

Lancaster County Council Administration Committee

Thursday, December 17, 2015

**County Council Conference Room
Council Administration Building
101 N. Main Street
Lancaster, SC 29720**

1. **Call to Order – Committee Chair Brian Carnes** **4:30 p.m.**
2. **Approval of the agenda** *[deletions and additions of non-substantive matters]*
3. **Minutes of the November 19, 2015 – pgs. 2-5**
4. **Citizens Comments**
5. **Discussion / Action Items**
 - a. Reallocation of contractual services toward staffing an Information Technology position. *Devin Allman – pgs. 6-9*
 - b. Resolution 0906-R2015 regarding Brookchase Special Tax District General Obligation Bond. *John Weaver – pgs. 10-16*
 - c. Ordinance authorizing the \$11,000,000 General Obligation Bond for Fire Trucks and Fleet Operations. *John Weaver – pgs. 17-40*
 - d. Amendment to the Financial Policy to reflect new fund balance limits. *Kimberly Hill – pgs. 41-48*
 - e. Discussion of items for consideration in the FY2016-2017 budget. *Kimberly Hill – pgs. 49*
6. **Adjournment**

Anyone requiring special services to attend this meeting should contact 285-1565 at least 24 hours in advance of this meeting.

Lancaster County Council Administration Committee agendas are posted at the Lancaster County Administration Building and are available on the Website: www.mylancaster.org



MINUTES OF THE LANCASTER COUNTY COUNCIL ADMINISTRATION
COMMITTEE MEETING
COUNTY ADMINISTRATION BUILDING
COUNCIL CHAMBER
101 N. MAIN STREET, LANCASTER

Members of Lancaster County Council

Administration Committee

Brian Carnes, District 7, Chairman

Bob Bundy, District 3

Charlene McGriff, District 2

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Thursday, November 19, 2015
4:30 p.m.

Council Members present were Brian Carnes, Bob Bundy and Charlene McGriff. Also present was Steve Willis, Veronica Thompson, Sheriff Barry Faile, Brenisha Wells, other staff, and spectators. A quorum of the Lancaster County Administration Committee was present for the meeting.

The following press was notified of the meeting by e-mail or by fax in accordance with the Freedom of Information Act: Lancaster News, Kershaw News Era, The Rock Hill Herald, Fort Mill Times, Cable News 2, Channel 9 and the local Government Channel. The agenda was also posted in the lobby of the County Administration Building the required length of time and on the county website.

Call to Order

Chairman Brian Carnes called the meeting to order at 4:35 p.m.

Approval of Agenda

Councilwoman McGriff moved to approve the agenda as presented. Passed 3-0.

Minutes of the October 15, 2015 Meeting

Councilman Bundy moved to approve the minutes of the October 15, 2015 meeting. Passed 3-0.

Citizen Comments

Mr. J.R. Wilt asked if the Walnut Creek Resolution was referring to 2,200 new homes or existing. Administrator Steve Willis explained that it was for existing homes, the resolution is an update, restating the number of homes.

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Discussion/Action

Resolution #0901-R2015

A Resolution describing the Walnut Creek Improvement District (formerly known as the Edenmoor Improvement District) as proposed to be enlarged and the amended - improvement plant effected thereby, the projected time schedule of the accomplishment of the amended improvement plan, the estimated cost of the improvements and the amount of such costs to be derived from assessments, bonds or other funds; setting forth the proposed basis and rates of assessments to be imposed within the enlarged improvement district; ordering a public hearing; and other matters relating thereto.

Mr. Willis explained that this resolution is intended as a clean up only. It will be presented to full Council at the December 14th meeting.

Sheriff's Office Career Ladder

Sheriff Barry Faile stated that he is having problems filling vacancies with qualified candidates at the current salary level. He is requesting not to fill four (4) positions that were allocated in the current budget, but to use the funds to implement a career ladder. He will then request the four (4) positions in the Fiscal Year 2016-2017 budget. He stated that this salary increase is needed to become more competitive with other agencies.

Councilwoman McGriff asked how much it would cost to bring the salaries up to a competitive rate. Sheriff Faile stated \$211,000. Mr. Willis made note that it would cost \$211,000 for the remaining of this fiscal year, but a reoccurring \$422,000.

There was a brief discussion on the problem being statewide. Councilman Bundy made the point that it was important to maintain the officers that we currently have.

Councilwoman McGriff moved to recommend favorably to full Council. Passed 3-0.

Bond Ratings and Rating Methodologies

Finance Director Veronica Thompson summarized the rating methodologies. The County's current rate is AA with Standard & Poor's and Aa with Moody's – which is very strong. Ms. Thompson stated that there are several factors that determine the rating. A strong bond rate shows that the County is fiscally responsible and saves the taxpayers thousands of dollars in annual interest payments. Growing the tax base and maintaining a healthy fund balance are important in maintaining or increasing the rating.

Ms. Thompson recommended to the committee to amend the Financial Policies to include additional information about the use of fund balance. Also consider debt policies that will guide Council's decision making and ensure that they're good stewards. A motion was not

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made, but Ms. Thompson informed the committee that amending the Financial Policy to reflect new fund balance limits has a reflection on the bond rating. That item is listed below, but will be discussed at the December's meeting.

Amendment of the Financial Policy to Reflect New Fund Balance Limits

Ms. Thompson informed the committee that Budget Analyst Kimberly Hill was out of the office sick. This item will be back on the December's agenda.

Capital Project Sales Tax #1, Final Collections

Ms. Thompson informed the committee that the final Capital Sales Tax #1 distribution has been received and the budgetary fund will need to be amended for the surplus and final debt payment. The surplus is \$2,326,619.69. Ms. Thompson explained that the first \$1,000,000 can be spent on the initial project and the second \$1,000,000 can be used for Phase II – roads, etc. Councilwoman McGriff asked who would be in control of the surplus money. Mr. Willis and Ms. Thompson will work with McNair Law Firm to get that answer. Councilwoman McGriff also asked if there was a list generated on items that the surplus money could be used for. Clerk of Court Jeff Hammond stated that some components would need to be discussed in Executive Session. The committee discussed this item further in Executive Session.

Overview of Fiscal Year 2014-2015 Audit

Ms. Thompson stated that the external auditors will be present at the November 23rd Council meeting to present the official audit. She wanted to give the committee a snapshot of the audit prior to the meeting. Ms. Thompson stated that the County is under as far as expenditures and revenues are to the good. She explained that Kim Hill, Budget Analyst, would like to put a percentage aside for Capital and IT. Ms. Thompson stated that overall the audit looks good.

Fire Truck/Public Works Facility Information

Mr. Willis explained that bids were opened on October 19th for the fire truck purchase. To avoid a price increase on January 1st, he is requesting to make the payment out of the General Fund until the bond revenue is received – due to the payment will be due 30 days after the issuance of the purchase order. The amount due would be \$7,039,098. Once the bond revenue is in, the funds will be transferred back to the General Fund. To do this a budget amendment is needed. Both Pleasant Valley and Indian Fire Districts will contribute \$201,949.50 each for the pumper/tankers and request that Development Funds be used to pay the contribution amount listed above.

Mr. Willis stated that an engineering cost estimate to build the Fleet Operations facility has been received, an estimate of \$3,728,185. This is just the Fleet Operations facility and does not include a Public Works administration facility or EMS facility.

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Councilman Bundy asked if the estimate was for site prep or acquisition. Mr. Willis stated that it was for site work. Councilman Carnes asked what will happen to the old facility. Mr. Willis stated it would be used short term for equipment storage.

This information will be presented to full Council at the December 14th meeting.

Multi-County Park Agreement regarding Project 2015-04

The ordinance will be presented for 1st Reading at the November 23rd Council meeting.

Executive Session

Councilwoman McGriff moved to go into Executive Session. Passed 3-0.

Councilwoman McGriff moved to return from Executive Session to the regular meeting. Passed 3-0.

County Attorney John Weaver stated that Council discussed three (3) items in Executive Session, one (1) Judicial Security Matter, one (1) Contractual Matter and one (1) Economic Development Matter regarding Project 2015-04, no action taken or motions made.

Adjournment

There being no further business, Councilwoman McGriff moved to adjourn. Passed 3-0.

Respectfully Submitted:

Approved by Committee Chair

Brenisha S. Wells
Deputy Clerk to Council

Brian Carnes, Committee Chair

Agenda Item Summary

Ordinance # / Resolution#: n/a
Contact Person / Sponsor: DEVIN ALLMAN
Department: INFORMATION TECHNOLOGY
Date Requested to be on Agenda: 12/17/15

Issue for Consideration:

Reallocation of contractual services, hardware and telecommunication funds toward staffing a network administrator position within the IT department.

