

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

ORDINANCE NO. 2016-1404

AN ORDINANCE

TO AUTHORIZE AND PROVIDE FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$15,000,000 PRINCIPAL AMOUNT SUN CITY IMPROVEMENT DISTRICT ASSESSMENT REFUNDING REVENUE BONDS, SERIES 2016A, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION; TO LIMIT THE PAYMENT OF THE BONDS SOLELY TO THE ASSESSMENTS IMPOSED WITHIN THE SUN CITY IMPROVEMENT DISTRICT; TO PROVIDE FOR THE EXECUTION OF A SECOND SUPPLEMENTAL INDENTURE; TO MAKE OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING; TO AMEND THE MASTER INDENTURE; AND TO PROVIDE FOR OTHER MATTERS RELATING THERETO

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

Section 1. **Definitions.**

The terms defined in this Section for all purposes of this ordinance shall have the respective meanings as set forth in this Section. Any capitalized terms not defined herein shall have the meaning given such term in the Master Indenture and supplements thereto as defined herein. The term:

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

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

“Assessment” or “Assessments” means an assessment or assessments imposed under the Act.

“Bond Area” means the parcels identified in the Assessment Roll, which are and will be subject to the Assessment.

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

“Continuing Disclosure Agreement” shall mean a Continuing Disclosure Agreement, by and between the County and Municap, Inc., as dissemination agent, in connection with the Series 2016A Bonds.

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

“Council” means the Lancaster County Council.

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"County" means Lancaster County, South Carolina. "First Supplemental Indenture" means the First Supplemental Indenture dated as of March 1, 2006, between the County and the Trustee, and pursuant to which the Series 2006 Bonds were issued.

"Improvement District" means the Sun City Improvement District created by the Council under the Act pursuant to the Improvement District Ordinance.

"Improvement District Ordinance" means Ordinance No. 677 enacted by County Council on October 3, 2005, wherein the Improvement District was created and the Assessments are authorized to be imposed and collected, as may be amended from time to time.

"Improvement Plan" means the Sun City Improvement approved by the Council pursuant to the Improvement District Ordinance.

"Master Indenture" means the Master Trust Indenture dated as of March 1, 2006, as heretofore amended and supplemented by the First Supplemental Trust Indenture dated as of March 1, 2006, and the Second Supplemental Trust Indenture to be dated such date as may be determined by the County Administrator, each between the County and the Trustee.

"Second Supplemental Indenture" means the Second Supplemental Indenture to be dated as determined by the County Administrator between the County and the Trustee, and pursuant to which the Series 2016A Bonds will be issued.

"Series 2006 Bonds" means the \$20,000,000 original principal amount Lancaster County, South Carolina, Sun City Improvement District Assessment Revenue Bonds, Series 2006, which are presently outstanding in the principal amount of \$14,120,000.

"Series 2016A Bonds" means the not to exceed \$15,000,000* principal amount Sun City Improvement District Assessment Refunding Revenue Bonds, Series 2016A, to be issued to refund such portion of the outstanding Series 2006 Bonds and to be dated such date as may be determined by the County Administrator with advice from the County's Bond Counsel and Financial Advisor.

"Underwriter" means Stifel, as underwriter for the Series 2016A Bonds.

Section 2. Findings and Determinations.

The Council hereby finds and determines:

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

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

(c) Pursuant to the Act, the County is authorized to acquire, own, construct, establish, enlarge, improve, expand, operate, maintain and repair, and sell, lease, and otherwise dispose of an improvement and to finance and refinance the acquisition, construction, establishment, enlargement, improvement, expansion,

operation, maintenance and repair, in whole or in part, by the imposition of assessments through the issuance of special district bonds of the county, general obligation bonds of the county, or revenue bonds of the county, from general revenues from any source not restricted from that use by law, or by a combination of the funding sources.

(d) Pursuant to the Act, the County has adopted the Improvement District Ordinance wherein Assessments are authorized to be imposed and collected within the Improvement District.

(e) Pursuant to the Act, the County has heretofore issued the Series 2006 Bonds, and the County now desires to issue the Series 2016A Bonds for the purpose of (1) refunding such portion of the outstanding Series 2006 Bonds, as may be determined by the County Administrator (the "Refunded 2006 Bonds"), (2) funding a debt service reserve fund (if any) established for the Series 2016A Bonds, in such amount as may be determined by the County Administrator, and (3) paying certain costs of issuance related to the Series 2016A Bonds, including premiums for bond insurance policies or surety bonds, if any.

(f) In connection with the foregoing, it is proposed that the County issue the Series 2016A Bonds pursuant to the Second Supplemental Indenture and execute the Second Supplemental Indenture, such that the revenues generated from the imposition and collection of the Assessments will secure the payment of the Series 2016A Bonds and Administrative Expenses. The County will additionally assign its interest in certain funds created pursuant to the Second Supplemental Indenture to the Trustee for the benefit of the owners of the Series 2016A Bonds.

(g) There has been filed with the Clerk to Council a form of the Second Supplemental Indenture, Purchase Contract, Preliminary Official Statement and Continuing Disclosure Agreement. The Council finds, however, that certain changes in said documents may be needed prior to the completion of this transaction such that it will be in the best interest of the County to delegate to the County Administrator and the County Attorney, or any one of them, the legal authority to determine those matters including the authority to approve the final form of the documents necessary to effectuate the issuance of the Series 2016A Bonds.

Section 3. **Approval of Transaction.**

The Council does hereby approve (a) the issuance of the Series 2016A Bonds pursuant to the Second Supplemental Indenture, and the use of the proceeds of the issuance of the Series 2016A Bonds for the purposes described in Section 2(e) above; and (b) the pledge and application of the revenues generated from the imposition and collection of the Assessments and other funds created pursuant to the Second Supplemental Indenture for the benefit of the owners of the Series 2016 Bonds for payment of the Series 2016A Bonds and Administrative Expenses.

Section 4. **Approval of Second Supplemental Indenture and Delegation of Authority.**

The form, terms and provisions of the Second Supplemental Indenture, a copy of which is attached hereto as Exhibit A and filed with the Clerk to Council, be and hereby are approved. The Chairman of the Council is hereby authorized, empowered and directed to execute, acknowledge and deliver, and the Clerk to Council is hereby authorized, empowered and directed to attest the Second Supplemental Indenture, with such changes or revisions as are permitted hereby, in the name of and on behalf of the County. The County Administrator, with advice from the County Attorney and the County's Bond Counsel, is hereby delegated the authority to approve such changes in the form, terms and provisions of the Second Supplemental Indenture as may be necessary or advisable in connection with the transactions contemplated hereby and thereby. The Chairman's execution and delivery of the Second Supplemental Indenture shall constitute conclusive evidence of

approval of any and all changes or revisions therein from the form of the Second Supplemental Indenture attached hereto as Exhibit A. Any amendments to the Second Supplemental Indenture shall be executed in the same manner.

Section 5. Continuation of Revenue Fund.

There is hereby continued an enterprise fund in the County's budget and accounting system for the purpose of accounting for all Assessments levied and collected with respect to the Improvement District. All Assessments levied and collected shall be deposited into such enterprise fund and as such shall be disbursed according to the provisions of the Second Supplemental Indenture.

Section 6. Approval of Purchase Contract and Delegation of Authority.

The form, terms and provisions of the Purchase Contract, a copy of which is attached hereto as Exhibit B and filed with the Clerk to Council, be and hereby is approved. The County Administrator is hereby authorized, empowered and directed to execute, acknowledge and deliver the Purchase Contract, with such changes or revisions as are permitted hereby, in the name of and on behalf of the County; provided, however, if the percentage of net present value savings is less than 7.5%, the County Administrator shall consult with County Council prior to executing the Purchase Contract. The County Administrator, with advice from the County Attorney and the County's Bond Counsel, is hereby authorized to approve such changes in the form, terms and provisions of the Purchase Contract as may be necessary or advisable in connection with the transactions contemplated hereby and thereby. The County Administrator's execution and delivery of the Purchase Contract shall constitute conclusive evidence of approval of any and all changes or revisions therein from the form of the Purchase Contract attached hereto as Exhibit B. Any amendments to the Purchase Contract shall be executed in the same manner.

Section 7. Approval of Preliminary Official Statement and Delegation of Authority.

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

Section 8. Approval of Continuing Disclosure Agreement and Delegation of Authority.

(a) The form, terms and provisions of the Continuing Disclosure Agreement, a copy of which is attached hereto as Exhibit D and filed with the Clerk to Council, be and hereby is approved. The County Administrator is hereby authorized, empowered and directed to execute, acknowledge and deliver the Continuing Disclosure Agreement, with such changes or revisions as are permitted hereby, in the name of and on behalf of the County. The County Administrator, with advice from the County Attorney and the County's Bond Counsel, is hereby delegated the authority to approve such changes in the form, terms and provisions of the Continuing Disclosure Agreement as may be necessary or advisable in connection with the

transactions contemplated hereby and thereby. The Chairman's execution and the delivery of the Continuing Disclosure Agreement shall constitute conclusive evidence of approval of any and all changes or revisions therein from the form of the Continuing Disclosure Agreement attached hereto as Exhibit D. Any amendments to the Continuing Disclosure Agreement shall be executed in the same manner.

(b) So long as and to the extent required pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended ("Section 11-1-85"), the County covenants that it will file with a central repository (if any) for availability in the secondary bond market when requested:

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

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

(c) The only remedy for failure by the County to comply with the covenant of this Section 8 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an "Event of Default" under this ordinance or the Second Supplemental Indenture. The Trustee shall have no responsibility to monitor the County's compliance with this covenant. The County specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85, without the consent of the Trustee or any Holder of any Series 2016A Bonds.

Section 9. Trustee, Registrar and Paying Agent.

The County hereby delegates to the County Administrator the authority to designate the Trustee, Registrar and Paying Agent under the terms and conditions provided in the Master Indenture and the Second Supplemental Indenture.

Section 10. Arbitrage Covenant.

The County hereby covenants and agrees with the Holders of the Series 2016A Bonds issued, and the Holders of the Series 2006 Bonds reissued, as tax-exempt obligations (the "Tax-Exempt Bonds") that it will not take any action which will, or fail to take any action which failure will, cause interest on the Tax-Exempt Bonds to become includable in the gross income of such Holders thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Tax-Exempt Bonds and that no use of the proceeds of the Tax-Exempt Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage bonds," as defined in the Code; and to that end the County hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Tax-Exempt Bonds are Outstanding;

(b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and

(c) make such reports of such information at the times and places required by the Code.

The County Administrator is hereby authorized to execute a Federal Tax Certificate. Pursuant to Ordinance No. 2015-1335 duly enacted by the Council on February 23, 2015, the County adopted Written Procedures related to Tax-Exempt Debt.

Section 11. Amendments to Master Indenture.

The Master Indenture is hereby amended as follows:

(a) The definition of "Investment Securities" is amended to include any additional legally-available investments not included therein.

(b) SECTION 0.01. Debt Service Reserve Fund is amended to allow the option of the Debt Service Reserve Fund and any accounts therein be held by and invested by the County.

(c) SECTION 9.04. Delinquent Assessments is hereby deleted in its entirety.

The remaining provisions of the Master Indenture shall remain in full force and effect.

Section 12. Authority to Act.

The Council Chair, Council Secretary, Clerk to Council, County Administrator, County Attorney, County Finance Director and all other appropriate officials of the County are authorized and directed to do any and all things necessary by the County and to execute the documents authorized herein or any other documents to effect the purposes of this ordinance.

Section 13. Engagement of Professionals. The County Council hereby retains McNair Law Firm, P.A., as Bond Counsel and Compass Municipal Advisors, LLC, as Financial Advisor, and AMTEC Tax-Exempt Compliance, as Verification Agent, in connection with the issuance of the Series 2016A Bonds. The County Administrator is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

Section 14. Severability.

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

Section 15. Controlling Provisions.

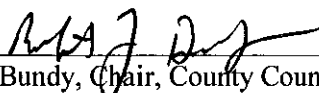
To the extent this ordinance contains provisions that conflict with provisions contained elsewhere in the Lancaster County Code or other County ordinances, resolutions or orders, the provisions contained in this ordinance supersede all other provisions and this ordinance is controlling.

Section 16. Effective Date.

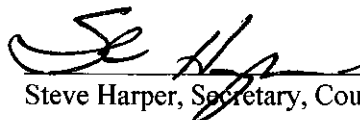
This ordinance is effective upon third reading.

AND IT IS SO ORDAINED, this 24th day of October, 2016.

