description

Lancaster County, South Carolina ("County") was established in 1785, is located in the north central section of South Carolina, and is bounded on the west by the Catawba River and Sugar Creek, on the east by Lynches River, on the south by Kershaw County and on the north by Mecklenburg County and Union County in North Carolina. The County includes three incorporated municipalities: Lancaster, Kershaw, and Heath Springs. The City of Lancaster, the county seat, is located 37 miles south of Charlotte, North Carolina, and 60 miles north of Columbia, South Carolina, the state capital. According to the 2010 Census, the population of the County was 76,652; the 2013 population of the County is estimated to be 80,458.

Form of Government

The County operates under the Council-Administrator form of government. The County Council of the County ("Council") consists of seven members elected from single-member districts for four-year terms. The Council bi-annually elects one member to serve as Chairman, one member to serve as Vice-Chairman and one member to serve as Secretary.

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

The present members of the Council, their respective occupations and number of years of service on County Council are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Years of Service</u>
Bob Bundy, Chairman	College Professor	2
Brian Carnes, Vice Chairman	Self-Employed	2
Steve Harper, Secretary	Self-Employed	2
Jack Estridge	Retired	12
Larry Honeycutt	Retired	11
Larry McCullough	Retired	6
Charlene McGriff	Director of Non-Profit Corp	5

Mr. Steve Willis is County Administrator and has served in this position since February 26, 2007. Mr. Willis has over 30 years in governmental service in the Lancaster area. Some of the positions he has held include City and Deputy City Administrator for the City of Lancaster, Battalion Fire Chief/Deputy Fire Chief for the Lancaster Fire Department, and Administrative/Investigative Lieutenant and Support Services Captain for the Lancaster Police Department. Mr. Willis graduated from The Citadel in 1978 with a Bachelor of Arts in Political Science.

The County Finance Director is Ms. Veronica Thompson who has served as Finance Director since June 15, 2001. Prior to becoming Finance Director, Ms. Thompson served as a staff accountant for the County for four years. She graduated from Newberry College in December 1990 with a Bachelor's Degree in Accounting. She is a member of Government Finance Officers Association (South Carolina and National) and the Association of Government Accountants.

In addition to the Council, various county officers are also elected, including the County Auditor, County Treasurer, Clerk of Court, Coroner, Probate Judge and Sheriff.

Services Provided

The County provides various local services which are funded primarily from the County's *ad valorem* tax levy as reflected in its annual budget for the fiscal year ending June 30, 2015. The County also collects fees and user charges to offset the cost of providing certain of these services.

In order to provide these services, in its annual budget for the fiscal year ending June 30, 2015, the County authorized approximately 528 full-time-equivalent positions, consisting of:

<u>Services</u>	<u>Full-Time Equivalent</u>
General Government Administration	95.0
Administration of Justice	37.5
Culture & Recreation	59.0
Public Safety & Law Enforcement	216.5
Public Works	43.0
Public Health & Welfare	<u>77.0</u>
Total	528.0

Other Services Provided Within the County

Several municipalities within the County also provide some of the services listed above and additional services not provided by the County.

Water and sewer services to portions of the County are provided by the Lancaster County Water & Sewer District. Refuse collection is handled directly by the municipalities or franchised by the County to private contractors. Household garbage convenience stations are provided at various locations throughout the County.

Public safety and law enforcement for the County employs approximately 217 full-time-equivalent employees and includes one police station, three police sub-stations, 123 police vehicles, and 18 fire stations.

Public health and welfare for the County employs approximately 77 full-time-equivalent employees and serves County residents through eight EMS stations and 25 emergency vehicles.

The County Public Works Department provides solid waste service throughout the County, maintains approximately 165 miles of paved roads and approximately 215 miles of unpaved roads, and has approximately 43 full-time-equivalent employees.

The County Culture & Recreation Department maintains 15 County parks, four recreation centers, and three libraries with approximately 59 full-time-equivalent employees.