Points to Consider:

Contractual networking costs to date: \$147,333.36

- Labor: \$60,086.01
- Hardware: \$87,247.35 (30% markup: \$26,174.21)

Proposed staffing comparison of same scenario: \$80,781.36

- Labor: \$19,708.21
- Hardware: \$61,073.15 (no markup)

Funding and Liability Factors:

This is not a request for additional funds, rather a request that current funds be transferred in an effort to minimize the costs incurred by the county due to network-related hardware, software, support and maintenance. No additional contractual services, hardware or telecommunication funds will be requested in the coming fiscal year to compensate for the transfer from said accounts – the proposed staff member will begin providing the services that these funds were being used for, as such, funding will remain unchanged.

Council Options:

1. Staff a network administrator, effectively bringing this core competency to the IT group, allowing the county to avoid vendor rates and markup fees by servicing itself in this capacity
2. Continue contracting out network-level work:
 - a. average hourly rate – \$126/hr
 - b. average markup – 30%

Recommendation:

All of the county's daily business operations depend on its networking backbone, from office phones and computers to patrol cars and ambulances; this position is needed, if not for this reason, then simply on the basis that it will save the county money, having effectively paid for itself by the end of FY2016-2017.

Outsource Comparison

Vendor	Description	Hardware	Labor
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PROJECTS

VC3	CJIS/ASA Project	\$9,198.50	\$7,142.40
VC3	911 Additional ASA	\$919.85	\$759.60
VC3	Domain Upgrade	\$5,089.32	\$2,791.51
VC3	Layer 3 Overhaul	\$25,000.00	\$4,105.00
DNS	EMS Training Firewall	\$1,020.40	\$3,520.00
TIES	Library Web Proxy	\$0.00	\$1,250.00
Comporium	Courthouse Wireless	\$1,386.02	\$5,000.00
Comporium	Failing Courthouse Switch	\$3,392.56	\$437.50
Comporium	QinQ Fiber Replacement	\$8,903.20	\$7,500.00
Comporium	Library Firewall	\$1,074.48	\$3,000.00
Comporium	Library Wireless (x3)	\$7,109.45	\$4,000.00
Comporium	VA Office Setup	\$1,050.00	\$0.00
Comporium	Magistrate's Videoconference	\$3,480.18	\$812.50
Comporium	Media Converters	\$190.00	\$375.00
Comporium	County-wide Web Filter	\$17,251.40	\$5,000.00
Comporium	911 VLAN 1	\$0.00	\$562.50
Comporium	911 Port Mirroring	\$0.00	\$500.00
Comporium	15th Street Replacement Switch	\$1,476.99	\$500.00
Comporium	IL Substation Install	\$705.00	\$200.00
TOTAL COST		\$87,247.35	\$47,456.01

EMERGENCIES

VC3	Sheriff CJIS Mobile	\$0.00	\$2,520.00
VC3	Kronos Mobile DMZ	\$0.00	\$6,289.00
Comporium	Detention Center - Videoconf.	\$0.00	\$312.50
Comporium	Judge Call @ Courthouse WiFi	\$0.00	\$1,000.00
Comporium	Courthouse Storm Outage	\$0.00	\$600.00
Comporium	Library Security Cameras	\$0.00	\$286.00
Comporium	Sheriff Dropped Fiber	\$0.00	\$1,622.50
TOTAL COST		\$0.00	\$12,630.00

Total Labor	\$60,086.01
Total Hardware	\$87,247.35
Total Markup (30%)	\$26,174.21
Total Cost	\$147,333.36

Inhouse Comparison

Vendor	Description	Hardware	Labor
PROJECTS			
VC3	CJIS/ASA Project	\$6,438.95	\$2,342.71
VC3	911 Additional ASA	\$643.90	\$249.15
VC3	Domain Upgrade	\$3,562.52	\$915.62
VC3	Layer 3 Overhaul	\$17,500.00	\$1,346.44
DNS	EMS Training Firewall	\$714.28	\$1,154.56
TIES	Library Web Proxy	\$0.00	\$410.00
Comporium	Courthouse Wireless	\$970.21	\$1,640.00
Comporium	Failing Courthouse Switch	\$2,374.79	\$143.50
Comporium	QinQ Fiber Replacement	\$6,232.24	\$2,460.00
Comporium	Library Firewall	\$752.14	\$984.00
Comporium	Library Wireless (x3)	\$4,976.62	\$1,312.00
Comporium	VA Office Setup	\$735.00	\$0.00
Comporium	Magistrate's Videoconference	\$2,436.13	\$266.50
Comporium	Media Converters	\$133.00	\$123.00
Comporium	County-wide Web Filter	\$12,075.98	\$1,640.00
Comporium	911 VLAN 1	\$0.00	\$184.50
Comporium	911 Port Mirroring	\$0.00	\$164.00
Comporium	15th Street Replacement Switch	\$1,033.89	\$164.00
Comporium	IL Substation Install	\$493.50	\$65.60
	TOTAL COST	\$61,073.15	\$15,565.57
EMERGENCIES			
VC3	Sheriff CJIS Mobile	\$0.00	\$826.56
VC3	Kronos Mobile DMZ	\$0.00	\$2,062.79
Comporium	Detention Center - Videoconf.	\$0.00	\$102.50
Comporium	Judge Call @ Courthouse WiFi	\$0.00	\$328.00
Comporium	Courthouse Storm Outage	\$0.00	\$196.80
Comporium	Library Security Cameras	\$0.00	\$93.81
Comporium	Sheriff Dropped Fiber	\$0.00	\$532.18
	TOTAL COST	\$0.00	\$4,142.64
Total Labor			\$19,708.21
Total Hardware			\$61,073.15
Total Markup (30%)			\$0.00
Total Cost			\$80,781.36

These are the accounts that I would like the money for the networking position to be transferred from. The funds are being pulled from the three essential accounts that already drive the county's networking-related purchases, which are hardware, utilities (Comporium) and contractual services (Comporium & VC3). Please let me know if you have any questions – I am ready to move forward with this as soon as you are; I have several backlogged projects that I am waiting to task this individual with.

NETWORKER FUNDS TRANSFER

ACCOUNT	CURRENT BALANCE	CURRENT % REMAINING	TRANSFERRED FUNDS	REMAINING BALANCE	END % REMAINING
10-7-026-571-00 UTILITIES-TELEPHONE	\$118,906.14	79.27%	\$17,500	\$101,406.14	67.60%
10-7-026-550-00 MSA-DP HOW MTN	\$98,179.01	93.50%	\$22,500	\$75,679.01	72.08%
10-7-026-600-00 CONTRACTUAL SERVICES	\$86,930.97	54.33%	\$6,000	\$80,930.97	50.58%
WAGES TOTAL	\$33,076.42				
FRINGE TOTAL	\$12,922.16				
	\$45,998.58				
TRANSFER TOTAL	\$46,000				

Agenda Item Summary

Ordinance # / Resolution# 0906-R2015

Contact Person / Sponsor: John Weaver

Department: Planning / County Attorney

Date Requested to be on Agenda: December 14, 2015

Committee: Administration Committee

Issue for Consideration: Whether or not it is appropriate for County Council to renew a \$750,500.00 General Obligation Bond Anticipation Note, Series 2015 (Brookchase Special Tax District), pay the accumulated interest and reduce the principal by \$50,000.00?

Points to Consider: In 2010, an \$875,000.00 General Obligation Anticipation Note was issued for the construction of infrastructure within the Brookchase Special Tax District. This Resolution is one in a continuing series of renewals whereby the principal and interest is paid down.

Funding and Liability Factors: N/A

Council Options: Approve or reject the Resolution

Recommendation: Pass the Resolution

instance, no election need be held (notwithstanding the requirement therefor) and the remaining provisions of the County Bond Act shall constitute a full and complete authorization to issue Bond in accordance with such remaining provisions.

(h) The County, acting by and through the County Council, is authorized pursuant to Section 4-9-30(5) of the Code of Laws of South Carolina 1976, as amended, to assess property and levy ad valorem property taxes and uniform service charges, including the power to tax different areas at different rates related to the nature and level of governmental services provided.

(i) Section 6-1-330 of the Code of Laws of South Carolina 1976, as amended, authorizes the County, acting by and through the Council, to charge and collect a service or user fee, which by definition includes uniform service charges, subject to the following requirements: (i) the imposition of the uniform service charge must be accomplished by ordinance approved by a vote for adoption by a majority of the members of the entire Council, whether present or not; (ii) Council must provide public notice of the uniform service charge being considered and hold a public hearing on the proposed uniform service charge prior to final adoption; and (iii) revenue derived from a uniform service charge to finance the provision of public services must be used to pay costs related to the provision of the service or program for which the uniform service charge is paid.

(j) The County Council, pursuant to Section 4-9-30(5)(a)(i) of the Code of Laws of South Carolina 1976, as amended, may, upon certification of a petition signed by fifteen percent or more of the electors in a proposed special tax district, provided for a referendum to be conducted by the county election officials on the question of the creation of the proposed special tax district. By passage of Resolution No. 720, Council certified to the Lancaster County Voter Registration and Election Commission ("Commission") a petition that proposed the creation of the Brookchase Special Tax District and provided for a referendum to be held on the question of the creation of the Brookchase Special Tax District.