LANCASTER COUNTY, SOUTH CAROLINA



Bob Bundy, Chair, County Council



Steve Harper, Secretary, County Council

ATTEST:


Debbie C. Hardin, Clerk to Council

First Reading:	August 22, 2016
Second Reading:	October 10, 2016
Public Hearing:	October 24, 2016
Third Reading:	October 24, 2016

**FORM OF
SECOND SUPPLEMENTAL TRUST INDENTURE**

BETWEEN

LANCASTER COUNTY, SOUTH CAROLINA

AND

WELLS FARGO BANK, N.A.

as Trustee

Dated as of _____, 2016

Authorizing and Securing

**\$ _____
LANCASTER COUNTY, SOUTH CAROLINA
SUN CITY CAROLINA LAKES IMPROVEMENT DISTRICT
ASSESSMENT REFUNDING REVENUE BONDS
SERIES 2016**

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[TO BE PROVIDED]

EXHIBIT A FORM OF SERIES 2016 BOND

THIS SECOND SUPPLEMENTAL TRUST INDENTURE (the "Second Supplemental Indenture"), dated as of _____, 2016 between LANCASTER COUNTY, SOUTH CAROLINA (the "Issuer"), a body politic and political subdivision organized and existing under the laws of the State of South Carolina, and WELLS FARGO BANK, N.A., a national banking association duly organized and existing under the laws of the United States of America and having corporate trust offices in Minneapolis, Minnesota (said national banking association and any bank or trust company becoming successor trustee under this Second Supplemental Indenture being hereinafter referred to as the "Trustee");

W I T N E S S E T H:

WHEREAS, the Sun City Carolina Lakes Improvement District established by the Issuer is described more fully in Exhibit A to the Master Trust Indenture dated March 1, 2006, between the Issuer and the Trustee (the "Master Indenture"), referred to as the "Improvement District" and consists of approximately 976 acres of land located within the Improvement District, as such premises may be further expanded or contracted pursuant to the Act; and

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

WHEREAS, the Issuer has heretofore issued the \$20,000,000 original principal amount Lancaster County, South Carolina, Sun City Carolina Lakes Improvement District Assessment Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), pursuant to the Master Indenture and the First Supplemental Trust Indenture dated as of March 1, 2006 between the Issuer and the Trustee and Ordinance No. 678 of the Issuer enacted November 28, 2005; and

WHEREAS, the Series 2006 Bonds were issued, in part, to finance the design, construction and/or acquisition of certain infrastructure improvements to benefit the Development and the County Library (collectively, the "Series 2006 Project"); and

WHEREAS, the Series 2006 Bonds may be called for redemption prior to maturity as a whole, at any time, or in part on any Interest Payment Date, on or after December 1, 2015 at par plus accrued interest from the most recent Interest Payment Date to the redemption date.

WHEREAS, pursuant to the Master Trust Indenture and this Second Supplemental Indenture (hereinafter sometimes collectively referred to as the "Indenture"), the Issuer has determined to issue \$_____ aggregate principal amount of Lancaster County, South Carolina, Sun City Carolina Lakes Improvement District Assessment Refunding Revenue Bonds, Series 2016 (the "Series 2016 Bonds"), in order to provide funds for, together with other funds, (i) the refunding of \$_____ principal amount of the Series 2006A Bonds (the "Refunded Bonds"), (ii) the funding of the Series 2016 Debt Service Reserve Account, and (iii) the payment of the costs of issuance of the Series 2016 Bonds; and

WHEREAS, the Series 2016 Bonds will be secured by a pledge of Pledged Revenues (as hereinafter defined) to the extent provided herein;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2016 Bonds, the security and payment of the principal or redemption price thereof (as the case may be) and interest thereon, the rights of the Bondholders and the performance and observance of all of the covenants contained herein and in said Series 2016 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of

the Series 2016 Bonds by the Owners thereof, from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer does hereby assign, transfer, set over and pledge to Wells Fargo Bank, N.A., as Trustee, its successors in trust and its assigns forever, and grants a lien on all of the right, title and interest of the Issuer in and to the Pledged Revenues (hereinafter defined) as security for the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series 2016 Bonds issued hereunder, all in the manner hereinafter provided, and the Issuer further hereby agrees with and covenants unto the Trustee as follows:

TO HAVE AND TO HOLD the same and any other revenues, property, contracts or contract rights, accounts receivable, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, which may, by delivery, assignment or otherwise, be subject to the lien created by the Indenture with respect to the Series 2016 Bonds.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2016 Bonds issued and to be issued under this Second Supplemental Indenture, without preference, priority or distinction as to lien or otherwise (except as otherwise specifically provided in this Second Supplemental Indenture) of any one Series 2016 Bond over any other Series 2016 Bond, all as provided in the Indenture.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal or redemption price of the Series 2016 Bonds issued, secured and Outstanding hereunder and the interest due or to become due thereon, at the times and in the manner mentioned in such Series 2016 Bonds and the Indenture, according to the true intent and meaning thereof and hereof, and the Issuer shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Second Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this Second Supplemental Indenture to be and remain in full force and effect.

ARTICLE I

DEFINITIONS

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

“Assessment Ordinance” shall mean Ordinance No. 677 of the Issuer enacted October 3, 2005, as amended and supplemented from time to time.

“Assessment Methodology” shall mean the Assessment Report prepared by MuniCap, Inc. and adopted by the Council of the Issuer on November 28, 2006, as amended and supplemented from time to time.

“Assessments” shall mean all non *ad valorem* assessments, including Delinquent Assessments, imposed and collected, including penalties, interest and expenses collected by the Issuer, in connection with the District pursuant to the Act, Section 6.01 of the Master Trust Indenture, and the Assessment Methodology.

“Authorized Denomination” shall mean, with respect to the Series 2016 Bonds, minimum denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement for the benefit of the owners of the Series 2016 Bonds, dated the date of closing, by and among the Issuer and _____, as dissemination agent, in connection with the issuance of the Series 2016 Bonds.

“Debt Service Reserve Requirement” shall mean, with respect to the Series 2016 Bonds, _____.

“Defeasance Securities” shall mean, with respect to the Series 2016 Bonds, to the extent permitted by law, (a) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (b) hereof), and (b) Government Obligations (including obligations issued or held in book entry form on the books of the Department of Treasury), which are non-callable and non-prepayable.

“Indenture” shall mean collectively, the Master Indenture and this Second Supplemental Indenture.

“Interest Payment Date” shall mean June 1 and December 1 of each year, commencing June 1, 2017.

“Issuer” shall mean Lancaster County, South Carolina.

“Master Indenture” shall mean the Master Trust Indenture, dated as of March 1, 2006 by and between the Issuer and the Trustee, as supplemented and amended with respect to matters pertaining solely to the Master Indenture or the Series 2016 Bonds (as opposed to supplements or amendments relating to Series of Bonds other than the Series 2016 Bonds as specifically defined in this Second Supplemental Indenture).

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

"Pledged Revenues" shall mean with respect to the Series 2016 Bonds the revenues from the Assessments and any other revenues designated as such by the Issuer and which shall constitute the security for and source of payment of the 2016 Bonds and may consist of any source of funds not constituting a general tax as may be available and authorized by the Issuer.

"Prepayment" shall mean the payment by any owner of property of the amount of Assessments encumbering its property, in whole or in part, prior to its scheduled due date, including optional prepayments and prepayments which become due pursuant to the "true-up" mechanism contained in the Assessment Resolutions and the Assessment Methodology. "Prepayments" shall include, without limitation, the Series 2016 Prepayment Principal.

"Principal Payment Date" shall mean December 1 of each year, commencing December 1, 2017.

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

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

"Second Supplemental Indenture" shall mean this Second Supplemental Indenture dated as of _____, 2016, between the Issuer and the Trustee.

"Series 2016 Administrative Expenses Account" shall mean the Account so designated, established as a separate account within the Administrative Expenses Fund pursuant to Section 4.01(g) of this Second Supplemental Indenture.

"Series 2016 Bond Redemption Fund" shall mean the Series 2016 Bond Redemption Fund established pursuant to Section 4.01(f) of this Second Supplemental Indenture.

"Series 2016 Bonds" shall mean the \$_____ aggregate principal amount of Lancaster County, South Carolina, Sun City Carolina Lakes Improvement District Assessment Refunding Revenue Bonds, Series 2016, issued as fully registered Bonds in accordance with the provisions of the Master Indenture and secured and authorized by the Master Indenture and this Second Supplemental Indenture.

"Series 2016 Costs of Issuance Account" shall mean the account so designated and established pursuant to Section 4.01(h) of this Second Supplemental Indenture.

"Series 2016 Debt Service Reserve Account" shall mean the Account so designated, established as a separate account within the Debt Service Reserve Fund pursuant to Section 4.01(e)(ii) of this Second Supplemental Indenture.

"Series 2016 General Account" shall mean the Account so designated, established as a separate account under the Series 2016 Bond Redemption Fund pursuant to Section 4.01(f)(i) of this Second Supplemental Indenture.

"Series 2016 Interest Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 4.01(c) of this Second Supplemental Indenture.

"Series 2016 Ordinance" shall mean Ordinance No. _____ of the Issuer enacted _____, pursuant to which the Issuer authorized the issuance of not exceeding \$_____ aggregate principal amount of its assessment refunding revenue bonds to (i) refund all or a portion of the outstanding Series 2016 Bonds; (ii) fund of the Series 2016 Debt Service Reserve Account, and (iii) pay of the costs of issuance of the Series 2016 Bonds.

"Series 2016 Prepayment Account" shall mean the Account so designated, established as a separate account under the Series 2016 Bond Redemption Fund pursuant to Section 4.01(f) of this Second Supplemental Indenture.

"Series 2016 Prepayment Principal" shall mean the portion of a Prepayment corresponding to the principal amount of Assessments being prepaid.

"Series 2016 Principal Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 4.01(b) of this Second Supplemental Indenture.

"Series 2016 Revenue Account" shall mean the Account so designated, established as a separate account within the Revenue Fund pursuant to Section 4.01(a) of this Second Supplemental Indenture.

"Series 2016 Sinking Fund Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 4.01(d) of this Second Supplemental Indenture.

The words "hereof", "herein", "hereto", "hereby", and "hereunder" (except in the forms of Series 2016 Bonds), refer to the entire Indenture.

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

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

[End of Article I]

ARTICLE II

THE SERIES 2016 BONDSError! Bookmark not defined.

SECTION 2.01. Amounts and Terms of Series 2016 Bonds; Issue of Series 2016 Bonds. No Series 2016 Bonds may be issued under this Second Supplemental Indenture except in accordance with the provisions of this Article II and Articles II and III of the Master Indenture.

(a) The total principal amount of Series 2016 Bonds that may be issued under this Second Supplemental Indenture is expressly limited to \$15,000,000. The Series 2016 Bonds shall be numbered consecutively from R-1 and upwards.

(b) Any and all Series 2016 Bonds shall be issued substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture and with such additional changes as may be necessary or appropriate to conform to the provisions of the Resolution. The Issuer shall issue the Series 2016 Bonds upon execution of this Second Supplemental Indenture and satisfaction of the requirements of Section 3.01 of the Master Indenture; and the Trustee shall, at the Issuer's request, authenticate such Series 2016 Bonds and deliver them as specified in the request.

SECTION 2.02. Execution. The Series 2016 Bonds shall be executed by the Issuer as set forth in the Master Indenture.

SECTION 2.03. Authentication. The Series 2016 Bonds shall be authenticated as set forth in the Master Indenture. No Series 2016 Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, as provided in the Master Indenture.

SECTION 2.04. Purpose, Designation and Denominations of, and Interest Accruals on, the Series 2016 Bonds.

(a) The Series 2016 Bonds are being issued hereunder in order to provide funds (i) to refund all or a portion of the outstanding 2006 Bonds; (ii) to fund the Series 2016 Debt Service Reserve Account, and (iii) to pay the costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds shall be designated "Lancaster County, South Carolina, Sun City Carolina Lakes Improvement District Assessment Refunding Revenue Bonds, Series 2016," and shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The Series 2016 Bonds shall be dated as of their date of delivery. Interest on the Series 2016 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2016 Bonds shall be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a June 1 or December 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to June 1, 2017, in which case from June 1, 2017 or unless the date of authentication thereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date.

(c) Except as otherwise provided in Section 2.07 of this Second Supplemental Indenture in connection with a book entry only system of registration of the Series 2016 Bonds, the principal or Redemption Price of the Series 2016 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent upon presentation of such Series 2016 Bonds. Except as otherwise provided in Section 2.07 of this Second Supplemental Indenture

in connection with a book entry only system of registration of the Series 2016 Bonds, the payment of interest on the Series 2016 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2016 Bonds by check or draft drawn on the Paying Agent and mailed on the applicable Interest Payment Date to each Owner as such Owner appears on the Bond Register maintained by the Registrar as of the close of business on the Regular Record Date, at his address as it appears on the Bond Register. Any interest on any Series 2016 Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Series 2016 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Series 2016 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date.

SECTION 2.05. Debt Service on the Series 2016 Bonds.

(a) [Maturity schedule]

(b) Interest on the Series 2016 Bonds will be computed in all cases on the basis of a 360 day year of twelve 30 day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by the Series 2016 Bonds on the day before the default occurred.

SECTION 2.06. Disposition of Series 2016 Bond Proceeds.