Municipal Solid Waste Landfill

The County's landfill was closed as of June 30, 1995. The South Carolina Department of Health and Environmental Control (DHEC) requires landfill operators to provide for inspection and maintenance of the physical characteristics of the site, as well as monitoring and maintenance of the groundwater and gas monitoring systems and the leachate collection and treatment system, for a period of thirty years after

closing. DHEC also requires that operators cover the landfill with a minimum cover of a certain permeability. The County's liability for closure and post-closure care costs is based on landfill capacity used to date. Because the landfill is closed, the County considers it to be at 100% of capacity.

During fiscal year ended June 30, 2014, the County expended \$30,075 in landfill closure costs. Remaining post-closure costs are estimated by the County at \$1,266,035 and included with the long-term liabilities in the County's audited statement of net assets as of June 30, 2014. Post-closure care costs are based on engineering estimates and are subject to change due to inflation, deflation, technology, and applicable laws and regulations.

Commerce and Industry

Historically, Lancaster County's economy has been dominated by the textile industry. However, like many similar communities, Lancaster County has made great strides in diversifying the local economy. Manufacturing operations have grown to include companies that specialize in construction materials, fabricated metal products, consumer goods, automotive suppliers, food and beverage products, broadband and communications, medical and safety apparatus, and plastics. Recent developments include (i) Red Ventures, annually named one of the best places to work in the Charlotte Region, (ii) Keer America, a Chinese textile company is completing its first facility outside of China, and (iii) Fancy Pokket, one of the largest glutenfree manufacturers of baked goods in North America. The 88-acre Lancaster County Air-Rail Business Park is located on South Carolina Highway 9 just across from the Lancaster County Airport. The site is less than an hour from Charlotte Douglas International Airport and downtown Charlotte via SC 9 and US 521 to I-485. Other county highlights include the CrossRidge Corporate Center, which will be able to accommodate up to 700,000 square feet of office space, with possible uses ranging from a corporate headquarters to a call center or backoffice operation. There's also numerous headquarters and back office locations (Continental Tire the Americas, URS Nuclear, The Inspiration Networks, Honeywell, Kennametal, Sharonview Federal Credit Union, Alemite), and manufacturing centers (Duracell, Cardinal Health, Akzo Nobel, Nutramax Laboratories, Thomas & Betts, Romarco Minerals, Valmet, Cooley Group). Additionally, the County boasts affordable land in one of the fastest growing areas of Charlotte. There's been more than 25 new residential housing developments in the County over the past 10 years with more than \$1 billion in new retail-commercial growth since 2006.

In January 2015, Movement Mortgage, LLC, one of the fastest growing mortgage lenders in the country, announced that it is establishing its national headquarters in the County. The company is investing \$22 million to build its brand new headquarters, creating more than 650 new jobs. Founded in 2008 and currently headquartered in Virginia Beach, Virginia, Movement Mortgage has grown tremendously in its first six years. Upon its inception, the company employed four workers. Today, the firm's total employment exceeds 1,600. As one of the nation's top 25 private mortgage banks, Movement Mortgage has licensed operations in 40 states. The company was named the nation's fastest-growing, privately held mortgage bank by *Inc.* in both 2012 and 2013.

In November 2015, an exploration and development company engaged in the acquisition, exploration and development of precious metals mineral properties entered into the construction and production phase of its operations in the County. Registered in Canada, but headquartered in Fort Mill, South Carolina, Romarco Minerals, Inc., through its wholly-owned subsidiary, Haile Gold Mine, Inc., has announced investing \$353 million to develop the Haile Gold Mine, creating an expected 270 new jobs.

In October 2014, Valmet Corporation, a leading global service and technology supplier for the pulp, paper and energy industries based in Finland announced that it is expanding its manufacturing facility in the County. The investment is expected to create 40 new jobs.