(k) On October 2, 2010, the Commission held a referendum on the question of the creation of the Brookchase Special Tax District. The commission certified that 80 votes were cast in the referendum, of which, 75 votes were cast in favor of the creation of the special tax district and 5 votes were cast in opposition. Council published the results of the referendum in Resolution No. 736.

(l) Pursuant to Ordinance No. 1069, enacted on November 30, 2010, County Council created the Brookchase Special Tax District.

(m) Pursuant to the provisions of Title 11, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended ("Title 11, Chapter 17"), any County, whenever authorized by general or special law to issue Bond, may, pending the sale and issuance thereof, borrow in anticipation of the receipt of the proceeds of the Bond. Such provisions also provide that if any approval be necessary prior to the issuance of Bond by the County, the County must obtain the same approval prior to the issuance of temporary financing provided therein.

(n) In order to provide infrastructure in the Brookchase Special Tax District, the County on December 30, 2010, issued its \$875,000 General Obligation Bond Anticipation Note, Series 2010 (Brookchase Special Tax District), the proceeds of which were used to make repairs and upgrades of roads in the Brookchase Special Tax District and all costs associated therewith.

(o) The County Council heretofore enacted Ordinance No. 1125 on November 28, 2011 (the "Ordinance"), authorizing the issuance and sale of a not to exceed \$890,000 General Obligation Bond

Anticipation Note. The Ordinance contains a provision authorizing the general obligation bond anticipation notes authorized thereunder to be renewed by a resolution of County Council incorporating the terms of the Ordinance.

(p) Pursuant to the Ordinance and Resolution No. 0863-R2015 adopted by the County Council on January 12, 2015, the County issued on January 23, 2015, a \$750,500 General Obligation Bond Anticipation Note, Series 2015 (Brookchase Special Tax District) (the "2015 Note").

(q) The County Council desires to incorporate by reference the provisions of the Ordinance relating to the issuance and sale of general obligation bonds of the County (the "Bond") and the renewal of the 2015 Note.

(r) The County Council wishes to renew the 2015 Note, reduce the principal on the 2015 Note to \$700,500, and pay the interest due on the 2015 Note.

(s) Pending the issuance and sale of the Bond authorized by the Ordinance, it is now in the best interest of the County to provide for the issuance of a single bond anticipation note to be used for the purposes of paying the outstanding principal balance of the Series 2015 Note.

(t) Pending the issuance and sale of general obligation Bond, it is necessary and in the best interest of the County for the County Council to provide for the issuance and sale of a not exceeding \$700,500 General Obligation Bond Anticipation Note, Series 2016, or such other appropriate series designation (Brookchase Special Tax District), (the "Note") of the County pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina, the proceeds of which together with other available funds of the County will be used: (a) to retire the 2015 Note at maturity; (b) to pay costs of issuance of the Note; and (c) for such other lawful corporate and public purposes as the County Council shall determine.

Section 2. The Bond. County Council hereby incorporates by reference the provisions of the Ordinance with respect to the issuance and sale of the Bond and such provisions shall be a part of this Resolution, and the Council will issue Bond in a sufficient amount to pay the principal and interest on the Note herein authorized.

Section 3. Authorization and Details of Note. Pending the issuance of the Bond and pursuant to Title 11, Chapter 17, there is hereby authorized to be issued the Note to be designated "750,500 (or such lesser amount issued) General Obligation Bond Anticipation Note, Series 2016 (or such other appropriate series designation) (Brookchase Special Tax District), of Lancaster County, South Carolina."

Pending the sale of the Bond, the County Council may determine it to be in the best interest of the County to refund or renew the 2015 Note. Therefore, the County Council may authorize the 2015 Note to be refunded or renewed and such authorization to be effected by a Resolution of County Council incorporating the terms of the Ordinance. The principal amount of such refunded or renewed 2015 Note may be increased by an amount sufficient to reflect interest owed and costs of issuance.

Both the principal of and interest on the Note shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts.

The Note shall be executed in the name of the County with the manual or facsimile signature of the Chairman of the County Council attested by the manual or facsimile signature of the Clerk of the County Council under the seal of the County to be imprinted, impressed or reproduced thereon.

Section 4. Delegation of Authority Relating to the Note. The County Council hereby delegates to the County Administrator the authority to: (i) determine the par amount of the Note; (ii) cause the preparation of and distribution of a request for proposals to prospective purchasers of the Note; (iii) the sale date of the Note; and (iv) accept of the bid in the best interest of the County for the purchase of the Note.

Section 5. Security for the Note. For the payment of the principal of and interest, if necessary, on the Note as they respectively mature, there are hereby pledged the proceeds of the Bond and the full faith, credit and taxing power of the County. The County at its option may also utilize any other funds available therefor for the payment of the principal of and interest on the Note.

Section 6. Exemption from State Taxes. Both the principal of and interest on the Note shall in accordance with the provisions of Section 12-2-50 of the Code be exempt from all State, County, municipal, County, and all other state taxes or assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

Section 7. Security for the Bond. The full faith, credit, and taxing power of the County is irrevocably pledged to the repayment of the Bond. The Bond is payable from an ad valorem tax levied annually by the County Auditor and collected by the County Treasurer. It is County Council's intent that the annual ad valorem tax to be levied for the payment of the principal and interest on the Bond shall be reduced in each year by the amount of the revenue collected from the imposition of rates and charges in the Brookchase Special Tax District so that the levy of an ad valorem tax is necessary only when the revenue from the rates and charges is insufficient to pay principal and interest on the Bond.

Section 8. Deposit and Use of Proceeds. The proceeds of the Note shall be deposited with the Treasurer of Lancaster County in a special fund to the credit of the County and shall be applied solely to the purposes for which the Note is to be issued. Upon the delivery of the Bond in anticipation of which the Note is issued, sufficient proceeds of the Bond shall be applied by the County to meet the payment of the principal of and, if necessary, interest on the Note.

Section 9. Defeasance. The obligations of the County under this resolution and the pledges, covenants and agreements of the County herein made or provided for, shall be fully discharged and satisfied as to any portion of the Note, and such Note shall no longer be deemed to be outstanding hereunder, when:

(a) such Note shall have been purchased by the County and surrendered to the County for cancellation or otherwise surrendered to the County or the Paying Agent and is canceled or subject to cancellation by the County or the Paying Agent; or

(b) payment of the principal of and interest on such Note either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with a corporate trustee in trust and irrevocably set aside exclusively for such payment (1) moneys sufficient to make such payment or (2) Government Obligations (hereinafter defined) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the corporate trustee. At such time as the Note shall no longer be deemed to be outstanding hereunder, such Note shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government Obligations as set forth in (ii) above, shall no longer be secured by or entitled to the benefits of this Resolution.

“Government Obligations” shall mean any of the following:

- (i) 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;
- (ii) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”);
- (iii) general obligation bonds of the State, its institutions, agencies, school districts and political subdivisions, which, at the time of purchase, carry a AAA rating from Standard & Poor’s or a Aaa rating from Moody’s Investors Service; and
- (iv) a defeasance obligation as defined in Section 6-5-10 of the S.C. Code as such as may be amended from time to time.

(c) Such Note shall be defeased as provided in Section 11-14-110 of the S.C. Code as such may be amended from time to time.

Section 10. Tax Covenants. The County hereby covenants and agrees with the holder of the Note that it will not take any action which will, or fail to take any action which failure will, cause interest on the Note to become includable in the gross income of the bondholder 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 Note. The County further covenants and agrees with the holders of the Note that no use of the proceeds of the Note shall be made which, if such use had been reasonably expected on the date of issue of the Note would have caused the Note to be an “arbitrage bond,” as defined in Section 148 of the Code, and to that end the County hereby shall:

- (a) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Note are outstanding;
- (b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and
- (c) make such reports of such information at the time and places required by the Code.

Section 11. Filings with Central Repository. In compliance with Section 11-1-85 of the South Carolina Code, the County covenants that it will file or cause to be filed with a central repository for further availability in the secondary bond market when requested: (a) a copy of the annual audit of the County within thirty (30) days of the County's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, relevant information of an event which, in the opinion of the County, adversely affects more than five percent (5%) of the County's revenue or its tax base.

Section 12. Miscellaneous. The County Council hereby authorizes the Chairman of County Council, the County Administrator, the Clerk to County Council and the Finance Director to execute such documents and instruments as may be necessary to effect the issuance of the Note. The Council hereby retains McNair Law Firm, P.A., as Bond Counsel in connection with the issuance of the Note and Bond and authorizes Bond Counsel to obtain such other professional services as shall be necessary including financial advisor.

Section 13. Conflicting Provisions. To the extent this Resolution contains provisions that conflict with provisions contained elsewhere in other County resolutions, the provisions contained in this Resolution supersede all other provisions, and this Resolution is controlling.

Section 14. Severability. If any section of this Resolution is, for any reason, determined to be void or invalid by a court of competent jurisdiction, it shall not affect the validity of any other section of this Resolution which is not itself void or invalid.