(a) The net proceeds of sale of the Series 2016 Bonds of \$_____ (representing the par amount thereof, less an Underwriter's discount allocable to the Series 2016 Bonds of \$_____) shall as soon as practicable upon the delivery thereof to the Trustee by the Issuer be applied as follows:

(i) \$_____ representing estimated Administrative Expenses shall be deposited in the Series 2016 Administrative Expense Account of the Administrative Expense Fund to be used for the payment of Administrative Expenses during the period from the date of issuance through _____;

(iii) \$_____ (which is an amount equal to the Debt Service Reserve Requirement in respect of the Series 2016 Bonds) shall be deposited in the Series 2016 Debt Service Reserve Account of the Debt Service Reserve Fund,

(iv) \$_____ constituting the costs of issuance of the Series 2016 Bonds shall be deposited in the Series 2016 Costs of Issuance Subaccount of the _____ Fund to be disbursed for costs of issuance as set forth in Section 4.01(h) herein; and

(v) \$_____ shall be deposited with Wells Fargo Bank, N.A., as Trustee for the Refunded Bonds, to be used to refinance and redeem in full the Refunded Bonds on _____, 2016.

SECTION 2.07. Book-Entry Form of Series 2016 Bonds. The Series 2016 Bonds shall be issued as one fully registered bond per maturity of each series and deposited with The Depository Trust Company, New York, New York ("DTC"), which is responsible for establishing and maintaining records of ownership for its participants.

The Issuer and the Trustee shall enter into a letter of representations with DTC providing for such book-entry-only system, in accordance with the provisions of Section 2.11 of the Master Indenture. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Series 2016 Bonds in the form of fully registered Series 2016 Bonds in accordance with the instructions from Cede & Co.

SECTION 2.08. Appointment of Registrar and Paying Agent. The Issuer shall keep, at the designated corporate trust office of the Registrar, books (the "Bond Register") for the registration, transfer and exchange of the Series 2016 Bonds, and hereby appoints Wells Fargo Bank, N.A., as its Registrar to keep such books and make such registrations, transfers, and exchanges as required hereby. Wells Fargo Bank, N.A., hereby accepts its appointment as Registrar and its duties and responsibilities as Registrar hereunder. Registrations, transfers and exchanges shall be without charge to the Bondholder requesting such registration, transfer or exchange, but such Bondholder shall pay any taxes or other governmental charges on all registrations, transfers and exchanges. The Issuer hereby appoints Wells Fargo Bank, N.A., as Paying Agent for the Series 2016 Bonds. Wells Fargo Bank, N.A. hereby accepts its appointment as Paying Agent and its duties and responsibilities as Paying Agent hereunder.

SECTION 2.09. Special Obligations. The Series 2016 Bonds shall be special obligations of the Issuer. Neither the Series 2016 Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation (other than Article X, Section 14(10) of the State Constitution authorizing indebtedness payable solely from a source of revenue derived other than from a tax or license). The Series 2016 Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the Issuer or a charge against the general credit or taxing power of the Issuer. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Indenture, any Supplemental Indenture, or the Series 2016 Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Indenture, any Supplemental Indenture, or the Series 2016 Bonds, shall be payable solely from, and shall be secured solely by, the Pledged Revenues and the Pledged Funds, all as provided herein and in the applicable Supplemental Indenture.

ARTICLE III

REDEMPTION OF SERIES 2016 BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2016 Bonds shall be subject to redemption at the times and in the manner provided in Article VIII of the Master Indenture and in this Article III. All payments of the Redemption Price of the Series 2016 Bonds shall be made on the dates hereinafter required. Except as otherwise provided in this Section 3.01, if less than all the Series 2016 Bonds are to be redeemed pursuant to an Extraordinary Mandatory Redemption, the Trustee shall select the Series 2016 Bonds or portions of the Series 2016 Bonds to be redeemed. Partial redemptions of Series 2016 Bonds shall be made in such a manner that the remaining Series 2016 Bonds held by each Bondholder shall be in Authorized Denominations, except for the last remaining Series 2016 Bond.

(a) Optional Redemption. The Series 2016 Bonds may, at the option of the Issuer be called for redemption prior to maturity as a whole, at any time, or in part on any Interest Payment Date, on or after December 1, ____ (less than all Series 2016 Bonds to be selected by lot), at par plus accrued interest from the most recent Interest Payment Date to the redemption date.

(b) Extraordinary Mandatory Redemption in Whole or in Part. The Series 2016 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Series 2016 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2016 Prepayment Principal deposited into the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund following the payment in whole or in part of Assessments on any portion of the property within the Improvement District specially benefited by the Series 2006 Project in accordance with the provisions of Section 4.01(f) of this Second Supplemental Indenture, including excess moneys transferred from the Series 2016 Debt Service Reserve Account to the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund resulting from such Assessment prepayments pursuant to Section 4.01(e)(ii) of this Second Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2016 Accounts and Subaccounts in the Series 2016 Funds and Accounts (other than the Rebate Fund) sufficient to pay and redeem all Series 2016 Outstanding Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture.

(iii) from excess moneys transferred from the Series 2016 Revenue Account to the Series 2016 General Account of the Series 2016 Bond Redemption Fund in accordance with Section 6.03 of the Master Indenture and Section 4.02 of this Second Supplemental Indenture.

(iv) following condemnation or the sale of any portion of the Series 2006 Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Series 2006 Project to the Trustee by or on behalf of the Issuer for deposit into the Series 2016 General Account of the Series 2016 Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the Issuer to redeem Series 2016 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the Issuer shall describe to the Trustee in writing.

(v) following the damage or destruction of all or substantially all of the Series 2006 Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to the Trustee for deposit to the Series 2016 General Account of the Series 2016 Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series 2016 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Series 2006 Project would not be economical or would be impracticable.

(vi) from amounts on deposit in the Series 2016 Debt Service Reserve Account in excess of the Debt Service Reserve Requirement for the Series 2016 Bonds, and transferred to the Series 2016 General Account of the Series 2016 Bond Redemption Fund in accordance with Section 4.01(f) hereof to be used for the extraordinary mandatory redemption of the Series 2016 Bonds.

(vii) from amounts on deposit in the Series 2016 Debt Service Reserve Account in excess of the Debt Service Reserve Requirement for the Series 2016 Bonds and transferred to the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund in accordance with Section 6.05 of the Master Indenture and Section 4.01(e)(ii) hereof to be used, together with any Assessment prepayments on deposit in the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund, as the case may be, for the Extraordinary Mandatory Redemption of the Series 2016 Bonds.

(c) Mandatory Sinking Fund Redemption. The Series 2016 Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2016 Sinking Fund Account established under the Indenture in satisfaction of applicable Sinking Fund Installment at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

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

SECTION 3.02. Notice of Redemption. When required to redeem Series 2016 Bonds under any provision of this Second Supplemental Indenture or directed to redeem Series 2016 Bonds by the Issuer, the Trustee shall give or cause to be given to Owners of the Series 2016 Bonds to be redeemed notice of the redemption, as set forth in Section 8.02 of the Master Indenture.

[End of Article III]

ARTICLE IV

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

SECTION 4.01. Establishment of Certain Funds and Accounts.

(a) Pursuant to Section 6.03 of the Master Indenture, the Trustee shall establish a separate account within the Revenue Fund designated as the "Series 2016 Revenue Account." Assessments (except for Prepayments of Assessments which shall be deposited in the Series 2016 Prepayment Account) shall be deposited by the Trustee into the Series 2016 Revenue Account, both of which shall be applied as set forth in Article VI of the Master Indenture and Section 4.02 of this Second Supplemental Indenture.

(b) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate account within the Debt Service Fund designated as the "Series 2016 Principal Account." Moneys shall be deposited into the Series 2016 Principal Account as provided in Article VI of the Master Indenture and Section 4.02 of this Second Supplemental Indenture, and applied for the purposes provided therein.

(c) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate account within the Debt Service Fund designated as the "Series 2016 Interest Account." Moneys deposited into the Series 2016 Interest Account pursuant to the Master Indenture and Section 4.02 of this Second Supplemental Indenture, shall be applied for the purposes provided therein and as provided in Section 4.01(d) of this Second Supplemental Indenture.

(d) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate account within the Debt Service Fund designated as the "Series 2016 Sinking Fund Account." Moneys shall be deposited into the Series 2016 Sinking Fund Account as provided in Article VI of the Master Indenture and applied for the purposes provided therein and in Section 3.01(c) of this Second Supplemental Indenture.

(e) Pursuant to Section 6.05 of the Master Indenture, the Trustee shall establish a separate account within the Debt Service Reserve Fund designated as the "Series 2016 Debt Service Reserve Account."

(i) Proceeds of the Series 2016 Bonds shall be deposited into the Series 2016 Debt Service Reserve Account in the amount set forth in Section 2.06(a) of this Second Supplemental Indenture, and such moneys, together with any other moneys deposited into the Series 2016 Debt Service Reserve Account pursuant to the Master Indenture, shall be applied for the purposes provided therein and in this Section 4.01(f) of this Second Supplemental Indenture. On each June 1 and December 1 (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Series 2016 Debt Service Reserve Account and transfer any excess therein above the Debt Service Reserve Requirement for the Series 2016 Bonds to be deposited to the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund to be used for the extraordinary mandatory redemption of Series 2016 Bonds in accordance with Section 3.01(b)(vii).

(ii) Notwithstanding the foregoing paragraph (i), in the event that the amount of proceeds of the Series 2016 Bonds on deposit in the Series 2016 Debt Service Reserve Account

exceeds the Debt Service Reserve Requirement with respect to the Series 2016 Bonds due to a decrease in the amount of Series 2016 Bonds that will be outstanding as a result of an optional prepayment by the owner of a lot or parcel of land of a Series 2016 Assessment against such lot or parcel as provided in Section 4.04(a) of this Second Supplemental Indenture, the amount to be released shall be transferred at the written direction of the Issuer from the Series 2016 Debt Service Reserve Account to the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund, as a credit against the Series 2016 Prepayment Principal otherwise required to be made by the owner of such lot or parcel in accordance with Section 3.01(b)(viii).

(f) Pursuant to Section 6.06 of the Master Indenture, the Trustee shall establish a separate Series Bond Redemption Fund designated as the "Series 2016 Bond Redemption Fund" and within such Fund, a "Series 2016 General Account," and a "Series 2016 Prepayment Account." Except as otherwise provided in this Second Supplemental Indenture, moneys to be deposited into the Series 2016 Bond Redemption Fund as provided in Article VI of the Master Indenture shall be deposited to the Series 2016 General Account of the Series 2016 Bond Redemption Fund.

(i) Moneys in the 2016 General Account of the 2016 Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, except for moneys received as prepayments of Assessments pursuant to the Indenture, to make such deposits into the 2016 Rebate Fund, if any, as the County may direct in accordance with the Arbitrage Certificate, such moneys thereupon to be used solely for the purposes specified in the Arbitrage Certificate. Any moneys so transferred from the 2016 General Account of the 2016 Bond Redemption Fund to the 2016 Rebate Fund shall thereupon be free from the lien and pledge of the Indenture;

SECOND, to be used to call for extraordinary mandatory redemption an amount of 2016 Bonds equal to the amount of money transferred to the 2016 General Account of the 2016 Bond Redemption Fund pursuant to the Indenture, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the direction of an Authorized Officer, to call for redemption on each Interest Payment Date on which 2016 Bonds are subject to optional redemption pursuant to the Indenture such amount of 2016 Bonds as, with the redemption premium, may be practicable; provided, however, that not less than \$5,000 principal amount of 2016 Bonds shall be called for redemption at one time.

(ii) Moneys in the 2016 Prepayment Account of the 2016 Bond Redemption Fund (including all earnings on investments held in such Prepayment Account of the 2016 Bond Redemption Fund) shall be accumulated therein to be used to the extent that the need therefor arises to call for extraordinary mandatory redemption an amount of 2016 Bonds equal to the amount of money transferred to the 2016 Prepayment Account of the 2016 Bond Redemption Fund pursuant to the Indenture, as appropriate, and as directed by the County pursuant to the Assessment Methodology and the Assessment Resolutions, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in the Indenture, as appropriate.

(g) Pursuant to Section 6.07 of the Master Indenture, the Trustee shall establish a separate account within the Administrative Expenses Fund designated as the "Series 2016 Administrative Expenses Account."

(h) The Trustee shall establish an account designated as the "Series 2016 Costs of Issuance Account." Proceeds of the Series 2016 Bonds shall be deposited into the Series 2016 Costs of Issuance Account in the amount set forth in Section 2.06(a)(iv) of this Second Supplemental Indenture, and shall be used to pay costs of issuance upon written direction of the Issuer to the Trustee.