In June 2014, Red Ventures, a technology company headquartered in Indian Land, South Carolina, announced that it is expanding for the second time since locating to the State in 2009. The expansion is expected to add approximately 200 jobs and a 180,000-square-foot facility. The company, which specializes in strategic marketing for high-growth businesses, has grown by more than 30 percent each year for the last five years. Red Ventures expects to staff a total of approximately 2,000 employees between its five offices by the completion of the County expansion. Red Ventures also has purchased more than 100 acres of surrounding area during the expansion for future use and development.

In December 2013, Chinese textile company Keer Group announced its selection of the County for its first facility outside of China. The company's \$218 million investment is expected to create 501 jobs within five years. Keer will construct and operate a 230,000-square-foot manufacturing facility, which will produce industrial cotton yarn taking advantage of South Carolina's location within the heart of the nation's cotton-producing region.

In July 2013, DLS Retreading, a provider of truck tire retreading services, announced that it was establishing a new operation in the County through a \$2.5 million investment that is expected to generate 53 new jobs over four years. The company is a licensee of Continental Tire the Americas LLC's ContiTread retreads for truck tires. In addition, the company will also offer new Continental and General brand truck tires, as well as mobile truck tire service. Initial operations have already begun at the facility.

In June 2013, Fancy Pokket, one of the largest gluten-free manufacturers of baked goods in North America, announced that it would be building a new 57,000-square-foot baking plant in the Air-Rail Business Park, which is expected to open by early 2015. The \$13,000,000 investment is expected to generate 68 new jobs over five years.

Capital Investment

The following table sets forth the total announced capital investment for new and expanded industry within the County for the last five years for which information is available.

<u>Year</u>	<u>New Investment</u>	<u>New Employment</u>
2010	\$65,866,000	585
2011	19,300,000	437
2012	45,950,000	1,178
2013	220,500,000	554
2014	436,635,900	551

Note: This table includes only those projects in which the Department of Commerce was instrumental in bringing the project to the County.

Source: South Carolina Department of Commerce

The totals in the previous table include the following companies and projects for 2010-2015:

<u>Year</u>	<u>Company</u>	<u>Project Type</u>	<u>Investment</u>	<u>Jobs</u>
2010	Greyn Custom Wood Co., Inc.	New	\$ 5,000,000	50
	Nutramax Laboratories, Inc.	New	12,500,000	203
	SOI Holdings Inc.	New	1,000,000	---
2011	Continental Tire the Americas LLC	Expansion	4,000,000	80
2012	Red Ventures	Expansion	---	1,000
2013	Thomas & Betts Corporation	Expansion	---	---
	Fancy Pokket USA	New	13,000,000	68
	DLS Tire Centers, Inc.	New	2,500,000	53
	Keer	New	218,000,000	501
2014	Red Ventures	Expansion	---	200
	Procter & Gamble – Duracell	Expansion	69,000,000	---
	Valmet Inc., Power Manufacturing	Expansion	---	40
	Haile Gold Mine, Inc.	Expansion	353,000,000	270
2015	Movement Mortgage, LLC	New	22,000,000	650

Source: S.C. Department of Commerce, Division of Research and Communications

Labor Force

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Manufacturing	2,811	2,646	2,866	3,078	3,271
Construction and Mining	1,435	1,250	1,465	1,525	1,512
Transportation & Public Utilities	(D)	(D)	(D)	(D)	(D)
Wholesale & Retail Trade	3,689	3,758	4,118	4,451	4,986
Information	319	313	357	412	433
Finance, Insurance & Real Estate	2,358	2,625	2,759	2,751	2,625
Services (incl. Agricultural Serv.)	7,253	8,283	12,319	10,166	14,153
Government	<u>4,188</u>	<u>4,091</u>	<u>3,781</u>	<u>3,831</u>	<u>3,915</u>
TOTAL	24,246	25,489	28,162	29,277	31,379

(D) Not shown to avoid disclosure of confidential information.