Section 15. Effective Date. This Resolution is effective upon its adoption.

AND IT IS SO RESOLVED, THIS ____ DAY OF JANUARY, 2016.

LANCASTER COUNTY, SOUTH CAROLINA

Bob Bundy, Chair, County Council

Steve Harper, Secretary, County Council

ATTEST:

Debbie C. Hardin, Clerk to Council

Approved as to form:

County Attorney

Agenda Item Summary

Ordinance # / Resolution#

Contact Person / Sponsor: John Weaver

Department: Planning / County Attorney

Date Requested to be on Agenda: December 17, 2015

Committee: Administration Committee

Issue for Consideration: Whether or not it is appropriate for County Council to issue General Obligation Bonds in a principal amount not to exceed Eleven Million (\$11,000,000.00) Dollars. The rough estimated figures are 4 million for the Fleet Operations building and 6.7 Million for Fire Trucks and the balance for issuance cost.

Points to Consider: The county's maximum 8% bonding capacity is \$25,913,472 based upon an assessed value of taxable property as of June 30, 2015 of \$323,918,406. The present outstanding general obligation debt is \$12,185,000.

Funding and Liability Factors: N/A

Council Options: Approve or reject the Ordinance

Recommendation: Favorable recommendation from Steve Willis, County Administrator and Veronica Thompson, CFO.

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

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ORDINANCE NO. 2016-_____

AN ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, SERIES OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF LANCASTER COUNTY, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$11,000,000; FIXING THE FORM AND DETAILS OF THE BONDS; AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS LAWFULLY AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

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

SECTION 1. Definitions. Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall have, for all purposes of this Ordinance, the meanings hereinafter specified, with the definitions equally applicable to both the singular and plural forms and vice versa. The term:

“Beneficial Owner” shall mean any purchaser who acquires beneficial ownership interest in an Initial Bond held by the Depository. In determining any Beneficial Owner, the County, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the County, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any Bonds held by the Depository or its Participants in which a beneficial ownership interest is claimed.

“Bonds” shall mean the not to exceed \$11,000,000 general obligation bonds authorized herein.

“Book-Entry Form” or **“Book-Entry System”** shall mean with respect to the Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Bonds may be transferred only through a book-entry; and (b) physical Bonds certificates in fully registered form are registered only in the name of the Depository or its nominees as Holder, with the physical Bonds certificates “immobilized” in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the Bonds when subject to the Book-Entry System.

“Books of Registry” shall mean the registration books maintained by the Registrar in accordance with Section 5 hereof.

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

“Council” shall mean the County Council of Lancaster County, South Carolina.

“County” shall mean Lancaster County, South Carolina.

“Depository” shall mean any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the

provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the Bonds, and to effect transfers of the Bonds in Book-Entry Form, and includes and means initially The Depository Trust Company, New York, New York.

"Government Obligations" shall mean (1) cash; (2) United States Treasury Obligations – State and Local Government Series; (3) United States Treasury bills, notes, bonds or zero coupon treasury bonds all as traded on the open market; (4) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, including CATS, TIGRS and similar securities; (5) obligations of any agencies or instrumentalities which are backed by the full faith and credit of the United States of America; (6) bonds or debentures issued by any Federal Home Loan Bank or consolidated bonds or debentures issued by the Federal Home Loan Bank Board; (7) prefunded municipal bonds which are rated in the triple A category by Moody's Investors Service or Standard & Poor's Rating Service; (8) general obligations of the State or any of its political units; or (9) any legally permissible combination of any of the foregoing. Government Obligations must be redeemable only at the option of holder thereof.

"Holders" shall mean the registered owner or owners of any outstanding Bonds.

"Initial Bonds" shall mean the Bonds initially issued in Book-Entry Form as provided in Section 14 hereof.

"Letter of Representations" shall mean the Letter of Representations executed and delivered by the County to the Depository.

"Ordinance" shall mean this Ordinance No. 2016-_____.

"Participant" shall mean any bank, brokerage house or other financial institution for which, from time to time, the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"Paying Agent" shall mean the bank, trust company, depository or transfer agent or the County Treasurer designated as paying agent for the Bonds.

"Projects" shall mean the acquisition of fire trucks and constructing and equipping a vehicle maintenance facility.

"Record Date" shall mean the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on the Bonds or in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the giving of notice of redemption of Bonds.

"Registrar" shall mean the bank, trust company, depository or transfer agent or the County Treasurer designated as registrar pursuant to this Ordinance.

"S.C. Code" shall mean the Code of Laws of South Carolina 1976, as amended.

"State" shall mean the State of South Carolina.

SECTION 2. Findings and Determinations. The County Council hereby finds and determines:

(a) Pursuant to Section 4-9-10, Code of Laws of South Carolina 1976, as amended, and the results of a referendum held in accordance therewith, the Council-Administrator form of government was adopted and the County Council constitutes the governing body of the County.

(b) Article X, Section 14 of the Constitution of the State of South Carolina 1895, as amended (the "Constitution") provides that each county shall have the power to incur bonded indebtedness in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law within the limitations set forth therein and in Section 12 of Article X. Article X, Section 14 further provides that if general obligation debt is authorized by a majority vote of the qualified electors of a county voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in Article X.

(c) Pursuant to Title 4, Chapter 15 of the Code (the same being and hereinafter referred to as the "County Bond Act"), the governing bodies of the several counties of the State may each issue general obligation bonds to defray the cost of any authorized purpose and for any amount not exceeding its applicable constitutional limit.

(d) The County Bond Act provides that as a condition precedent to the issuance of bonds an election be held and the result be favorable thereto. Title 11, Chapter 27 of the Code of Laws of South Carolina 1976, as amended, provides that if an election be prescribed by the provisions of the County Bond Act, but not be required by the provisions of Article X of the Constitution, then in every such instance, no election need be held (notwithstanding the requirement therefor) and the remaining provisions of the County Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions.

(e) The assessed value of all the taxable property in the County as of June 30, 2015, for the 2014 tax year is \$323,918,406 which excludes exempt manufacturing property. Eight percent of the assessed value is \$25,913,472. As of the date hereof the outstanding general obligation debt of the County subject to the limitation imposed by Article X, Section 14(7) of the Constitution is \$12,185,000. Thus, the County may incur not exceeding \$13,728,472 of additional general obligation debt within its applicable debt limitation.

(f) It is now in the best interest of the County for County Council to provide for the issuance and sale of not exceeding \$11,000,000 principal amount general obligation bonds of the County to provide funds for (i) funding the Projects; (ii) paying costs of issuance of the Bonds (hereinafter defined); and (iii) such other lawful purposes as the County Council shall determine.

(g) Pursuant to Ordinance No. 2015-1335 duly enacted on February 23, 2015, the County adopted Written Procedures related to Tax-Exempt Debt and Continuing Disclosure.

SECTION 3. Authorization and Details of Bonds. Pursuant to the aforesaid provisions of the Constitution and laws of the State, there is hereby authorized to be issued not exceeding \$11,000,000 aggregate principal amount of general obligation bonds of the County to be designated "11,000,000 (or such lesser amount issued) General Obligation Bonds (appropriate series designation), of Lancaster County, South Carolina" (the "Bonds"), for the purpose set forth in Section 2(f) and other costs incidental thereto, including without limiting the generality of such other costs, engineering, financial and legal fees.

The Bonds shall be issued as fully registered bonds registerable as to principal and interest; shall be dated their date of delivery to the initial purchaser(s) thereof; shall be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; shall be subject to redemption if such provision is in the best interest of the County; shall be numbered from R-1 upward; shall bear interest from their date payable at such times as hereinafter designated by the County Administrator and/or his lawfully-authorized designee at such rate or rates as may be determined at the time of the sale thereof; and shall mature serially in successive annual installments as determined by the County Administrator and/or his lawfully-authorized designee.

Both the principal of and interest on the Bonds shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts. The Registrar/Paying Agent shall be a bank, trust company, depository or transfer agent located either within or without the State.

SECTION 4. Delegation of Authority to Determine Certain Matters Relating to the Bonds. Without further authorization, the County Council hereby delegates to the County Administrator or his lawfully-authorized designee the authority to determine: (a) the par amount of the Bonds; (b) the maturity dates of the Bonds and the respective principal amounts maturing on such dates; (c) the interest payment dates of the Bonds; (d) redemption provisions, if any, for the Bonds; (e) the date and time of sale of the Bonds; (f) the authority to receive bids on behalf of the County Council; (g) the authority to award the sale of the Bonds to the lowest bidder therefor in accordance with the terms of the Notice of Sale for the Bonds; and (h) whether the Bonds should be sold together with general obligation refunding bonds to be issued by the County pursuant to separate ordinances.

After the sale of the Bonds, the County Administrator and/or his lawfully-authorized designee shall submit a written report to County Council setting forth the details of the Bonds as set forth in this paragraph.