SECTION 4.02. Series 2016 Revenue Account. The Trustee shall transfer from amounts on deposit in the 2016 Revenue Account of the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, there shall be deposited into the 2016 Administrative Expenses Account of the Administrative Expenses Fund the portion of the Assessments imposed and collected for the 2016 Administrative Expenses. The Trustee is authorized to pay such 2016 Administrative Expenses upon receipt of a requisition signed by an Authorized Officer;

SECOND, no later than the Business Day next preceding December 1, 20__, to the 2016 Principal Account of the Debt Service Fund, an amount from the 2016 Revenue Account equal to the principal amount of 2016 Bonds Outstanding maturing on December 1, 20__, if any, less any amounts on deposit in the 2016 Principal Account not previously credited;

THIRD, upon receipt but no later than the Business Day next preceding each December 1 thereafter to the 2016 Interest Account of the Debt Service Fund, an amount from the 2016 Revenue Account equal to the interest on the 2016 Bonds becoming due on the next succeeding December 1, less any amount on deposit in the 2016 Interest Account not previously credited;

FOURTH, no later than the Business Day next preceding each December 1, commencing December 1, 20__, to the 2016 Sinking Fund Account of the Debt Service Fund, an amount from the 2016 Revenue Account equal to the principal amount of 2016 Bonds subject to sinking fund redemption on such December 1, less any amount on deposit in the 2016 Sinking Fund Account not previously credited;

FIFTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while 2016 Bonds remain Outstanding, to Series 2016 Reserve Account, an amount from the 2016 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement for the Series 2016 Bonds; and

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

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the County, withdraw any moneys held for the credit of the 2016 Revenue Account which are not otherwise required to be deposited pursuant to the Indenture and deposit such moneys as directed, to the credit of the 2016 General Account of the 2016 Bond Redemption Fund as determined by the County in accordance with the provisions of the Indenture. Assessment prepayments shall be deposited directly into the 2016 Prepayment Account of the 2016 Bond Redemption Fund as provided in the Indenture.

SECTION 4.03. Power to Issue Series 2016 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2016 Bonds, to execute and deliver the Indenture and to pledge the Pledged Revenues for the benefit of the Series 2016 Bonds to the extent set forth herein. The Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Series 2016 Bonds, except as otherwise permitted under the

Master Indenture. The Series 2016 Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Owners of the Series 2016 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.04. Prepayments; Removal of Special Assessment Liens.

(a) Any owner of a parcel of land subject to the Assessments may, at its option and on a per parcel basis, or under certain circumstances described in the Assessment Resolutions and the Assessment Methodology in connection with Prepayments derived from application of the "true-up" mechanism therein, shall, require the Issuer to reduce or release and extinguish the lien upon such parcel(s) by virtue of the levy of the Assessments by paying to the Issuer (i) at any time, all of the Assessments levied on such parcel(s), or (ii) no more than once, a portion of the Assessments levied on such parcel(s), which shall constitute Series 2016 Prepayment Principal, as directed by the Issuer pursuant to the provisions of Section 4.01(f)(i) of this Second Supplemental Indenture, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within 40 calendar days before an Interest Payment Date), attributable to the property subject to the Assessments owned by such owner; provided, however, to the extent that such payments are to be used to redeem Series 2016 Bonds, in the event the amount in the Series 2016 Debt Service Reserve Account will exceed the Debt Service Reserve Requirement for the Series 2016 Bonds as a result of a Prepayment in accordance with this Section 4.04(a) and the resulting redemption in accordance with Section 3.01(b)(i) of this Second Supplemental Indenture of Series 2016 Bonds, the excess amount shall be transferred from the Series 2016 Debt Service Reserve Account to the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund, as a credit against the Series 2016 Prepayment Principal otherwise required to be paid by the owner of such lot or parcel, upon written instructions of the Issuer together with a certificate of an Authorized Officer of the Issuer stating that, after giving effect to such transfers sufficient moneys will be on deposit in the Series 2016 Debt Service Reserve Account to equal or exceed the Debt Service Reserve Requirement for the Series 2016 Bonds and accompanied by cash flows which demonstrate that, after giving effect to the proposed redemption of Series 2016 Bonds, there will be sufficient Pledged Revenues to pay the principal and interest, when due, on all Series 2016 Bonds that will remain Outstanding.

(b) Upon receipt of Series 2016 Prepayment Principal as described in paragraph (a) above, subject to satisfaction of the conditions set forth therein, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the County an affidavit or affidavits, as the case may be, executed by the Issuer, to the effect that the Special Assessment has been paid in whole or in part and that such Special Assessment lien is thereby reduced, or released and extinguished, as the case may be. Upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund to be applied in accordance with clause (i) of Section 3.01(b) of this Second Supplemental Indenture, to the redemption of Series 2016 Bonds or in accordance with Section 4.01(f)(ii) of this Second Supplemental Indenture.

[End of Article IV]

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.01. Interpretation of Supplemental Indenture. This Second Supplemental Indenture amends and supplements the Master Indenture with respect to the Series 2016 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this Second Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and the Supplemental Indenture shall be read and construed as one document.

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

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

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

SECTION 5.05. Payment Dates. In any case in which an Interest Payment Date or the maturity date of the Series 2016 Bonds or the date fixed for the redemption of any Series 2016 Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 5.06. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Series 2016 Bonds.

(Signature page to follow)

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

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chair, County Council

(SEAL)

ATTEST

Clerk to County Council

WELLS FARGO BANK, N.A., as Trustee

(SEAL)

By: _____
Its: _____

ATTEST

By: _____
Its: _____

EXHIBIT A

[FORM OF SERIES 2016 BOND]

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

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LANCASTER COUNTY, SOUTH CAROLINA
SUN CITY CAROLINA LAKES IMPROVEMENT DISTRICT
ASSESSMENT REFUNDING REVENUE BOND, SERIES 2016

Interest
Rate

Maturity
Date

Dated
Date

CUSIP

Registered Owner:

Principal Amount:

Lancaster County, South Carolina (the "Issuer"), on behalf of the Sun City Carolina Lakes Improvement District (the "District"), created pursuant to Title 4, Chapter 35 of the Code of Laws of South Carolina 1976, as amended (the "Act"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner set forth above, or registered assigns (the "Owner"), on the Maturity Date shown hereon, unless this bond shall have been called for redemption in whole or in part and payment of the Redemption Price shall have been duly made or provided for, the Principal Amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date (as defined herein) to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing on June 1, 2017, until payment of said Principal Amount has been made or provided for, at the Interest Rate per annum set forth above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the 15th day next preceding such Interest Payment Date (the "Record Date"); provided, however, that on or after the occurrence and continuance of an Event of Default under Section 9.02(a) of the Indenture relating to a failure to pay Debt Service, when due, the payment of interest and principal or Redemption Price or Sinking Fund Installment shall be made by the Paying Agent (as defined herein) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than 15 and not less than ten days prior to the date of such proposed payment, appears on the registration books of the Registrar as the Owner of

this bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wells Fargo Bank, N.A., as paying agent (the "Paying Agent"). Payment of interest shall be made by check or draft mailed by the Paying Agent and Registrar (or by wire transfer to an account within the continental United States, and at the expense of, the Owner if such Owner requests such method of payment in writing on or prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the Owner owns not less than \$1,000,000 in aggregate principal amount of the hereafter defined 2016 Bonds). Interest on this bond will be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a duly authorized issue of bonds of the Issuer designated "Sun City Carolina Lakes Improvement District Assessment Revenue Bonds, Series 2016" in the aggregate principal amount of \$_____ (the "2016 Bonds"), ssued under a Master Trust Indenture and Second Supplemental Trust Indenture, dated as of March 1, 2016 (together the "Indenture"), between the Issuer and Wells Fargo Bank, N.A., as trustee (the "Trustee"). The Bonds are issued for the purpose of (i) refunding all or a portion of the County's \$20,000,000 original principal amount Sun City Carolina Lakes Improvement District Assessment Revenue Bonds, Series 2006; (ii) funding the 2016 Reserve Account; and (iii) paying certain costs and expenses relating to the issuance of the 2016 Bonds.

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

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

This bond is issued under and pursuant to the Constitution and laws of the State, including the Act and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the 2016 Bonds, the nature and extent of the security thereby created, the covenants of the Issuer with respect to the levy and collection of Assessments, the terms and conditions under which the 2016 Bonds are or may be issued, the rights, duties, obligations and immunities of the Issuer and the Trustee under the Indenture and the rights of the Owners of the 2016 Bonds, and, by the acceptance of this bond, the Owner assents to all of the provisions of the Indenture. The Bonds are equally and ratably secured by the Trust Estate, without preference or priority of one bond over another. The Indenture permits the issuance of

additional Bonds (as defined in the Indenture) ranking on a parity with the 2016 Bonds as to the lien and pledge of the Trust Estate only for the purpose of refunding outstanding Bonds (as defined in the Indenture).

The 2016 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof (an "Authorized Denomination"). This bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of Wells Fargo Bank, N.A. in Minneapolis, Minnesota, as Registrar (the "Registrar"), upon surrender of this bond, accompanied by an assignment and a written instrument of transfer in form satisfactory to the Registrar, subject to such reasonable regulations as the Issuer or the Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the 2016 Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Registrar in Minneapolis, Minnesota, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of 2016 Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The 2016 Bonds may, at the option of the County, be called for redemption prior to maturity as a whole, at any time, or in part on any Interest Payment Date (as defined in the Indenture) (and if less than all 2016 Bonds are called for redemption the 2016 Bonds subject to redemption selected by lot), on or after December 1, _____, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest from the most recent Interest Payment Date to the redemption date.

As more particularly set forth in the Indenture, any 2016 Bonds that are purchased by the County with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of 2016 Bonds. In addition, the above Sinking Fund Installments are subject to recalculation, as provided in the Indenture, as the result of certain purchases or the redemption of 2016 Bonds other than in accordance with scheduled Sinking Fund Installments so as to reamortize the remaining Outstanding principal of the 2016 Bonds.

The 2016 Bonds are subject to extraordinary mandatory redemption prior to maturity by the County in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price of 100% of the principal amount of the 2016 Bonds to be redeemed, without premium, plus interest accrued to the date of redemption, as follows:

(a) from 2016 Prepayment Principal deposited into the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund following the payment in whole or in part of Assessments on any portion of the property within the District specially benefited by the Project in accordance with the provisions of the Indenture, including excess moneys transferred from the Series 2016 Reserve Account to the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund resulting from such Assessment prepayments pursuant to the Indenture; or

(b) from moneys, if any, on deposit in the Series 2016 Accounts and Subaccounts in the Series 2016 Funds and Accounts (other than the Rebate Fund) sufficient to pay and redeem all Outstanding 2016 Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture;

(c) from excess moneys transferred from the Series 2016 Revenue Account to the Series 2016 General Account of the Series 2016 Bond Redemption Fund in accordance with the Indenture; or

(d) following condemnation or the sale of any portion of the Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Project to the Trustee by or on behalf of the County for deposit into the Series 2016 General Account of the Series 2016 Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the County to redeem 2016 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the County shall describe to the Trustee in writing; or

(e) following the damage or destruction of all or substantially all of the Series 2006 Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to the Trustee for deposit to the Series 2016 General Account of the Series 2016 Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series 2016 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Series 2006 Project would not be economical or would be impracticable.

(f) from amounts on deposit in the Series 2016 Reserve Account in excess of the Debt Service Reserve Requirement for the 2016 Bonds, and transferred to the Series 2016 General Account of the Series 2016 Bond Redemption Fund in accordance with the Indenture to be used for the extraordinary mandatory redemption of the 2016 Bonds; or

(g) from amounts on deposit in the Series 2016 Reserve Account in excess of the Debt Service Reserve Requirement for the 2016 Bonds and transferred to the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund in accordance with the Indenture to be used, together with any Assessment prepayments on deposit in the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund, as the case may be, for the Extraordinary Mandatory Redemption of the 2016 Bonds.

If less than all of the 2016 Bonds are to be redeemed pursuant to an Extraordinary Mandatory Redemption, the Trustee shall, except as otherwise provided in the Indenture, select the 2016 Bonds or portions of the 2016 Bonds to be redeemed by lot. The portion of 2016 Bonds to be redeemed shall be in an Authorized Denomination.

The Trustee shall cause notice of each redemption, either in whole or in part, to be mailed at least 30 but not more than 60 days prior to the redemption or purchase date to all Owners of 2016 Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the 5th day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the 2016 Bonds for which notice was duly mailed in accordance with the Indenture. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all 2016 Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the 2016 Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. 2016 Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

The 2016 Bonds are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2016 Principal Account in satisfaction of applicable Sinking Fund Installment at a Redemption Price equal to 100 percent of the principal amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

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

Any 2016 Bonds that are purchased by the Issuer with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of 2016 Bonds. Sinking Fund Installments are also subject to recalculation, as provided in the Indenture, as the result of the redemption of 2016 Bonds so as to reamortize the remaining Outstanding principal balance of the 2016 Bonds.

The 2016 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Registrar, at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) from Prepayments (as defined in the Indenture) deposited into the Series 2016 Prepayment Sub-Account of the Series 2016 Redemption Account; or

(b) from amounts transferred to the Series 2016 Prepayment Sub-Account of the Series 2016 Redemption Account resulting from a reduction in the Debt Service Reserve Requirement for the 2016 Bonds as provided for in the Indenture, and, on the date on which the amount on deposit in the Series 2016 Debt Service Reserve Fund, together with other moneys available therefor, are sufficient to pay and redeem all of the 2016 Bonds then Outstanding, including accrued interest thereon.