Note: Totals may not add due to rounding and to avoid disclosure of confidential information.

Source: South Carolina Department of Employment & Workforce

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Civilian Labor Force ¹	33,942	34,074	34,209	34,141	34,382
Employment	28,945	29,533	30,356	30,952	31,891
Unemployment	4,997	4,541	3,853	3,189	2,491

Source: South Carolina Department of Employment & Workforce

¹ Workers involved in labor disputes are included among the employed. Total employment also includes agricultural workers, proprietors, self-employed persons, workers in private households and unpaid family workers.

Retail Sales

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

<u>Year</u>	<u>Gross Retail Sales</u>
2010	\$1,010,894,146
2011	1,143,984,206
2012	1,188,869,234
2013	1,170,383,675
2014	1,217,006,793

Source: South Carolina Department of Revenue

Principal Employers

The following table shows the top employers located within the County, type of business, and approximate number of employees:

<u>Name</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Red Ventures	Marketing	1,600
Lancaster County School District	Education	1,569
Lancaster County ¹	Government	840
Springs Memorial Hospital	Healthcare	700
Cardinal Health	Healthcare	695
Wal-Mart Associates, Inc.	Retail	671
Continental Tire	Manufacturing – Corporate Office	430
Duracell	Manufacturing	425
Inspiration Ministries	Religion	310
USC - Lancaster	Education	305

¹ Includes poll workers that are on County payroll but are not full-time employees.

Source: Lancaster County Economic Development Corporation; South Carolina Department of Employment & Workforce

Construction Activity

The following table shows the number of building permits issued by Lancaster County for new, privately-owned, single-family residential units and new commercial properties along with the approximate cost of new construction represented by those permits in each of the last five years.

<u>Year</u>	<u>Residential Permits</u>	<u>Construction Cost</u>	<u>Commercial Permits</u>	<u>Construction Cost</u>	<u>Total Permits</u>	<u>Total Construction Cost</u>
2010	564	\$142,734,396	22	\$32,001,623	586	\$174,736,019
2011	527	137,141,690	17	23,766,123	544	160,907,813
2012	747	200,266,201	26	30,187,523	773	230,453,724
2013	998	294,223,917	46	89,734,420	1,044	383,958,337
2014	1,019	304,734,427	68	53,803,260	1,087	358,537,687

Source: Catawba Regional Council of Governments

Per Capita Personal Income

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

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2009	\$24,934	\$32,417	\$39,379
2010	25,977	32,669	40,144
2011	28,073	34,079	42,332
2012	29,309	35,347	44,200
2013	30,834	35,831	44,765

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

Median Household Income

The median household income estimates in the County, State, and United States for the last five years are shown below.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2011	\$50,200	\$55,100	\$64,200
2012	50,900	55,800	65,000
2013	44,400	55,000	64,400
2014	52,600	54,300	63,900
2015	56,400	55,500	65,800

Source: U.S. Department of Urban Development, Economic and Market Analysis Divisions

Unemployment Rates

The average unemployment rate in the County, State, and United States for each of the last five years is shown below.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
2010	14.7%	11.2%	9.6%
2011	13.3	10.5	8.9
2012	11.3	9.2	8.1
2013	9.3	7.6	7.4
2014	7.2	6.4	6.2

Source: South Carolina Department of Employment & Workforce

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

<u>Date</u>	<u>Rate</u>
October 2014	7.2%
November 2014	6.8
December 2014	6.7
January 2015	7.3
February 2015	7.2
March 2015	6.7
April 2015	6.6
May 2015	7.1
June 2015	7.2
July 2015	6.8
August 2015	6.5
September 2015 ^(P)	6.1

^(P) Preliminary

Source: South Carolina Department of Employment & Workforce

Population Growth

The following table illustrates the population growth of the County. Population statistics for the State and the United States are included for comparison purposes.