SECTION 5. Registration, Transfer and Exchange of Bonds. The County shall cause books (herein referred to as the "registry books") to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bonds under such reasonable regulations as the Registrar/Paying Agent may prescribe.

Each Bond shall be transferable only upon the registry books of the County, which shall be kept for such purpose at the principal office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond the Registrar/Paying Agent on behalf of the County shall issue in the name of the transferee a new fully registered Bond or Bonds, of the same aggregate principal amount, interest rate, and maturity as the surrendered Bond. Any Bond surrendered in exchange for a new registered Bond pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The County and the Registrar/Paying Agent may deem or treat the person in whose name any fully registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the County nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Bonds is

exercised, the County shall execute and the Registrar/Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. Neither the County nor the Registrar/Paying Agent shall be obligated to make any such transfer of Bonds during the fifteen (15) days preceding an interest payment date on such Bonds.

SECTION 6. Record Date. The County hereby establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, and such record date shall be the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on such Bond or in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the giving of notice of redemption of bonds.

SECTION 7. Mutilation, Loss, Theft or Destruction of Bonds. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the County shall execute and the Registrar shall authenticate and deliver at the principal office of the Registrar, or send by registered mail to the owner thereof at his request, risk and expense a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the County and the Registrar evidence or proof satisfactory to the County and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity in an amount as may be required by the laws of the State or such greater amount as may be required by the County and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Ordinance as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder.

All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

SECTION 8. Execution of Bonds. The Bonds shall be executed in the name of the County with the manual or facsimile signature of the Chair of the County Council attested by the manual or facsimile signature of the Clerk to the County Council under a facsimile of the seal of the County impressed, imprinted or reproduced thereon; provided, however, the facsimile signatures appearing on the Bonds may not be those of the officers who are in office on the date of enactment of this Ordinance. The execution of the Bonds in such fashion shall be valid and effectual, notwithstanding any subsequent change in such offices. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each Bond shall bear a certificate of authentication manually executed by the Registrar in substantially the form set forth herein.

SECTION 9. Form of Bonds. The Bonds and the certificate of authentication shall be in substantially the form set forth in Exhibit A attached hereto and incorporated herein by reference.

SECTION 10. Security for Bonds. The full faith, credit, and taxing power of the County are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds as they respectively mature, and for the creation of such sinking fund as may be necessary therefor. There shall be levied annually by the County Auditor and collected by the County Treasurer, in the same manner as other county taxes are levied and collected, a tax, without limit, on all taxable property in the County sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

The County Council shall give the County Auditor and County Treasurer written notice of the delivery of and payment for the Bonds and they are hereby directed to levy and collect annually, on all taxable property in the County, a tax, without limit, sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

SECTION 11. Notice of Public Hearing. The County Council hereby ratifies and approves the publication of a notice of public hearing regarding the Bonds and this Ordinance, such notice in substantially the form attached hereto as Exhibit B, having been published in The Lancaster News, a newspaper of general circulation in the County, not less than 15 days prior to the date of such public hearing.

SECTION 12. Exemption from State Taxes. Both the principal of and interest on the Bonds shall be exempt, in accordance with the provisions of Section 12-2-50 of the S.C. Code from all State, county, municipal, and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

SECTION 13. Tax Covenants. The County hereby covenants and agrees with the Holders of the Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Bondholders for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. The County further covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Bonds would have caused the Bonds to be "arbitrage bonds," as defined in Section 148 of the Code, and to that end the County hereby shall:

- (a) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bonds are outstanding;
- (b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and
- (c) make such reports of such information at the time and places required by the Code.

SECTION 14. Book-Entry System. The "Initial Bonds" will be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company, New York, New York ("DTC"), and transfers of beneficial ownership of the Initial Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of \$5,000 principal amount of Bonds of the same maturity or any integral multiple of \$5,000.

The Initial Bonds shall be issued in fully-registered form, one Bond for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal of or interest on the Initial Bonds becomes due, the Paying Agent, on behalf of the County, shall transmit to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to DTC in accordance with the provisions of the Ordinance.

If (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the County has advised DTC of its determination that DTC is incapable of discharging its duties, the County shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the County of the Initial Bonds together with an assignment duly executed by DTC, the County shall execute and deliver to the successor securities depository Bonds of the same principal amount, interest rate, and maturity registered in the name of such successor.

If the County is unable to retain a qualified successor to DTC or the County has determined that it is in its best interest not to continue the book-entry system of transfer or that interests of the beneficial owners of the Bonds might be adversely affected if the book-entry system of transfer is continued (the County undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify beneficial owners of the Bonds by mailing an appropriate notice to DTC, upon receipt by the County of the Initial Bonds together with an assignment duly executed by DTC, the County shall execute, authenticate and deliver to the DTC participants Bonds in fully-registered form, in substantially the form set forth in Section 8 of this Ordinance in the denomination of \$5,000 or any integral multiple thereof.

Notwithstanding the foregoing, at the request of the purchaser, the Bonds will be issued as one single fully-registered bond and not issued through the book-entry system.

SECTION 15. Sale of Bonds, Form of Notice of Sale. The Bonds shall be offered for public sale on the date and at the time designated by the County Administrator and/or his lawfully-authorized designee. A Notice of Sale in substantially the form set forth as Exhibit C attached hereto and incorporated herein by reference shall be distributed to prospective bidders and a summary of such Notice of Sale shall be published in a newspaper of general circulation in the State and/or in a financial publication published in the City of New York not less than seven (7) days prior to the date set for such sale.

SECTION 16. Preliminary and Final Official Statement. The County Council hereby authorizes and directs the County Administrator and/or his lawfully-authorized designee to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds together with the Notice of Sale. The County Council authorizes the County Administrator to designate the Preliminary Official Statement as "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The County Administrator and/or his lawfully-authorized designee are further authorized to see to the completion of the final form of the Official Statement upon the sale of the Bonds so that it may be provided to the purchaser of the Bonds.

SECTION 17. Filings with Central Repository. In compliance with Section 11-1-85, South Carolina Code of Laws 1976, as amended, the County covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of the annual financial report of the County within thirty (30) days from the County's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, relevant information of an event which adversely affects more than five (5%) percent of the revenues of the County or the County's tax base.

SECTION 18. Continuing Disclosure. In compliance with the Rule, the County covenants and agrees for the benefit of the holders from time to time of the Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of a Continuing Disclosure Certificate in substantially the form appearing as Exhibit D attached to this Ordinance. In the event of a failure of the County to comply with any of the provisions of the Continuing Disclosure Certificate, an event of default under this Ordinance shall not be deemed to have occurred. In such event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by this Ordinance.

SECTION 19. Deposit and Use of Proceeds. The proceeds derived from the sale of the Bonds shall be deposited with the County Treasurer in a special fund and shall be applied solely to the purposes for which the Bonds have been issued, including payment of costs of issuance of the Bonds, except that any premium shall be placed in the sinking fund established for the Bonds.

SECTION 20. Defeasance. The obligations of the County under this Ordinance and the pledges, covenants and agreements of the County herein made or provided for, shall be fully discharged and satisfied as to any portion of the Bonds, and such Bond or Bonds shall no longer be deemed to be outstanding hereunder when:

(a) such Bond or Bonds shall have been purchased by the County and surrendered to the County for cancellation or otherwise surrendered to the County or the Paying Agent and is canceled or subject to cancellation by the County or the Paying Agent; or

(b) payment of the principal of and interest on such Bonds either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with a corporate trustee in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, or (2) Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the corporate trustee. At such time as the Bonds shall no longer be deemed to be outstanding hereunder, such Bonds shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

(c) Such Bond or Bonds shall be defeased as provided in Section 11-14-110 of the S.C. Code as such may be amended from time to time.

SECTION 21. Declaration of Intent to Reimburse Certain Expenditures. The County Council hereby declares that this Ordinance shall constitute its declaration of official intent pursuant to Regulation § 1.150-2 to reimburse the County from the proceeds of tax-exempt debt in the form of general obligation bonds of the County to be issued pursuant to the Constitution, the County Bond Act and Title 11, Chapter 27, for expenditures with respect to the Bond-approved Projects (the "Expenditures"). The County anticipates incurring Expenditures with respect to the Bond-approved Projects prior to the issuance by the County of the Bonds. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid, or (b) the date the Project was placed in service, but in no event more than three (3) years after the original Expenditures. The Expenditures are incurred solely to acquire, construct or rehabilitate property having a reasonably expected economic life of at least one (1) year. The source of funds for the Expenditures with respect to the Project will be the County's general funds.

SECTION 22. Miscellaneous. The County Council hereby authorizes the County Administrator, Chair of the County Council, the Clerk to the County Council and County Attorney to execute such documents and instruments as necessary to effect the issuance of the Bonds. The County Council hereby retains McNair Law Firm, P.A., as bond counsel and Compass Municipal Advisors, LLC, as financial advisor, in connection with the issuance of the Bonds. The County Administrator is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

All rules, regulations, resolutions, and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bonds are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its enactment.