If less than all of the 2016 Bonds shall be called for redemption, the particular Bonds or portions of 2016 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of 2016 Bonds is required to be mailed by the Registrar, postage prepaid, not less than 30 nor more than 45 days prior to the redemption date to each registered Owner of 2016 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the 2016 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such 2016 Bonds or such portions thereof on such date, interest on such 2016 Bonds or such portions thereof so called for redemption shall cease to accrue,

such 2016 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such 2016 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the 2016 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

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

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any 2016 Bond which remain unclaimed for six years after the date when such 2016 Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such 2016 Bond became due and payable, shall at the written request of the Issuer be repaid by the Trustee or the Paying Agent to the Issuer, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Federal Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any 2016 Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the 2016 Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

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

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

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

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chair, County Council

(SEAL)

ATTEST

Clerk to County Council

FORM OF CERTIFICATE OF AUTHENTICATION

This bond is one of the 2016 Bonds designated herein, described in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory

Date of Authentication:

FORM OF ASSIGNMENT

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

Dated: _____

Signature Guaranteed

(Authorized Officer)

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

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

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

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the
entireties

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

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

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

FORM OF PURCHASE CONTRACT

LANCASTER COUNTY, SOUTH CAROLINA

***\$ _____ SUN CITY CAROLINA LAKES IMPROVEMENT DISTRICT
ASSESSMENT CURRENT REFUNDING REVENUE BONDS, SERIES 2016***

PURCHASE CONTRACT

_____, 2016

County Council of Lancaster County,
South Carolina
Lancaster, South Carolina

The undersigned, Stifel, Nicolaus & Company Incorporated, as the Underwriter ("Underwriter"), offers to enter into this Purchase Contract with Lancaster County, South Carolina ("County"), which, upon the acceptance of this offer and the execution of this Purchase Contract by the County, shall be in full force and effect in accordance with its terms and shall be binding upon the County and the Underwriter. This offer is made subject to your acceptance of this Purchase Contract on or before 5:00 p.m. local time, on _____, 2016, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to your office at any time prior to the acceptance hereof by you. All terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Preliminary Official Statement (defined below) or the Ordinance (defined below).

1. ***Offer and Sale of Bonds.*** Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from the County \$ _____ aggregate principal amount of its Sun City Carolina Lakes Improvement District Assessment Current Refunding Revenue Bonds, Series 2016 ("Bonds"), and the County hereby agrees to sell to the Underwriter all (but not less than all) of the Bonds.

The purchase price for the Bonds shall be \$ _____ (representing the par amount of the Bonds less an Underwriter's discount of \$ _____, plus [net] original issue premium of \$ _____). The Underwriter may change the offering prices of the Bonds at any time and from time to time.

2. ***Authorization and Purpose.***

Pursuant to an ordinance enacted by the County Council of Lancaster County (the "Council") on October 3, 2005 (the "Improvement District Ordinance"), and the County Public Works Improvement Act (codified at Title 5, Chapter 35, Code of Laws of South Carolina 1976, as amended (the "Act"), the County created the Sun City Carolina Lakes Improvement District (the "District") relating to an approximately 1,230-acre residential development known as "Sun City Carolina Lakes" (the "Development").

The County has heretofore issued the \$20,000,000 original principal amount Lancaster County, South Carolina Sun City Carolina Lakes Improvement District Assessment Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), pursuant to the Master Trust Indenture dated as of February 1, 2006, as amended and supplemented (as heretofore amended and supplemented, the "Original Master Indenture"), between the County and the Trustee.

Pursuant to an ordinance enacted by the Council on _____, the County made certain modifications to the District, including [add description of Turkey Pointe].

The Bonds shall be authorized and issued by an ordinance enacted by the Council on _____, 2016 ("Bond Ordinance" which, together with the Improvement District Ordinance, the "Ordinance"), pursuant to the authorization of the Act.

The Bonds are being issued by the County pursuant to a Master Trust Indenture, dated as of February 1, 2016 ("Master Indenture"), as supplemented by a Second Supplemental Trust indenture, dated as of November 1, 2016 ("Supplemental Indenture," together with the Master Indenture, "Indenture"), by and between the County and _____, as Trustee.

Proceeds of the Bonds will be used, as applicable, to (i) together with other available funds, refinance the Series 2006 Bonds outstanding in the principal amount of \$ _____ (the "Refunded Bonds"); (ii) fund the 2016 Reserve Account; and (iii) pay costs and expenses relating to the issuance of the Bonds. The Bonds shall mature on such dates and in such principal amounts, shall bear interest at such rates, shall be reoffered at the prices and yields and shall be subject to optional and mandatory redemption, all as set forth in Exhibit A attached hereto and made a part hereof. The Depository Trust Company, New York, New York ("DTC") shall act as securities depository for the Bonds, which shall be issued in book-entry form only.

The Bonds are payable solely from and secured by a pledge of (i) the Pledged Revenues, which consist of, among other things, non-ad valorem assessments (including penalties, interest and expenses thereon) imposed and collected by the County in connection with the District pursuant to the Act, (ii) the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture, except for moneys and funds held in any Series Rebate Account established for a particular Series of Bonds in the Rebate Fund and moneys on deposit in any other Account relating to a Series of Bonds other than the Bonds, and (iii) such other property as may be contemplated by the Indenture (collectively, the "Trust Estate").

3. **Official Statement.** The County has previously provided to the Underwriter copies of the Preliminary Official Statement with respect to the Bonds, dated _____, 2016 ("Preliminary Official Statement"). As of its date, the Preliminary Official Statement has been "deemed final" by the County for purposes of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, as amended ("1934 Act"), except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery dates of the Bonds. Within seven business days of the date hereof and, in any event, in sufficient time to accompany confirmations requesting payment from customers, the County agrees to supply to the Underwriter a final Official Statement executed by the County ("Official Statement") and in a sufficient quantity to comply with Rule 15c2-12(b)(1) and the rules of the Municipal Securities Rulemaking Board ("MSRB"). The County hereby consents to and ratifies the use by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds. The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the final Official Statement pursuant to the rules of the MSRB and that any supplement or amendment to the Official Statement also shall be delivered to the initial purchasers of any Bonds.

4. **Offering.** The Underwriter intends to make an initial bona fide public offering of all the Bonds at not in excess of the public offering price or prices (nor lower than the yield or yields) set forth in Exhibit A hereto and may subsequently change such offering price or prices (or yield or yields) without any requirement of prior notice to the County. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others, as stated in Paragraph 1 above, at prices lower than the public offering price or prices stated.

5. ***Representations and Warranties of the County.*** The County hereby represents and warrants to the Underwriter that:

(a) The County is duly existing under the laws of the State of South Carolina ("State").

(b) The County is authorized by the laws of the State, including particularly the Act, to enact the Ordinance, to issue the Bonds, to enter into this Purchase Contract and to secure the Bonds in the manner contemplated by the Ordinance and the Indenture.

(c) The County has full power and authority to consummate the transactions contemplated by this Purchase Contract, the Bonds, the Ordinance, the Indenture, and the Official Statement.

(d) The County has duly approved and authorized the distribution and use of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement; the County has delivered the Preliminary Official Statement to the Underwriter, and nothing has come to the County's attention which would lead it to believe that (i) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery date of the Bonds and all information marked as preliminary and subject to change, the information contained in the Preliminary Official Statement is not true and correct in all material respects or contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made in the Preliminary Official Statement, in light of the circumstances under which they were made, misleading; and (ii) the information to be contained in the Official Statement will not be true and correct in all material respects or will contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, misleading (excluding from (i) and (ii), above, the information relating to DTC and its affiliates and the book-entry system of registration and transfer and related information under the caption "DESCRIPTION OF THE 2016 BONDS—Book-Entry System"; the information relating to the Underwriter under the caption "UNDERWRITING," the stabilizing language on the inside front cover; the information relating to the Development under the caption "THE DEVELOPMENT" (including, in all events, similar information contained under the caption "INTRODUCTION"); and the information contained in Appendices ___, ___ and ___ (collectively, the "Excluded Information").

(e) The County has duly approved the Ordinance and the Indenture and duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance, the Indenture, and in the Official Statement; (ii) the approval of the Official Statement and the execution of the Official Statement by a duly authorized officer; (iii) the application of the proceeds of the Bonds for the purposes described in the Official Statement; and (iv) the execution, delivery and receipt of this Purchase Contract, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered, and received by the County in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement.

(f) The Bonds, when issued, delivered and paid for as herein and in the Ordinance provided, will have been duly authorized, executed, issued and delivered and will constitute limited obligations of the County entitled to the benefits and security of the Ordinance. The Bonds and the interest thereon do not constitute an indebtedness of the County within the meaning of any provision, limitation or restriction of the South Carolina Constitution (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing indebtedness

payable solely from a revenue-producing project not involving revenues from any tax or license) or the laws of the State and are payable by the County solely from the sources set forth above.

(g) The County, immediately after the Closing, will apply the proceeds from the sale of the Bonds as described in the Ordinance, the Indenture, and the final Official Statement and as more fully described in the certificates delivered at the Closing. The County will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Ordinance and the Indenture or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(h) Except as stated in the Preliminary Official Statement or the Official Statement, there is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the County's knowledge, threatened in writing against the County contesting the due organization and valid existence of the County or wherein an unfavorable decision, ruling or finding would, in any way, adversely affect (i) the transactions contemplated hereby or by the Official Statement or the validity or due enactment of the Ordinance or the Indenture, or the validity, due authorization and execution of the Bonds, this Purchase Contract or any agreement or instrument to which the County is a party and which is used or contemplated hereby or by the Official Statement, (ii) the federal tax-exempt status of the interest on the Bonds, (iii) the exemption of interest on the Bonds from taxation in South Carolina as described in Paragraph 5(j) below, (iv) the organization, existence or powers of the County or the title of the Administrator or any of the members of the Council or any officers of the County, or (v) the business, properties or assets or the condition, financial or otherwise, of the County.

(i) The execution and delivery by the County of the Official Statement, this Purchase Contract and the other documents contemplated hereby and by the Official Statement, and the enactment of the Ordinance and compliance with the provisions thereof do not and will not conflict with or constitute on the part of the County a breach of or a default under any existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage or lease by which it is or, on the date of Closing, will be bound, and this Purchase Contract constitutes a legally binding obligation of the County enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

(j) There is no legislation enacted or, to the best of the County's knowledge, pending, the effect of which would be to remove the exemption of the interest on the Bonds from any taxation under the laws of the State, except inheritance or other transfer taxes and certain franchise taxes.

(k) The County has not been notified of any listing or proposed listing of disqualification by the Internal Revenue Service to the effect that the County is a bond issuer that may not certify its bonds.

(l) If, between the date of this Purchase Contract and the Termination of the Disclosure Period (hereinafter defined), any event shall occur to the knowledge of the undersigned which could reasonably cause or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than the Excluded Information) the County shall notify the Underwriter, and, if in the opinion of the Underwriter such event requires the

preparation and publication of a supplement or amendment to the Official Statement, the County will at its own expense forthwith prepare and furnish to the Underwriter (1) a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will supplement or amend the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading, and (2) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract:

(i) The "Termination of the Disclosure Period" shall mean the later of (1) the earlier of (x) the ninetieth (90th) day following the End of the Underwriting Period (as defined in subparagraph (ii) below) and (y) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, and (2) the twenty-fifth (25th) day following the End of the Underwriting Period; and

(ii) The "End of the Underwriting Period" shall mean the later of (1) the Closing Date, unless the County has been notified in writing by the Underwriter on or prior to the Closing Date that the "End of the Underwriting Period" for purposes of Rule 15c2-12 will not occur on the Closing Date and (2) the date on which notice is given to the County by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the County pursuant to clause (1) of this subparagraph (ii) that the "End of the Underwriting Period" will not occur on the Closing Date, the Underwriter agrees to notify the County in writing as soon as practicable of the "End of the Underwriting Period" for purposes of Rule 15c2-12.

(m) Between the time of the County's acceptance hereof and the Closing, the County will not have executed or issued any bonds or notes or incurred any other obligations for borrowed money, in each case, which are payable from, or secured by a pledge of, the same sources securing the Bonds.

6. **Closing.** At 10:00 a.m., local time, on _____, 2016, or at such other time or such other date as shall have been agreed upon by the County and Underwriter, the County will deliver, or cause to be delivered, to the Underwriter the Bonds, in fully registered form, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds to the County in Federal or other immediately available funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Purchase Contract is a further condition to the obligations of the Underwriter hereunder.

Payment and delivery of the Bonds as aforesaid shall be made at the offices of the County, or at such other place as the County and the Underwriter agree upon, provided, however, that the Bonds will be physically delivered to DTC in New York, New York, or pursuant to arrangements with DTC, to _____, as registrar ("Registrar") under the terms of a "FAST" closing. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in book-entry form, in the form of one certificate per maturity and registered in the name of "Cede & Co." At the direction of the County, the Registrar shall release or authorize the release of the Bonds at the Closing to the Underwriter upon receipt of payment for the Bonds as aforesaid. In addition, the County and the Underwriter agree that there shall be a preliminary closing on _____, 2016, or on such other date agreed upon by the County and the Underwriter.