	<u>Lancaster County</u>		<u>South Carolina</u>		<u>United States</u>	
	<u>Population</u>	<u>% change</u>	<u>Population</u>	<u>% change</u>	<u>Population</u>	<u>% change</u>
1970	43,328	-	2,590,516	-	203,302,031	-
1980	53,361	23%	3,121,820	21%	226,545,805	11%
1990	54,516	2	3,486,703	12	248,709,873	10
2000	61,351	13	4,012,012	15	281,421,960	13
2010	76,652	25	4,625,364	15	308,745,538	10
2014 ¹	83,160	9	4,832,482	5	318,857,056	3

¹ Estimated

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

The 2000 Census and 2010 Census populations of the incorporated municipalities located in the County are set forth in the table below:

<u>Municipality</u>	<u>2000 Census</u>	<u>2010 Census</u>
Town of Heath Springs	864	790
Town of Kershaw	1,645	1,803
City of Lancaster	8,177	8,526

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

Transportation Facilities

The County is served by interstate highways I-20, I-77, I-85, I-277 and I-485, U.S. Highways 521 and 601, and several State highways. The L&C Railway is a privately owned short-line railroad based in Lancaster, offering customized rail freight service and connecting to the national rail network through CSX and Norfolk Southern. The nearest commercial airport is Charlotte-Douglas International Airport.

Healthcare Services

Springs Memorial Hospital offers approximately 230 beds and 120 physicians representing 27 medical specialties. Special features include a Women's and Children's Center; 24-hour emergency service; state-of-the-art radiology equipment; an intensive care unit; a sleep center; a regional rehabilitation center; a transitional care unit; a 10-bed coronary care unit; and a cardiac catheterization lab. Springs Memorial Hospital is fully accredited by the Joint Commission on Accreditation of Healthcare Organizations and is affiliated with the University of South Carolina School of Medicine and the John Morrison White Clinic at USC-Lancaster. In addition, two healthcare systems in Charlotte have significant facilities in Mecklenburg and Union Counties which are utilized by residents of the County.

Higher Education

The University of South Carolina Lancaster ("USC Lancaster"), one of five regional campuses of the University of South Carolina, offers university programs to a service area of six counties, including the County. USC Lancaster grants associate degrees, and limited upper-division course work creditable toward baccalaureate degrees through the University is also offered. Graduate courses are available through the Extended Graduate Campus Office under the auspices of the USC Columbia Graduate School. USC Lancaster's Fall 2014 headcount enrollment was 1,738.

York Technical College is a public, two-year, associate degree granting institution that serves an area of three counties, including the County. York Technical College offers academic programs and continuing education. The Fall 2014 headcount enrollment was 5,061.

Recreation

Lancaster County Parks and Recreation ("LCPR") operates lighted sports playing fields, walking tracks, tennis courts, playgrounds and picnic shelters, and a swimming pool used for swim team competitions. LCPR conducts team sports, after-school programs, summer camp, and sports camps.

The 360-acre Andrew Jackson State Park features a 25-site family campground, a seven-acre fishing lake with rental boats, picnic shelters, nature trails, a playground, and a 7,500-square-foot outdoor amphitheater.

Financial Institutions

According to the Federal Deposit Insurance Corporation, as of June 30, 2015, there were 10 branches of commercial banks in the County, with deposits at all institutions totaling more than \$496 million.

EXHIBIT F

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement ("Disclosure Agreement") is executed and delivered this [] day of [], 201[], by LANCASTER COUNTY, SOUTH CAROLINA ("County"), EDENMOOR LAND ACQUISITION, LLC ("Developer"), and MUNICAP, INC. (the "Disclosure Dissemination Agent" or "MuniCap"), in connection with the issuance by the County of its \$[] Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2015A-1 ("Bonds").

The Bonds are being issued pursuant to a Master Trust Indenture, dated as of []1, 201[] ("Master Indenture"), as supplemented by a First Supplemental Trust indenture, dated as of [] 1, 201[] ("Supplemental Indenture," together with the Master Indenture, "Indenture"), by and between the County and the Wells Fargo Bank, N.A., as Trustee.