Enacted this ____ day of _____, 2016.

LANCASTER COUNTY, SOUTH CAROLINA

Bob Bundy, Chair, County Council

Steve Harper, Secretary, County Council

ATTEST:

Debbie C. Hardin, Clerk to Council

Approved as to form:

County Attorney

Date of First Reading:
Date of Second Reading:
Date of Public Hearing:
Date of Third Reading:

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LANCASTER COUNTY
GENERAL OBLIGATION BOND, SERIES 2016A

No. R-1

INTEREST
RATE

MATURITY
DATE

ORIGINAL
ISSUE DATE

CUSIP

REGISTERED HOLDER:

PRINCIPAL AMOUNT: _____ (\$ _____) Dollars

KNOW ALL MEN BY THESE PRESENTS, that Lancaster County, South Carolina (the "County"), is justly indebted and, for value received, hereby promises to pay to the registered holder specified above, or registered assigns, the principal amount specified above on the maturity date specified above, upon presentation and surrender of this Bond at the principal office of _____, in the City of _____, State of _____ (the "Paying Agent"), and to pay interest on such principal amount from the date hereof at the rate per annum specified above until this Bond matures. Interest on this Bond is payable _____ 1, 20____, and semiannually on _____ 1 and _____ 1 of each year thereafter, until this Bond matures, and shall be payable by check or draft mailed to the person in whose name this Bond is registered on the registration books of the County maintained by the registrar, presently _____, in _____, _____ (the "Registrar"), at the close of business on the fifteenth (15th) day of the calendar month preceding each semiannual interest payment date. The principal of and interest on this Bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, that interest on this fully registered Bond shall be paid by check or draft as set forth above.

This Bond shall not be entitled to any benefit under the Ordinance (hereafter defined), nor become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been duly executed by the Registrar.

For the payment hereof, both principal and interest, as they respectively mature and for the creation of such sinking fund as may be necessary therefor, the full faith, credit and taxing power of the County are irrevocably pledged and there shall be levied annually by the Auditor of the County and collected by the Treasurer of the County, in the same manner as other county taxes are levied and collected, a tax, without limit, on all taxable property in the County sufficient to pay the principal of and interest on this Bond as they respectively mature and to create such sinking fund as may be necessary therefor; provided however, the amount to be levied and collected will be offset by amounts on deposit from revenue collected from the Re-imposed Sales Tax.

This Bond is one of a series of Bonds of like date of original issue, tenor and effect, except as to number, denomination, date of maturity, redemption provisions, and rate of interest, aggregating _____ Dollars (\$ _____), issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X of the Constitution of the State of South Carolina, 1895, as amended; Title 4, Chapter 15, Code of Laws of South Carolina 1976, as amended; Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended; the successful results of a referendum; and Ordinance No. _____ duly enacted by the County Council on _____, 2016.

[Redemption Provisions]

This Bond is transferable as provided in the Ordinance, only upon the books of the County kept for that purpose at the principal office of the Registrar by the registered holder in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his duly authorized attorney. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, interest rate redemption provisions, if any, and maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance. The County, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina (the "State"), this Bond and the interest hereon are exempt from all State, county, municipal, County and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State to exist, to happen and to be performed precedent to or in the issuance of this Bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that the amount of this Bond, together with all other indebtedness of the County, does not exceed the applicable limitation of indebtedness under the laws of the State; and that provision has been made for the levy and collection of a tax, without limit, on all taxable property in the County sufficient to pay the principal of and interest on this Bond as the same shall respectively mature and to create such sinking fund as may be necessary therefor.

IN WITNESS WHEREOF, LANCASTER COUNTY, SOUTH CAROLINA, has caused this Bond to be signed with the manual or facsimile signature of the Chair of the County Council, attested by the manual or facsimile signature of the Clerk to the County Council and the seal of the County impressed, imprinted, or reproduced hereon.

LANCASTER COUNTY, SOUTH CAROLINA

Chair, County Council

(SEAL)
ATTEST:

Clerk, County Council

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

Date of Authentication:

This bond is one of the Bonds described in the within mentioned Ordinance of Lancaster County, South Carolina.

as Registrar

By: _____
Authorized Officer

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)

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

under Uniform Gifts to Minors

(State)

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

[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:

(Authorizing Officer)

Signature(s) 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 this agreement
this agreement 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.

A copy of the final approving opinion to be rendered shall be attached to each Bond and preceding the same a certificate shall appear, which shall be signed on behalf of the County with a manual or facsimile signature of the Clerk to the County Council. The certificate shall be in substantially the following form:

[FORM OF CERTIFICATE]

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the complete final approving opinion (except for date and letterhead) of McNair Law Firm, P.A., Columbia, South Carolina, approving the issue of Bonds of which the within Bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the Bonds and a copy of which is on file with the County Council of Lancaster County, South Carolina.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Clerk, County Council

FORM OF NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING

Notice is hereby given that a public hearing will be held by the County Council of Lancaster County, South Carolina (the "County"), in County Council Chambers located at 101 N. Main Street, Lancaster, South Carolina, at 6:00 p.m. or as soon thereafter as possible, on _____, 2016, or at such other location as proper notice on the main entrance to the said building might specify.

The purpose of the public hearing is to consider an Ordinance providing for the issuance and sale of General Obligation Bonds, Series 2016A, or such other appropriate series designation, of Lancaster County, South Carolina, in the principal amount of not exceeding \$11,000,000 (the "Bonds"). The proceeds of the Bonds will be used for (i) funding the acquisition of fire trucks and constructing and equipping a vehicle maintenance facility; (ii) paying the costs of issuance of the Bonds; and (iii) such other lawful purposes as the County Council shall determine.

The full faith, credit, and taxing power of the County will be pledged for the payment of the principal of and interest on the Bonds and a tax, without limit, will be levied on and collected annually, in the same manner other County taxes are levied and collected, on all taxable property of the County sufficient to pay to principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor; provided however, the amount to be levied and collected will be offset by amounts on deposit from revenue collected from the capital project sales tax which was re-imposed pursuant to the Referendum.

At the public hearing all taxpayers and residents of the County and any other interested persons who appear will be given an opportunity to express their views for or against the Ordinance and the issuance of the Bonds.

COUNTY COUNCIL OF LANCASTER COUNTY,
SOUTH CAROLINA

FORM OF OFFICIAL NOTICE OF SALE

OFFICIAL NOTICE OF SALE

\$ _____ GENERAL OBLIGATION BONDS, SERIES 2016A,
OF LANCASTER COUNTY, SOUTH CAROLINA

Time and Place of Sale: NOTICE IS HEREBY GIVEN that sealed bids, facsimile bids and electronic bids will be received on behalf of Lancaster County, South Carolina (the "County"), in the offices of the County Administrator, Lancaster County Administration Building, 101 N. Main Street, Lancaster County, South Carolina, until 11:00 a.m. South Carolina time, on _____, 2016, at which time said proposals will be publicly opened for the purchase of \$ _____ General Obligation Bonds, Series 2016A, of the County (the "Bonds").

Sealed Bids: Each hand delivered proposal shall be enclosed in a sealed envelope marked "Proposal for \$ _____ General Obligation Bonds, Series 2016A, Lancaster County, South Carolina" and should be directed to the County Administrator at the address in the first paragraph hereof.

Facsimile Bids: The County will accept the facsimile transmission of a manually signed Official Bid Form at the risk of the Bidder. The County shall not be responsible for the confidentiality of bids submitted by facsimile transmission. Any delay in receipt of a facsimile bid, and any incompleteness or illegible portions of such bid are the responsibility of the bidder. Bids by facsimile should be transmitted to the attention of the County Administrator, fax number (803) _____.

Electronic Bids: Electronic proposals must be submitted through i-Deal's Parity Electronic Bid Submission System ("Parity"). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity may be obtained from i-Deal, 1359 Broadway, 2nd Floor, New York, New York 10018, Customer Support, telephone (212) 849-5021.

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY ELECTRONIC BID, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE COUNTY AT THE PLACE, DATE AND TIME APPOINTED, AND THE COUNTY SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

Book-Entry-Only Bonds: The Bonds will be issued in fully-registered form. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond will be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC.

The Bonds will be issued in fully-registered form registered as to principal and interest; will be dated _____, 2015; will be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing in each year; and will mature serially in successive annual installments on _____ in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
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*Preliminary, subject to adjustment.

Adjustment of Maturity Schedule. The County reserves the right, in its sole discretion, either to decrease or increase the principal amount of the Bonds maturing in any year (all calculations to be rounded to the near \$5,000), provided that any such decrease or increase shall not exceed 15% of the Bonds. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the County in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph.

The Bonds will bear interest from the date thereof payable semiannually on _____ and _____ of each year, commencing _____, until they mature.