7. **Closing Conditions.** The Underwriter's obligation to purchase the Bonds at the Closing is subject to the following conditions which must be performed in a timely fashion as set forth herein: (i) the performance by the County of its obligations to be performed hereunder and (ii) the following conditions, including the delivery by the County of such documents as are enumerated herein in form and substance reasonably satisfactory to the Underwriter:

(a) At the time of Closing, (i) the Official Statement shall not have been amended, modified or supplemented except as may be agreed to by the Underwriter, and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, (iii) all official action of the County related to the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and (iv) the County shall have duly enacted and there shall be in full force and effect such proceedings as, in the opinion of McNair Law Firm, P.A. ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) The Underwriter shall have the right to cancel its obligation to purchase the Bonds (and such cancellation shall not constitute a default hereunder by the Underwriter) if between the date hereof and the Closing:

(i) legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by a committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the IRS or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of the general character to be derived by the County or by any similar body, or upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired that have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, that, in the opinion of the Underwriter, the marketability of the Bonds or the market price thereof has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets;

(ii) any legislation, ordinance or regulation shall be enacted or be actively considered for enactment by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered that, in the opinion of the Underwriter, materially and adversely affects the market price of the Bonds;

(iii) any action shall have been taken by the SEC that would require the registration of the Bonds under the Securities Act of 1933, as amended ("1933 Act"), or the qualification of the Ordinance under the Trust Indenture Act of 1939, as amended, or it appears that the Underwriter, by selling the Bonds, would subject itself to liability under the 1933 Act, the 1934 Act or any blue sky law;

(iv) any event shall have occurred or shall exist that, in the opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (ii) is not reflected in the Official

Statement and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect;

(v) there shall have occurred any outbreak of, or escalation in, hostilities or other national or international calamity or crisis or a financial crisis, including, but not limited to, the United States engaging in hostilities, or a Declaration of War or a national emergency by the United States on or after the date hereof which, in the sole opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(vi) trading shall be suspended, or new or additional trading or loan restrictions shall be imposed, by the New York Stock Exchange or other national securities exchange or governmental authority with respect to obligations of the general character of the Bonds or a general banking moratorium shall be declared by federal, South Carolina or New York authorities;

(vii) there shall have occurred any change in the financial condition or affairs of the County or the District the effect of which is, in the sole judgment of the Underwriter, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated by the Official Statement;

(viii) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the County's obligations;

(ix) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning any authority for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the County taken with respect to the issuance and sale thereof;

(x) the "blue sky" or securities commission of any state in the United States has withheld registration, exemption, or clearance of the offering of the Bonds, and, in the sole opinion of the Underwriter, the effect of the withholding will materially and adversely affect the market price or marketability of the Bonds;

(xi) the purchase of and payment for the Bonds by the Underwriter, or their resale or reoffering by the Underwriter, on the terms and conditions contemplated by this Purchase Contract and the Official Statement, is prohibited by any applicable law or governmental regulation or by order of any court, government authority, board, agency, or commission or would subject the Underwriter to liability under the 1933 Act, the 1934 Act, common law or otherwise;

(xii) additional material restrictions not in force on the date of this Purchase Contract have been imposed on trading in securities generally or by a governmental authority or Financial Industry Regulatory Authority, Inc.; or

(xiii) there shall have occurred any event other than those listed above, the effect of which is, in the reasonable and exclusive judgment of the Underwriter, material and adverse to make it impractical or inadvisable to proceed with the offering of the Bonds on the terms and in the manner contemplated by the Official Statement.

(c) At the time of Closing, the County shall have duly adopted all proceedings required by the Act and all other applicable laws and regulations, State or federal, necessary to enable Bond Counsel to deliver an unqualified opinion with respect to due authorization, execution and delivery of the Bonds.

(d) The Underwriter shall have received, within a sufficient time period for such final Official Statement to accompany confirmations delivered by the Underwriter to potential investors in accordance with the Rules of the MSRB but in no event later than seven business days following the date hereof, an adequate quantity of the final Official Statement to enable the Underwriter to meet the continuing obligations imposed on it by Rule 15c2-12 under the 1934 Act; provided, however, that the Underwriter may not terminate its obligations under this Purchase Contract as a result of the failure of this condition to be met unless such failure affects the Underwriter's marketing and sale of the Bonds or subjects the Underwriter to compliance infractions under the SEC or the MSRB delivery requirements.

(e) At or prior to the Closing, the Underwriter shall receive one executed original of the following documents, unless otherwise indicated:

(i) (A) the unqualified approving opinion of Bond Counsel dated the date of Closing, addressed to the County in substantially the form of Appendix C of the Official Statement, and (B) supplemental opinion of Bond Counsel, dated the date of Closing and addressed to the Underwriter, in substantially the form set forth in Exhibit B attached hereto;

(ii) a certificate of the County, dated the date of Closing signed by an official of the County, in substantially the form attached hereto as Exhibit C;

(iii) a specimen of the Bonds;

(iv) an opinion of John Weaver, Esquire, Counsel to the County, addressed to the County and the Underwriter, dated the date of Closing in substantially the form attached hereto as Exhibit D;

(v) a certified copy of the Ordinance;

(vi) a copy of the Official Statement executed on behalf of the County by a duly authorized official of the County;

(vii) an executed copy of the Continuing Disclosure Agreement, dated the date of Closing;

(viii) the opinion of Pope Flynn, LLC, Counsel to the Underwriter, addressed to the Underwriter and dated the date of Closing in substantially the form attached hereto as Exhibit E; and

(ix) other certificates of the County or information of the County contained in certificates listed in the Closing Memorandum to be approved by counsel to the County and Bond Counsel, and such additional opinions, as Bond Counsel may reasonably request to evidence (A) compliance by the County with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the respective representations of the County contained herein and (C) the due performance or satisfaction by the County at or prior to such time, of all agreements then to be performed and of all conditions then to be satisfied by the County.

If the County shall be unable to satisfy the conditions or the obligations contained in this Purchase Contract, or if the obligation of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Contract or, at the election of the County, if the Closing shall not occur by the end of business on _____, 2016, or such alternative date as the parties may mutually establish, this Purchase Contract shall terminate and neither the Underwriter nor the County shall be under further obligation hereunder; except that the respective obligations to pay expenses to the extent applicable, as provided in Paragraph 13 hereof, shall continue in full force and effect.

The delivery of any certificate that is required to be delivered in accordance with this Purchase Contract shall be deemed to have been made if the terms of that certificate are included to the satisfaction of the Underwriter within any one certificate or any number of other certificates delivered or caused to be delivered by the party responsible for delivery.

8. ***Issue Price Certificate.*** At the Closing, contemporaneously with the receipt of the Bonds, the Underwriter will deliver to the County a receipt therefor and a certificate as to issue price of the Bonds confirming their reasonable expectations regarding the representations set forth in Paragraph 4 hereof and as to such other matters reasonably required in order to enable Bond Counsel to render an opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

9. ***Opinions of Bond Counsel.*** The County will furnish to the Underwriter a reasonable supply of copies of the opinions of Bond Counsel to accompany delivery of the Bonds.

10. ***Annual Audits.*** The County agrees to furnish to the Underwriter, upon request during the life of the outstanding Bonds, a copy of each annual audit report for the District issued by the County from time to time.

11. ***Mutual Performance.*** The obligations of the County hereunder are subject to the performance by the Underwriter of its obligations hereunder.

12. ***Survival of County's Representations, Warranties and Agreements.*** All representations, warranties and agreements of the County hereunder shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter and shall survive delivery and payment of the Bonds.

13. ***Payment of Expenses.*** If the Bonds are sold to the Underwriter by the County, the County shall pay, out of the proceeds of the Bonds, any expenses incident to the performance of its obligations hereunder including but not limited to: (a) the costs of the preparation of the Preliminary Official Statement and final Official Statement for the Bonds, including the costs of all proofs and production of final proof, together with the number of copies which the Underwriter deems reasonable and the costs of delivery of the Preliminary Official Statement and final Official Statement; (b) the cost of the preparation, printing and delivery of the Bonds in fully registered form; (c) the fees and disbursements of Bond Counsel, Counsel to the Underwriter and any other experts or consultants retained by the County, including the County's Counsel, financial advisor, independent engineers, accountants, consultants and the charges of ratings; and (d) fees and costs of the Trustee.

The Underwriter shall pay (a) all advertising expenses in connection with the public offering of the Bonds; (b) all expenses incurred by it in connection with its public offering and distribution of the Bonds, including, but not limited to, the fees and disbursements of any counsel retained by them (other than fees and disbursements of Counsel to the Underwriter described in Paragraph 13); and (c) the cost of preparing and printing the blue sky and legal investment memoranda and the disbursements for filing fees in connection with the aforesaid blue sky and legal investment memoranda.

14. ***Covenants of the County.*** The County agrees:

(a) To deliver promptly to the Underwriter such number of conformed copies of the Official Statement (and any amended or supplemented Official Statement) and the Ordinance as the Underwriter may reasonably request;

(b) Not to supplement or amend, or cause to be supplemented or amended, the Official Statement or the Ordinance from the date of this Purchase Contract through the Termination of the Disclosure Period, without the prior written consent of the Underwriter;

(c) Through the Termination of the Disclosure Period, to prepare any amendment or supplement to the Official Statement that may, in the judgment of the County or the Underwriter, be required so that the Official Statement as amended or supplemented will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) To advise the Underwriter immediately of receipt by the County of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(e) To cooperate with the Underwriter including furnishing such information, executing such instruments and taking such other action in cooperation with the Underwriter as may be required to qualify the Bonds for offering and sale under the "blue sky" or other laws of such jurisdictions as the Underwriter may designate; provided that in connection with such qualification the County shall not be obligated to take any action that would subject it to the general service of process in any state where it is not now subject;

(f) Not to take or omit to take any action which action or omission will adversely effect the exemption from federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended; and

(g) Not to take or omit to take any action which action or omission will in any way cause the proceeds of the Bonds to be applied in a manner contrary to that described in the Ordinance or the Official Statement.

15. ***Notices.*** Any notice or other communication to be given to the County under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Stifel, Nicolaus & Company Incorporated, 250 South Park Avenue, Suite 400, Bethesda, Maryland 32789, Attn: Robert Burch.

16. ***Arm's-Length Transaction.*** The County and the Underwriter agree that: (a) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the County and the Underwriter; (b) in connection with such transaction, the Underwriter is acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 15B of the Exchange Act of 1934, as amended), agent or a fiduciary of the County; (c) the Underwriter has not assumed (individually or collectively) a fiduciary responsibility in favor of the County with respect to the offering of the Bonds, the process leading thereto (whether or not the Underwriter, or any affiliate of an Underwriter, has advised or is currently advising the County on other matters) and the matters contemplated by this Purchase Contract or any other obligation to the County, except the obligations expressly set forth in this Purchase Contract; (d) the Underwriter has financial and

other interests that differ from those of the County; and (e) the County has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

17. ***Parties in Interest.*** This Purchase Contract is made solely for the benefit of the County and the Underwriter (including any successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof, except that the representation, warranties, and agreements of the County contained in this Purchase Contract shall also be deemed to be for the benefit of the person or persons, if any, who control the Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act. Nothing in this Purchase Contract is intended or shall be construed to give any person, other than the persons referred to in this paragraph, any legal or equitable right, remedy or claim under or in respect of this Purchase Contract or any provision contained herein. All of the representations, warranties and agreements of the County contained herein shall remain in full force and effect, regardless of (a) any investigation made by or on behalf of any Underwriter, (b) delivery of the Bonds and payment of amounts required hereunder by or for the County or (c) any termination of this Purchase Contract.

18. ***Governing Law.*** This Purchase Contract shall be governed by and construed in accordance with the laws of the State.

19. ***Effectiveness; Counterpart Execution.*** This Purchase Contract shall become effective upon your acceptance and execution hereof and may be executed in counterparts and such counterparts shall constitute one and the same instrument.