This Disclosure Agreement is being executed and delivered in order to comply with the requirements of Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934 ("Rule").

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Limited Offering Memorandum (defined herein). The capitalized terms shall have the following meanings:

"Annual Report" means the annual reports provided by the County pursuant to and as described in Sections 3 and 4 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 2(a) and 2(e), by which the Annual Report is to be filed with the Repositories.

"Annual Filing Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3 of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Disclosure Representative" means (i) as to the County, Muncap or such other person as the County designates in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing information to the Disclosure Dissemination Agent; and (ii) as to the Developer, Muncap or such other person as the County designates in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing information to the Disclosure Dissemination Agent.

"Dissemination Agent" means any person designated in writing by the County and which has filed with the County a written acceptance of such designation.

"District" means the Walnut Creek Improvement District.

"Holder" means a person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Information" means the Annual Financial Information, the Notice Event notices, and the Voluntary Reports.

“Limited Offering Memorandum” means the Limited Offering Memorandum dated December [], 2015, prepared in connection with the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 5(a) of this Disclosure Agreement.

“Participating Underwriter” means any of the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“State” means the State of South Carolina.

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the County pursuant to Section 8.

SECTION 2. *Provision of Annual Report.*

(a) The County and the Developer shall provide an electronic copy of the Annual Report to the Disclosure Dissemination Agent, not later than [30] days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than February 1 following the end of each fiscal year of the County, commencing with the fiscal year ended June 30, 2015. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If the County or the Developer is unable to provide an Annual Report to the Disclosure Dissemination Agent by the date required in subsection (a) above, the County or the Disclosure Representative shall send a notice to the Disclosure Dissemination Agent in substantially the form attached as **Exhibit A**.

(c) If the Disclosure Dissemination Agent has not received an Annual Report by 12:00 noon on the first business day following the Annual Filing Date, a Notice Event described in Section 4(a)(xii) shall have occurred and the Disclosure Representative or the County and the Developer irrevocably direct the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as **Exhibit B**.

(i) determine each year prior to the date for providing the Annual Report the filing requirements of the MSRB; and

(ii) file a report with the County and the Developer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 3. *Content of Annual Reports.* Each Annual Report shall contain Annual Financial Information with respect to the District and the Developer, including the following:

(a) the balances in the funds and accounts under the Indenture as of [December 31] of the preceding [fiscal] year;

(b) the assessed value of lands upon which the Assessment securing the Bonds are levied as of December 31 of the preceding year; provided, however, that the County may rely upon the records of the County Property Appraiser for such information;

(c) any changes to the Rate and Method of Apportionment of Assessments (as set forth in the Limited Offering Memorandum under the heading, “ASSESSMENT REVENUES; PPAB 2933004v22

DETERMINATION OF RATE AND METHOD OF ASSESSMENTS; COLLECTION PROCEDURES; APPRAISAL – Rate and Method of Apportionment of Assessments”) by the County since the previous year’s Annual Report;

(d) the following information with respect to the Assessments for the immediately preceding fiscal year;

i. the amounts of Assessments levied and collected within the District; including the percentage of delinquent Assessments;

ii. the amount of Assessment payment delinquencies and, if delinquencies amount to more than 10 percent of the amount of the Assessments levied due in any year, a list of delinquent property owners as of December 31 of the preceding year;

iii. the amount of Assessments by fiscal year: (A) which are subject to the institution of foreclosure proceedings (but as to which such proceedings have not been instituted); (B) which are currently subject to foreclosure proceedings which have not been concluded; (C) which have [not] been reduced to judgment but not collected; and (D) which have been reduced to judgment and collected;

iv. based on the County’s tax record, a listing of any District taxpayer responsible for more than five percent of the levy of Assessments as of December 31 of the preceding year, the amount of the levy of Assessments against such landowners and the percentage of such Assessments relative to the entire levy of Assessments within the District; and

v. the amount of Assessment Prepayments received during the past fiscal year and the amount of Bonds redeemed as a result of such prepayments or called for redemption;