[Redemption Provisions]

Registrar/Paying Agent: Within twenty-four (24) hours of the sale of the Bonds, the School District will designate a registrar and paying agent ("Registrar/Paying Agent") for the Bonds. The Registrar/Paying Agent is a bank, trust company, depository or transfer agent organized under the laws of the State of South Carolina or the laws of the United States of America.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of 1/20 or 1/8 of 1% with no greater difference than three percent (3%) between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. **A BID FOR LESS THAN ALL THE BONDS OR A BID AT A PRICE LESS THAN PAR WILL NOT BE CONSIDERED.**

Award of Bid. The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost (TIC) to the County. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount all debt service payments on the Bonds (computed at the interest rates specified in the bid and on the basis of a 360-day year of twelve 30-day months) to the dated date of the Bonds, results in an amount equal to the price bid for the Bonds. In the

case of a tie bid, the winning bid will be awarded by lot. The County reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of the sale.

Security: The full faith, credit, and taxing power of the County are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds as they respectively mature, and for the creation of such sinking fund as may be necessary therefor. There shall be levied annually by the Auditor of the County and collected by the Treasurer of the County, in the same manner as other county taxes are levied and collected, an ad valorem tax, without limit, on all taxable property in the County sufficient to pay the principal and interest of the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor; provided however, the amount to be levied and collected will be offset by amounts on deposit from revenue collected from the Re-imposed Sales Tax.

Good Faith Deposit: No good faith deposit is required.

Bid Form: Proposals should be enclosed in a separate sealed envelope marked "Proposal for \$ _____ General Obligation Bonds, Series 2016A of Lancaster County, South Carolina" and should be directed to the County Administrator at the address in the first paragraph hereof. It is requested but not required that you submit your bid on the Proposal for Purchase of Bonds supplied with the Official Statement.

Official Statement: Upon the award of the Bonds, the County will prepare an official statement (the "Official Statement") in substantially the same form as the preliminary official statement subject to minor additions, deletions and revisions as required to complete the Official Statement. Within seven (7) business days after the award of the Bonds, the County will deliver the Official Statement to the successful bidder in sufficient quantity to comply with Rule G-32 of the Municipal Securities Rulemaking Board. The successful bidder agrees to supply to the County all necessary pricing information and any Underwriter identification necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Continuing Disclosure: In order to assist the bidders in complying with S.E.C. Rule 15c2-12(b)(5), the County will undertake, pursuant to an ordinance and a continuing disclosure certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Legal Opinion: The County Council shall furnish upon delivery of the Bonds the final approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, which opinion shall accompany each Bond, together with the usual closing documents, including a certificate of the County that no litigation is pending affecting the Bonds.

Certificate as to Issue Price: The successful bidder must provide a certificate to the County by the date of delivery of the Bonds, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate may be obtained from Bond Counsel.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be set forth on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. The CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the successful bidder.

Delivery: The Bonds will be delivered on or about _____, 2016, in New York, New York, at the expense of the County. The balance of the purchase price then due, including the amount of accrued interest, must be paid in federal funds or other immediately available funds.

Additional Information: The Preliminary Official Statement of the County with respect to the Bonds is available via the internet at officialstatements.compassmuni.com and will be furnished to any person interested in bidding for the Bonds upon request to McNair Law Firm, P. A., Post Office Box 11390, Columbia, South Carolina 29211, attention: Francenia B. Heizer, Esquire, telephone (803) 799-9800, e-mail: fheizer@mcnair.net. The Preliminary Official Statement shall be reviewed by bidders prior to submitting a bid. Bidders may not rely on this Notice of Sale as to the complete information concerning the Bonds. Persons seeking additional information should communicate with the County's Bond Counsel, Francenia B. Heizer, McNair Law Firm, P.A., Post Office Box 11390, Columbia, South Carolina 29211 fheizer@mcnair.net or with the County's Financial Advisor, Brian Nurick, Managing Director, Compass Municipal Advisors, LLC, 1219 Assembly Street, Suite 202, Columbia, South Carolina 29201; telephone (859) 368-9616, e-mail: brian.nurick@compassmuni.com.

LANCASTER COUNTY, SOUTH CAROLINA

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Lancaster County, South Carolina (the "County") in connection with the issuance of \$ _____ General Obligation Bonds, Series 2016A (the "Bonds"). The Bonds are being issued pursuant to an Ordinance adopted by the County Council of the County (the "Council"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the beneficial owners and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"**Annual Report**" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"**Bonds**" shall mean the \$ _____ General Obligation Bonds, Series 2016A, Lancaster County, South Carolina, dated _____, 2016.

"**Dissemination Agent**" shall mean the County or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"**Listed Events**" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"**Repository**" shall mean for purposes of the Rule, the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

"**Participating Underwriter**" shall mean _____ and any other original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to provide, not later than February 1 of each year, commencing in 2017, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date the County shall provide the Annual Report to the Dissemination Agent, if other than the County; provided, that if the audited financial statements required pursuant to Section 4 hereof to be included in the Annual Report are not available for inclusion in the Annual Report as of such date, unaudited financial statements of the County may be included in such Annual Report in lieu thereof, and the County shall replace such unaudited financial statements with audited financial statements within fifteen (15) days after such audited financial statements become available for distribution. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other

information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

(b) If the County is unable to provide to the Repository an Annual Report by the date required in subsection (a), the County shall send a notice to the Municipal Securities Rulemaking Board and State Depository, if any, in substantially the form attached hereto as *Exhibit A*.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(2) if the Dissemination Agent is other than the County, file a report with the County and (if the Dissemination Agent is not the Registrar) the Registrar certifying whether the Annual Report has been provided pursuant to this Disclosure Certificate, and, if provided, stating the date it was provided, and listing the Repository to which it was provided.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the most recent audited financial statements, which shall be prepared in conformity with generally accepted accounting principles (or, if not in such conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information) applicable to governmental entities such as the County, and shall, in addition, contain or incorporate by reference the following relating to the previous fiscal year:

- (a) County population;
- (b) Total state appropriations subject to withholding under Article X, Sec. 14, South Carolina Constitution for preceding fiscal year;
- (c) Outstanding general obligation indebtedness of the County;
- (d) Tax levy for County;
- (e) Tax collections for County; and
- (f) Ten largest taxpayers (including fee-in-lieu-of-tax) for County.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an "obligated person" (as defined by the Rule), which have been filed with the Repository. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events (the "Listed Events"):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution, or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the County;
- (14) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsections (a)(2), (7), (8), (11), (14), or (15) above, the County shall as soon as possible determine if such event would be material under applicable federal securities laws. If the County determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the County shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Repository.

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) above, the County shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Repository.

(d) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9), and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds. For the purposes of the event identified in (a)(13) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the County.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the County, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the County, or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the County, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the County, or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The provisions of this Section 11 shall apply if the Issuer is not the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
County Administrator

Dated: _____, 2016

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of County: Lancaster County, South Carolina

Name of Bond Issue: \$ _____ General Obligation Bonds, Series 2016A,
Lancaster County, South Carolina

Date of Issuance: _____, 2016

NOTICE IS HEREBY GIVEN that Lancaster County, South Carolina (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the County as Dissemination Agent. The County has notified us in writing that the Annual Report will be filed by _____.

Dated: _____

LANCASTER COUNTY, SOUTH CAROLINA

Agenda Item Summary

Ordinance # / Resolution#:
Contact Person / Sponsor: Kimberly Hill
Department: Finance
Date Requested to be on Agenda: 12/17/2015

Issue for Consideration:

Amendment of the Financial Policy to reflect new fund balance limits.

Points to Consider:

The current policy states that we retain a minimum of 3 months of expenditures in fund balance. There is no maximum and no timeline for replenishment. See Attachment A.

Benchmarking shows that counties are moving toward using a percentage rather than a period of time. Please see attachment B for more detail.

During the bond rating process last year, 30% of the budget in fund balance was the mentioned ideal amount to have by Standard & Poor.

Experts in the field recommend a minimum of 2 months, but list other factors that could warrant needing more. Please see attachment C for more information.

Funding and Liability Factors:

This will provide a better outline for the use of fund balance in the budget process while improving the County's policy alignment with best practices.

Council Options:

Whether or not to amend the Financial Policy.

Recommendation:

Amend the policy to state unassigned fund balance should include 30% of budgeted expenditures. Any balance in excess of 30% will be allocated during the next annual budget process. In case of an emergency situation in which the Fund Balance falls below 30%, the County will replenish the funds over a 3 year period. It is recommended this change be made as part of the budget process, along with any other financial policy changes that may arise between then and now.

Attachment A: Current Policy

Fund Balance

Fund balance is a measurement of financial resources available. Fund balance reporting shall be consistent with Statement No. 54 of the Governmental Accounting Standards Board. It is the policy of the County to maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates. For this reason, it is the County's objective to:

(a) Maintain a general fund unassigned fund balance at a level of at least three months of the general fund operating budget; and

(b) If the year-end unassigned fund balance is more than three months of the general fund operating budget, then the excess may be used to fund the following activities only during positive economic times:

(i) one-time capital expenditures which do not increase ongoing operational costs;

(ii) other one-time costs; and

(iii) debt reduction.