20. ***No Liability.*** No members of the Council, nor any officer, agent, attorney or employee as such, in his or her individual capacity, past, present or future of the County, either directly or through the County, shall be charged personally by the Underwriter with any liability, or held liable to such Underwriter under any term or provision of this Purchase Contract or because of its execution or contemplated execution, or because of any breach or attempted or alleged breach thereof. It is expressly agreed and understood that the obligations of the County under this Purchase Contract are solely corporate obligations and that no personal liability whatsoever shall attach to, or be incurred by, any past, present or future officer, agent, attorney or employee thereof. All personal liability of any character against every such past, present or future officer, agent, attorney and employee of the County is, by the execution of this Purchase Contract and as a condition of, and as part of the consideration for, the execution of this Purchase Contract, expressly waived and released. The immunity of the past, present or future officers, agents, attorneys and employees of the County under the provision contained in this Section shall survive the termination of this Purchase Contract.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

[SIGNATURE PAGE TO PURCHASE CONTRACT]

Very truly yours,

STIFEL, NICOLAUS & COMPANY INCORPORATED

By: _____
Its: _____

Accepted and Agreed to as
of the date first above written.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Its: _____

EXHIBIT A

Lancaster County, South Carolina
\$_____ Sun City Carolina Lakes Improvement District Assessment Current Refunding Revenue
Bonds, Series 2016

Maturities, Amounts, Interest Rates and Yields

[To be Provided After Pricing]

Redemption Provisions

Optional Redemption

[To be Provided after Finalization of Second Supplemental Indenture]

Mandatory Redemption

[To be Provided after Finalization of Second Supplemental Indenture]

Extraordinary Mandatory Redemption

[To be Provided after Finalization of Second Supplemental Indenture]

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EXHIBIT B

FORM OF SUPPLEMENTAL BOND COUNSEL OPINION

_____, 2016

Stifel, Nicolaus & Company Incorporated
Bethesda, Maryland

Re: \$_____ Lancaster County, South Carolina, Sun City Carolina Lakes Improvement District Assessment Current Refunding Revenue Bonds, Series 2016

We have acted as bond counsel in connection with the issuance by Lancaster County, South Carolina ("County"), of the above-referenced ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(i)(B) of the Purchase Contract dated _____, 2016 ("Purchase Contract"), between the County and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

Reference is made to our approving opinion ("Opinion") of even date herewith as bond counsel addressed to the County delivered in connection with the issuance of the Bonds. You are hereby authorized to rely upon the Opinion to the same extent as if the Opinion were specifically addressed to you, subject to the qualifications and considerations set forth in the Opinion.

In connection therewith, we have examined:

1. The Act.
2. The Purchase Contract.
3. The Official Statement, dated _____, 2016 ("Official Statement"), relating to the Bonds; provided, however, that we have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version.
4. The Ordinance.
5. The Continuing Disclosure Agreement, dated the date hereof ("Disclosure Agreement").

Based upon the foregoing and examinations of such other documents, and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

1. Each of the Purchase Contract and the Disclosure Agreement has been duly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery by the applicable parties thereto, constitutes a legal, valid and binding agreement enforceable against the County in accordance with its terms (except that the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable); provided, however, that no opinion is expressed as to the enforceability of the indemnity or choice of law provisions thereof.
2. The Official Statement has been duly authorized, approved and delivered by the County.

3. We have considered the information contained in the Official Statement under the headings entitled: "DESCRIPTION OF THE 2016 BONDS" (other than the information under "Book-Entry System"); "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS"; and in Appendix I of the Official Statement entitled "Summaries of Principal Documents" and, based upon our review, we are of the opinion that the statements or summaries under such headings (except the information therein related to The Depository Trust Company and its affiliates and the book-entry only system of registration and transfer and related information under the caption "DESCRIPTION OF THE 2016 BONDS—Book-Entry System" and Appendix I as to which we express no opinion) are, to the extent indicated therein, accurate statements or summaries of the matters set forth or documents referred to therein, and fairly present the information purported to be shown, and the information under the heading "TAX TREATMENT" is true and correct in all material respects.

4. The Bonds are presently exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is presently exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

This opinion is rendered to and may be relied upon solely by the Underwriter and may not be relied upon by any other persons, firms or corporations.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

McNAIR LAW FIRM, P.A.

EXHIBIT C

**GENERAL CERTIFICATE OF THE COUNTY
REQUIRED BY SECTION 7(e)(ii) OF THE PURCHASE CONTRACT**

Re: \$ _____ Lancaster County, South Carolina, Sun City Carolina Lakes Improvement District Assessment Current Refunding Revenue Bonds, Series 2016

Pursuant to Section 7(e)(ii) of the Purchase Contract dated _____, 2016 ("Purchase Contract"), between Lancaster County, South Carolina ("County"), and Stifel, Nicolaus & Company Incorporated, as underwriter ("Underwriter"), the undersigned authorized representative of the County hereby certifies as follows:

1. The representations and warranties of the County in the Purchase Contract are true and correct in all material respects as of the date hereof.

2. There is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the County's knowledge, threatened in writing against the County contesting the due organization and valid existence of the County or wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect (A) the transactions contemplated by the Purchase Contract or the Official Statement dated _____, 2016 ("Official Statement"), relating to the above-referenced bonds (the "Bonds"), or the validity, due authorization and execution of the Purchase Contract, the Continuing Disclosure Agreement, dated _____, 2016, or any agreement or instrument to which the County is a party or which is used or contemplated for use in the consummation of the transactions contemplated by the Purchase Contract or by the Official Statement, (B) the federal tax-exempt status of the interest component on the Bonds, (C) the exemption of the interest component on the Bonds from taxation as described in Paragraph 5(j) of the Purchase Contract, (D) the organization, existence or powers of the County or the title of the [] or any of the members of the County Council or any officers of the County except as set forth in the Official Statement, or (E) the business, properties or assets or the condition, financial or otherwise, of the County.

3. The information with respect to the County contained in the Official Statement, relating to the Bonds, is, as of its date, true and correct in all material respects. The information with respect to the County contained in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and there has not been any material adverse change in the financial condition or operations of the County since the date of the Official Statement which has not been brought to the attention of the Underwriter in writing prior to the date hereof.

4. To the best of the knowledge and belief of the County, the County reasonably expects as of the date hereof that the proceeds of the Bonds will be used as provided in the Official Statement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate in the name and on behalf of the County as of _____, 2016.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Title: _____

EXHIBIT D

[FORM OF OPINION OF THE COUNTY ATTORNEY]

_____, 2016

Stifel, Nicolaus & Company Incorporated
Bethesda, Maryland

Lancaster County, South Carolina
Lancaster, South Carolina

Re: \$_____ Lancaster County, South Carolina, Sun City Carolina Lakes Improvement
District Assessment Current Refunding Revenue Bonds, Series 2016

As counsel to Lancaster County, South Carolina, a municipal corporation and political subdivision created pursuant to the laws of the State of South Carolina ("County"), I have considered the validity of the above-referenced bonds (the "Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(iv) of the Purchase Contract dated _____, 2016 ("Purchase Contract"), between the County and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

In connection therewith, I have examined:

1. The Act;
2. The Ordinance;
3. The Purchase Contract;
4. The Indenture;
5. The Official Statement dated _____, 2016 ("Official Statement"), relating to the Bonds, provided, however, that I have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version;
6. The Continuing Disclosure Agreement, dated the date hereof ("Disclosure Agreement" and with the Indenture and the Purchase Contract, "County Agreements"); and
7. Such other documents and instruments and proceedings of the County as I have deemed relevant.

As to questions of fact material to my opinion, I have relied upon representations and other certifications of officials of the County without undertaking to verify the same by independent investigation.

Based on the foregoing, I am of the opinion that as of this date:

1. The County is a political subdivision validly existing under the Constitution and laws of the State of South Carolina, and has all requisite power and authority (i) to enact and implement the Ordinance and to issue, sell and deliver the Bonds and (ii) to conduct its business as currently being

conducted and as proposed to be conducted and as described in the Official Statement and to carry out the transactions contemplated by the Purchase Contract and the Official Statement.

2. Each of the County Agreements has been duly authorized, executed and delivered by the County.

3. The County has taken all action legally required of it to enact and to implement the Ordinance and to authorize the issuance, sale and delivery of the Bonds. The Ordinance has been duly enacted by the County Council.

4. To the best of my knowledge and after due inquiry, except as otherwise disclosed in writing, the County is not in default in any material respect under any material agreement or other instrument to which it is a party or by which it may be bound.

5. There are no consents, approvals or authorizations of the State of South Carolina or any local governmental authority required on the part of the County in connection with the enactment and implementation of the Ordinance and the execution and delivery of the Indenture and the Purchase Contract, provided, however, that there is no opinion given with respect to compliance with any state securities laws or "blue sky" laws of any jurisdiction.

6. To the best of my knowledge and after due inquiry and except as disclosed in the Official Statement, there are no proceedings or investigations pending or threatened in writing against the County in any court or before any governmental authority or arbitration board or tribunal, wherein an unfavorable decision, ruling or finding would in any way materially and adversely affect the transactions contemplated by the Indenture, the Purchase Contract and the Official Statement or which, in any way, would adversely affect the validity and enforceability of the Bonds, or any agreement or instrument to which the County is a party and which is used or contemplated by the foregoing.

7. None of the proceedings held or actions taken by the County with respect to the Ordinance, the County Agreements or the Bonds have been repealed, rescinded or revoked.

Very truly yours,

John Weaver, Esquire
County Attorney

EXHIBIT E

FORM OF UNDERWRITER'S COUNSEL OPINION

_____, 2016

Stifel, Nicolaus & Company Incorporated
Bethesda, Maryland

LANCASTER COUNTY, SOUTH CAROLINA

**§ _____ SUN CITY CAROLINA LAKES IMPROVEMENT DISTRICT
ASSESSMENT CURRENT REFUNDING REVENUE BONDS, SERIES 2016**

Ladies and Gentlemen:

We have acted as counsel to Stifel, Nicolaus & Company Incorporated, as the underwriter ("Underwriter"), in connection with the purchase of the referenced bonds ("Bonds") pursuant to a Purchase Contract, dated _____, 2016 ("Purchase Contract"), between the Underwriter and Lancaster County, South Carolina ("County"). This opinion is delivered to you pursuant to Section 7(e)(ix) of the Purchase Contract. Each capitalized term not otherwise defined in this letter has the meaning assigned to that term in the Purchase Contract.

We have, as your counsel, examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, legal opinions, instruments or records, and have made such investigation of law, as we have deemed appropriate as a basis for the conclusions hereinafter expressed for the purpose of this opinion.

In arriving at the conclusions expressed below, we are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the accuracy of all factual matters represented and legal conclusions contained therein. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as your counsel, we met in conferences with your representatives and representatives of the County, counsel to the County, McNair Law Firm, P.A., as Bond Counsel, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in these conferences, and in reliance on these conferences and on the records, documents, certificates and opinions referenced above, we advise you that, during the course of our representation of you as the Underwriter on this matter, no information came to the attention of the attorneys in our firm rendering legal services in connection with your representation that caused us to believe that the Official Statement as of its date and as of the date of this letter (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning The Depository Trust Company and the book-entry system for the Bonds contained or incorporated by reference in the Official Statement and its Appendices, which we expressly exclude from the scope of this sentence) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Furthermore, we are of the opinion that in connection with the offering and sale of the Bonds, the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and no indenture with respect to the Bonds is required to be qualified pursuant to the Trust Indenture Act of 1939, as amended.

Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinions expressed above are rendered solely for your benefit in connection with the issuance of the Bonds. These opinions may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinions expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

POPE FLYNN, LLC

FORM OF PRELIMINARY OFFICIAL STATEMENT**NEW ISSUE - BOOK-ENTRY ONLY**

RATING: Moody's: _____
(See "RATING" herein)

[To be reviewed by Bond Counsel] Assuming the County's continued compliance with certain covenants, in the opinion of Bond Counsel, interest on the 2016 Bonds is excluded from gross income for purposes of federal income taxation under existing statutes, regulations and court decisions. Interest on the 2016 Bonds is not an item of tax preference for purposes of an individual's or corporation's federal alternative minimum tax; however, interest on the 2016 Bonds may be included in the calculation for certain taxes, including the alternative minimum tax of corporations. Under the present laws of the State of South Carolina, the 2016 Bonds and the interest thereon will also be exempt from all South Carolina taxation, except estate or other transfer taxes and certain franchise taxes. Such opinion is subject to certain limitations and conditions described in the section of this Official Statement entitled "TAX TREATMENT."

LANCASTER COUNTY, SOUTH CAROLINA
\$ _____ * SUN CITY CAROLINA LAKES IMPROVEMENT DISTRICT
ASSESSMENT CURRENT REFUNDING REVENUE BONDS, SERIES 2016

Dated: Date of Delivery

Due: As shown on inside cover hereof

The Sun City Carolina Lakes Improvement District Assessment Current Refunding Revenue Bonds, Series 2016 (the "2016 Bonds") are being issued by Lancaster County, South Carolina (the "County") only in fully registered form, without coupons, in authorized denominations of \$5,000 and any integral multiple thereof. The 2016 Bonds will bear interest at the fixed rate set forth on the inside cover page hereof, calculated on the basis of a 360-day year consisting of twelve thirty-day months, payable semi-annually on each June 1 and December 1, commencing June 1, 2017. The 2016 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the 2016 Bonds will be made in book-entry form. Accordingly, principal of and interest on the 2016 Bonds will be paid from the Pledged Revenues (as hereinafter defined) by [Wells Fargo Bank, N.A.], as trustee (the "Trustee") directly to DTC as the registered owner thereof. Disbursements of such payments to the Direct Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the Direct Participants and the Indirect Participants, as more fully described herein. Any purchaser of a beneficial interest in a 2016 Bond must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such 2016 Bond. See **"DESCRIPTION OF THE 2016 BONDS—Book-Entry System"** herein.