(e) any significant amendments to land use entitlements or legal challenges to the construction of the Development or the District, of which the County, the Developer or Municap has actual knowledge since the previous year’s Annual Report;

(f) the status of the development of the District to the extent reported by the Developer since the previous year’s Annual Report;

(g) the debt service schedule for the remaining term of the Bonds as of December 31 of the preceding year; and

(h) an update of information contained in the Limited Offering Memorandum under the section “**THE DEVELOPMENT.**”

The Annual Report may consist of one or more documents. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County, which have been submitted by the County to the MSRB. If the document included by reference is a final Limited Offering Memorandum, it must be available from the MSRB. The County will clearly identify each such document so included by reference.

SECTION 4. *Reporting of Notice Events.*

(a) Pursuant to the provisions of this Section 4, the County shall give or cause to be given notice of the occurrence of any of the following events with respect to the Bonds:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;

- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions or events affect the tax-exempt status of the Bonds;
- vii. Modifications to rights of Bond holders, if material;
- viii. Unscheduled Bond calls (other than pursuant to an extraordinary redemption under the terms of the Indenture);
- ix. Defeasances;
- x. Release, substitution or sale of property securing repayment of the Bonds, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the County.
- xiii. Consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee, or the change of name of a trustee, if material; or
- xv. Failure to provide annual financial information as required;

(b) The County will, upon determination that knowledge of the occurrence of a Notice Event would be material under applicable federal securities laws, promptly notify the Disclosure Dissemination Agent. Such notice shall be accompanied with the text of the disclosure the County desires to make, the written authorization of the County for the Disclosure Dissemination Agent to disseminate such information, and the date the County desires for the Disclosure Dissemination Agent to

On the occurrence of a Notice Event, the County shall file a notice of the Notice Event in a timely manner, not in excess of ten business days of such occurrence, with the MSRB.

Section 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement shall terminate upon the legal defeasance or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Notice Event under Section 5(b) hereof.

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist in its carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Agreement.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements or change in law;

(b) This Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Holders of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Notice Event under Section 5(b) hereof, and (ii) the Annual Report for the year in which the change is made should prepare a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Notice Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Notice Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Notice Event.

Section 10. Default. In the event of a failure of the County to comply with any provision of this Disclosure Agreement, any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking *mandamus* or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. State-Mandated Continuing Disclosure. In addition to the requirements in this Disclosure Agreement, the County agrees, pursuant to the requirements of Section 11-1-85 of the Code of Laws of South Carolina, as amended, to file with the MSRB (a) its annual independent audit within 30 days of receipt and (b) event-specific information within 30 days of an event adversely affecting more than five percent of its revenue or tax base. The County expects that in meeting the requirements of Sections 3 and 5 herein, it will also meet the requirements of this Section; however, to the extent the County is required to file certain information according to State law which is not required to be filed under the Rule or other provisions of this Disclosure Agreement, the County will provide such information to the MSRB.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity. This Disclosure Agreement is not intended to create any monetary rights on behalf of any person.

[Signature page follows]

The County has caused this Continuing Disclosure Agreement to be executed, on the date first written above, by its respective officer duly authorized.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
County Council, Chairman

EDENMOOR LAND ACQUISITION LLC

By: _____
[]

MUNICAP, INC.

By: _____
[]

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Issuer: Lancaster County, South Carolina
Obligations: \$[] Walnut Creek Improvement District
Assessment Refunding Revenue Bonds, Series 2015A-1
Date of Issuance: [], 2015

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Ordinance adopted on [], 2015. The Issuer anticipates that the Annual Report will be filed by_____.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
County Council, Chairman

Date: _____