(c) If the unassigned fund balance falls below three months of the general fund operating budget, Council will pursue ways of increasing revenues or decreasing expenditures, or a combination of both until the three month threshold is attained.

(d) Committed Fund balance, self imposed limitations, can only be established by County Council. Once resources are committed, the purpose can only be changed by action of Council. The action to commit the funds must take place before the end of the fiscal year, though the actual can be determined after the close of the fiscal year.

(e) The County's intended use of resources, Assigned Fund Balance, can be assigned by the County Administrator and Finance Director. The County Administrator must inform the Council of assigned resources during the fiscal year.

Attachment B: Fund Balance Comparisons

County	Total General Fund Budget	General Fund Fund Balance June 30, 2014*	Financial Policy	Bond Rating*
Lancaster	2014: \$40,698,990 2015: \$41,057,263 2016: \$44,906,126	Total FB: \$20,407,023 Unassigned: \$16,940,776	Maintain an unassigned fund balance of at least 3 months of the general operating budget.	Aa3 Moody's A Standard & Poor's
	2014: \$41,464,153 2015: \$41,195,283 2016: \$41,848,004	Total FB: \$22,132,964 Unassigned: \$7,956,354	Unassigned fund balance should include an amount between 25-30% of general fund expenditures which would be equivalent to 90-120 days of coverage. Any in excess of 30% is allocated during the next annual budget process.	Aa2 Moody's AA+/Stable Standard & Poor's
York	2014: \$96,485,525 2015: \$106,338,000 2016: \$114,504,172	Total FB: \$64,463,000 Unassigned: \$44,224,000	Minimum unassigned fund balance target of 25% of the next year's budget.	AA Fitch Aa1 Moody's AA+ Standard & Poor's
	2014: \$52,115,310 2015: \$54,125,434 2016: \$54,753,707	Total FB: \$12,655,990 Unassigned: \$10,828,609	Requires an amount of at least 25% of General Fund expenditures.	Aa2 Moody's A Standard & Poor's
Horry	2014: \$137,091,573 2015: \$135,479,403 2016: \$146,138,975	Total FB: \$41,360,274	Must maintain 15% of operating budget in fund balance for lower revenue collection periods. Horry is committing more funds for specific usages. For example, over \$19 million is committed to a stabilization reserve for emergency situations.	AA+ Fitch
		Committed: \$31,775,011		Aa2 Moody's
		Unassigned: \$9,390,973		AA Standard & Poor's
Anderson	2014: \$56,431,452 2015: \$63,903,235 2016: \$67,210,045	Total FB: \$21,019,723	Requires 2-6 months of expenditures in unassigned fund balance. The County must be conservative in increasing its budget without too much reliance on fund balance.	Aa3 Moody's
		Unassigned: \$17,984,838		AA Standard & Poor's

*Due to the time of year this document was created, many of the counties have not yet published this information. For that reason, last year's numbers are being used for comparison purposes.

Appropriate Level of Unrestricted Fund Balance in the General Fund

Type:

Best Practice

Approved by GFOA's Executive Board:
September 2015

Background:

In the context of financial reporting, the term *fund balance* is used to describe the net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis.¹ While in both cases *fund balance* is intended to serve as a measure of the financial resources available in a governmental fund; it is essential that differences between GAAP *fund balance* and budgetary *fund balance* be fully appreciated.

1. GAAP financial statements report up to five separate categories of fund balance based on the type and source of constraints placed on how resources can be spent (presented in descending order from most constraining to least constraining): *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.² The total of the amounts in these last three categories (where the only constraint on spending, if any, is imposed by the government itself) is termed *unrestricted fund balance*. In contrast, budgetary fund balance, while it is subject to the same constraints on spending as GAAP fund balance, typically represents simply the total amount accumulated from prior years at a point in time.
2. The calculation of GAAP fund balance and budgetary fund balance sometimes is complicated by the use of sub-funds within the general fund. In such cases, GAAP fund balance includes amounts from all of the subfunds, whereas budgetary fund balance typically does not.
3. Often the timing of the recognition of revenues and expenditures is different for purposes of GAAP financial reporting and budgeting. For example, encumbrances arising from purchase orders often are recognized as expenditures for budgetary purposes, but never for the preparation of GAAP financial statements.

The effect of these and other differences on the amounts reported as *GAAP fund balance* and *budgetary fund balance* in the general fund should be clarified, understood, and documented.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance in the general fund.

Recommendation:

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.³ Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period.⁴ In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

Appropriate Level. The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.⁵ The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.⁶ Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time. In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

1. The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
2. Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
3. The potential drain upon general fund resources from other funds, as well as, the availability of resources in other funds;
4. The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;
5. Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose). Governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance, rather than on unrestricted fund balance.

Use and Replenishment.

The fund balance policy should define conditions warranting its use, and if a fund balance falls below the government's policy level, a solid plan to replenish it. In that context, the fund balance policy should:

1. Define the time period within which and contingencies for which fund balances will be used;

2. Describe how the government's expenditure and/or revenue levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge;
3. Describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished.

Generally, governments should seek to replenish their fund balances within one to three years of use. Specifically, factors influencing the replenishment time horizon include:

1. The budgetary reasons behind the fund balance targets;
2. Recovering from an extreme event;
3. Political continuity;
4. Financial planning time horizons;
5. Long-term forecasts and economic conditions;
6. External financing expectations.

Revenue sources that would typically be looked to for replenishment of a fund balance include nonrecurring revenues, budget surpluses, and excess resources in other funds (if legally permissible and there is a defensible rationale). Year-end surpluses are an appropriate source for replenishing fund balance.

Unrestricted Fund Balance Above Formal Policy Requirement. In some cases, governments can find themselves in a position with an amount of unrestricted fund balance in the general fund over their formal policy reserve requirement even after taking into account potential financial risks in the foreseeable future. Amounts over the formal policy may reflect a structural trend, in which case governments should consider a policy as to how this would be addressed. Additionally, an education or communication strategy, or at a minimum, explanation of large changes in fund balance is encouraged. In all cases, use of those funds should be prohibited as a funding source for ongoing recurring expenditures.

Committee:

Accounting, Auditing, and Financial Reporting
Governmental Budgeting and Fiscal Policy

Notes:

1. For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.
2. These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.
3. Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.
4. See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising

taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).

5. In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.
6. In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues and/or expenditures, that decision should be followed consistently from period to period.

Attachment D: Proposed Policy

Fund balance is a measurement of financial resources available. Fund balance reporting shall be consistent with Statement No. 54 of the Governmental Accounting Standards Board. It is the policy of the County to maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates. For this reason, it is the County's objective to:

(a) Maintain a general fund unassigned fund balance at a level of 30 percent of the general fund operating budget;

(b) If the year-end unassigned fund balance is more than 30 percent of the general fund operating budget, then the Administrator will assess and recommend to council ways in which the excess will be allocated during the next annual operating and capital budget process. The surplus can only be allocated for one of the following purposes:

(i) One-time capital expenditures which do not increase ongoing operational costs;

(ii) Establishing or increasing reserves established for special purposes;

(iii) Other one-time costs; and

(iv) Debt reduction.

(c) If the unassigned fund balance falls below 30 percent of the general fund operating budget, the Administrator will pursue and recommend to Council ways of increasing revenues or decreasing expenditures, or a combination of both until the threshold is attained within a time period not to exceed three years. At the inception of the implementation of this policy, such recommendations, and implementation of plans to increase the fund balance(s) of the County may be through the annual County budget ordinance(s), or through separate ordinances of the County.

(d) County council may authorize the expenditure of fund balance that would cause the unassigned fund balance to decrease to below 30 percent of regular general fund expenditures by a supermajority (five to two vote of Council). After such vote the Administrator will plan and recommend to Council ways to replenish the balance to 30 percent. The threshold must be reached within a period not to exceed three years.

(d) Committed fund balance, self imposed limitations, can only be established by County Council. Once resources are committed, the purpose can only be changed by action of Council. The action to commit the funds must take place before the end of the fiscal year, though the actual can be determined after the close of the fiscal year.

(e) The County's intended use of resources, Assigned fund balance, can be assigned by the County Administrator and Finance Director. The County Administrator must inform the Council of assigned resources during the fiscal year.

Agenda Item Summary

Ordinance # / Resolution#:

Contact Person / Sponsor: Kimberly Hill

Department: Finance

Date Requested to be on Agenda: 12/17/2015

Issue for Consideration:

Discussion on items we know will have consideration in FY 2016-2017 budget.

Points to Consider:

There are several items that have come up in all of the committees and also items that were tabled at the end of the budget process last year. This update is simply to inform the Administration Committee of items which have already been discussed before moving into the January meetings.

Funding and Liability Factors:

These items will be requested within the budget process and full funding amounts will be disclosed then. Council will have to consider these options along with all other requests during budget development.

Council Options:

None at this time. These items will be considered within the budget process.

Recommendation:

None.