The 2016 Bonds have been authorized by an ordinance enacted on October 24, 2016 (the "Bond Ordinance"), by the County Council (the "Council") of the County, pursuant to the authorization of the County Public Works Improvement Act (codified at Chapter 35 of Title 4, Code of Laws of South Carolina 1976, as amended (the "Act")). The Sun City Carolina Lakes Improvement District (the "District") was created by an ordinance enacted by the Council on October 3, 2005, as amended by an ordinance enacted by the Council on _____, 20____. The 2016 Bonds are being issued by the County pursuant to a Master Trust Indenture, dated as of February 1, 2006 (the "Master Indenture"), as supplemented by a Second Supplemental Trust Indenture, dated as of November 1, 2016 (the "Supplemental Indenture" and collectively, with the Master Indenture, the "Indenture"), by and between the County and the Trustee.

The 2016 Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the revenues derived from (i) the non-ad valorem assessments (including penalties, interest and expenses thereon) imposed and collected by the County in connection with the District pursuant to the Act (the "Assessments"), (ii) the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture (except for moneys transferred to the Rebate Fund and moneys on deposit in any Account relating to a Series of Bonds (as such terms are defined herein) other than the 2016 Bonds, and any investment earnings on such moneys) and (iii) such other property as may be contemplated by the Indenture. See **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS"** herein.

Exhibit C

Pursuant to the Indenture, the 2016 Bonds are subject to optional, extraordinary mandatory and mandatory sinking fund redemption at the times, in the amounts and at the redemption prices as more fully described herein under the caption **“DESCRIPTION OF THE 2016 BONDS—Redemption Provisions.”**

The 2016 Bonds will be issued to (i) provide for the refunding of the County's \$20,000,000 original principal amount Sun City Carolina Lakes Improvement District Assessment Revenue Bonds, Series 2006; (ii) fund the 2016 Reserve Account (as such term is defined herein); and (iii) pay certain costs and expenses relating to the issuance of the 2016 Bonds. See **"ESTIMATED SOURCES AND USES OF BOND PROCEEDS"** and **"PLAN OF REFUNDING"** herein.

THE 2016 BONDS AND THE INTEREST THEREON ARE NOT PAYABLE FROM, NOR ARE THEY A CHARGE UPON, ANY FUNDS OR REVENUES OTHER THAN THE TRUST ESTATE (AS SUCH TERM IS DEFINED HEREIN) UNDER THE INDENTURE. THE 2016 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE OF SOUTH CAROLINA ("STATE") CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE), AND THE 2016 BONDS DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY. SEE **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS."**

This cover page contains certain information for quick reference only. It is not a summary of the 2016 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The County deems this Preliminary Official Statement to be final as of this date for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), except for information which may be omitted therefrom pursuant to Rule 15c2-12.

The 2016 Bonds are offered for delivery when, as and if issued by the County and accepted by the Underwriter and subject to the receipt of the approving legal opinion of McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Pope Flynn, LLC, Columbia, South Carolina; for the County by Lancaster County Attorney John Weaver, Esq., Kershaw, South Carolina; and for the Trustee by its counsel, ____, ____, ____. It is expected that the 2016 Bonds will be delivered in book-entry form through the facilities of DTC on or about November ____, 2016.

Stifel Nicolaus

Dated: November ____, 2016

MATURITY SCHEDULES

<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u> *	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> ¹
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\$ _____ * _____ % Term Bonds due December 1, 20 __, Yield _____ %, Initial CUSIP# _____
\$ _____ * _____ % Term Bonds due December 1, 20 __, Yield _____ %, Initial CUSIP# _____

* Preliminary, subject to change.

¹ CUSIP numbers have been assigned by an independent company not affiliated with the County or the Underwriter and are included solely for convenience of the owners of the 2016 Bonds. The County nor the Underwriter are responsible for selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2016 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to change after issuance of the 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2016 Bonds.

REGARDING USE OF THIS OFFICIAL STATEMENT

No broker, dealer, salesperson, or other person has been authorized by the County, the State or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2016 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources that are believed by the Underwriter to be reliable. The County will, at closing, deliver a certificate certifying that certain of the information it supplied does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

The information set forth herein has been obtained from public documents, records and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the County, the Development (as such term is defined herein), or the Project (as such term is defined herein) since the date hereof.

Except for information with respect to the Trustee, the Trustee has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement, and the Trustee makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the 2016 Bonds, or (iii) the tax-exempt status of the interest on the 2016 Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2016 BONDS HAVE NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE 2016 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN OR WILL BE REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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[TO BE PROVIDED]

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LANCASTER COUNTY, SOUTH CAROLINA
\$ _____ * SUN CITY CAROLINA LAKES IMPROVEMENT DISTRICT
ASSESSMENT CURRENT REFUNDING REVENUE BONDS, SERIES 2016

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices hereto, is to set forth certain information in connection with the offering and issuing by Lancaster County, South Carolina (the "County") of its \$ _____ * Sun City Carolina Lakes Improvement District Assessment Current Refunding Revenue Bonds, Series 2016 (the "2016 Bonds").

Unless otherwise defined herein, capitalized term used throughout this Official Statement are defined in the form of the Indenture included as **Appendix B** hereto.

This introduction briefly describes the contents of this Official Statement and is qualified by reference to the entire contents hereof, including the Appendices hereto, as well as the documents summarized or described herein.

The District

The Sun City Carolina Lakes Improvement District (the "District") was created by an ordinance enacted on October 3, 2005 by the Council, as amended by an ordinance enacted by the Council on _____, 20____. The District was created to provide for the development of Sun City Carolina Lakes (the "Development") by Pulte Home Corporation, a Michigan corporation with a division office in Charlotte, North Carolina (the "Developer"). The District lands, consist of approximately _____ acres in the northwestern portion of the County, approximately 23 miles south of downtown Charlotte, North Carolina, approximately 17 miles from Charlotte-Douglas International Airport and approximately 8 miles from Interstate 485, the outer beltway around Charlotte. A map of the District and a map of the site of the Development are each shown below.

[INSERT SITE MAP AND DISTRICT MAP]

The Development

The Development is a master-planned, mixed-use, age-restricted (55 and over), active adult development on approximately [1,230] acres in the northwestern portion of the County. The Development is located in the Town of Indian Land, Lancaster County, South Carolina, on the northwest corner of the intersection of U.S. Highway 521 and Van Wyck Road and extends westward to the Catawba River, southward along Van Wyck Road and northward along U.S. Highway 521 past Jim Wilson Road. The Development has been developed by the Developer in multiple phases over the past ten years. The master plan for the Development provided for the construction of 2,791 single-family detached homes, 167 attached villa units, and 689 carriage homes (the "Residential Units") and a community library (the "County Library") built by the County using proceeds of the 2006 Bonds (defined herein). The Development also includes an 18-hole golf course, consisting of approximately [225] acres of land winding through the Development, and approximately 200,000 square feet of commercial development across approximately [25] acres, consisting of retail, restaurant and/or support services, including a grocery store, a bank and a pharmacy, for residents in the community. The Development offers an extensive array of amenities specifically tailored to the active adult, including ten fishing lakes, a kayak and canoe center at the river, lake and golf course views, fitness centers, walking trails, tennis courts, an outdoor pool and an outdoor pavilion.

The golf course and the commercial land and improvements located thereon are not included in the District, are not subject to the Assessments (as such term is defined herein) and will not be subject to sale or foreclosure in the event that the Assessments are not paid by Landowners in the District.

The County Library is located within the District, but the County Library and improvements are not subject to the Assessments and will not be subject to sale or foreclosure in the event that the Assessments are not paid by Landowners in the District.

For more information related to the Development, including the current status of the nearly complete build-out and sale of the Residential Units and the related improvements and infrastructure on the site of the Development, see **"THE DEVELOPMENT"** herein.

The Project and the 2006 Bonds

On March 2, 2006, the County issued its \$20,000,000 Sun City Carolina Lakes Improvement District Assessment Revenue Bonds, Series 2006 (the "2006 Bonds"). A portion of the proceeds of the 2006 Bonds was used to finance the design, construction and/or acquisition of certain infrastructure improvements, including, without limitation, on-site and offsite roadway improvements, water and sewer improvements, stormwater management improvements, and electrical, natural gas, telephone and cable television improvements, all to benefit the Development. In addition, the County used proceeds of the 2006 Bonds to construct and furnish a public library (the "County Library") on land donated to the County by the Developer. The infrastructure improvements described above and the County Library are collectively referred to herein as the "Project." The total costs associated with the Project paid for out of proceeds of the 2006 Bonds were approximately \$16,000,000, and all remaining amounts, consisting of approximately \$44,000,000, were paid for by the Developer.

Authorization for 2016 Bonds

The 2016 Bonds have been authorized by an ordinance enacted on October 24, 2016 (the "Bond Ordinance"), by the County Council (the "Council") of the County, pursuant to the authorization of the County Public Works Improvement Act (codified at Chapter 35 of Title 4, Code of Laws of South Carolina 1976, as amended (the "Act")). The 2016 Bonds are being issued by the County pursuant to a Master Trust Indenture, dated as of February 1, 2006 (the "Master Indenture"), as supplemented by a Second Supplemental Trust Indenture, dated as of November 1, 2016 (the "Supplemental Indenture" and collectively, with the Master Indenture, the "Indenture"), by and between the County and the Trustee.

Use of Proceeds of 2016 Bonds

The 2016 Bonds will be issued to (i) provide for the refunding of the County's \$20,000,000 original principal amount Sun City Carolina Lakes Improvement District Assessment Revenue Bonds, Series 2006; (ii) fund the 2016 Reserve Account (as such term is defined herein); and (iii) pay certain costs and expenses relating to the issuance of the 2016 Bonds. See **"ESTIMATED SOURCES AND USES OF BOND PROCEEDS"** and **"PLAN OF REFUNDING"** herein.

Security for and Source of Payment of the 2016 Bonds

The 2016 Bonds are payable solely from and secured by a pledge of (i) the Pledged Revenues, which consist of, among other things, non-ad valorem assessments (including penalties, interest and expenses thereon) imposed and collected by the County in connection with the District pursuant to the Act (the "Assessments"), (ii) the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture, except for moneys and funds held in any Series Rebate Account established for a particular Series of Bonds in the Rebate Fund and moneys on deposit in any other Account relating to a Series of Bonds other than the 2016 Bonds, and (iii) such other property as may be contemplated by the Indenture (collectively, the "Trust Estate"). See **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS"** herein.

No Obligation of County with Respect to the 2016 Bonds

The 2016 Bonds and the interest thereon are not payable from, nor are they a charge upon, any funds or revenues other than the Trust Estate under the Indenture. The 2016 Bonds do not constitute a general obligation or indebtedness of the County within the meaning of any State of South Carolina (the "State") constitutional provision or statutory limitation (other than Article X, Section 14(10) of the State Constitution authorizing indebtedness payable solely from a source of revenues derived other than from a tax or license), and the 2016 Bonds do not

constitute either a pledge of the full faith and credit or a charge against the general credit or taxing power of the County. No owner of 2016 Bonds or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the County or any other public authority or governmental body to pay debt service or to pay any other amounts required to be paid pursuant to the Master Indenture, the Supplemental Indenture or the 2016 Bonds. See **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS"** herein.

Financial Advisor and Consultant

Compass Municipal Advisors, LLC, Columbia, South Carolina, is acting as financial advisor to the County in connection with the issuance of the 2016 Bonds. MuniCap, Inc., Columbia, Maryland, a consulting firm ("MuniCap"), developed the Rate and Method of Apportionment of Assessments (the "Rate Study") set forth in **APPENDIX A** hereto and has served as administrator of the District since inception.

Bond Owners' Risks

The purchase of the 2016 Bonds involves significant investor risks. Payment of debt service on the 2016 Bonds may be dependent, among other things, upon the commercial success of the Development and upon timely payment of the Assessments. There can be no assurance that these or any other risks will not affect the willingness or ability of the owners of real property in the District (the "Landowners") to make timely payment of the Assessments. See **"BOND OWNERS' RISKS"** and **"SUITABILITY FOR INVESTMENT"** herein for a discussion of certain risk factors which should be considered, in addition to the matters set forth herein, when evaluating the investment quality of the 2016 Bonds.

General Information Relating to 2016 Bonds

The 2016 Bonds will be dated the date of their delivery, will be issued in one series and will mature in the years and amounts and will bear interest (based on a 360-day year consisting of twelve 30-day months) from their date at such rates, payable semiannually on June 1 and December 1 (each, an "Interest Payment Date"), commencing June 1, 2017, all as set forth on the inside cover page of this Official Statement.

The 2016 Bonds are issuable as fully registered bonds in authorized denominations of \$5,000 and any integral multiple thereof. Initially, a single bond for each maturity shall be issued and, when issued, will be registered to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the 2016 Bonds will be made in book-entry form only.

Redemption

The 2016 Bonds shall be subject to redemption at the option of the County as a whole, at any time, or in part on any Interest Payment Date, on or after December 1, 20__ (less than all 2016 Bonds to be selected by lot), at the redemption prices (plus accrued interest from the most recent Interest Payment Date to the redemption date) as set forth in **"DESCRIPTION OF THE 2016 BONDS—Redemption Provisions"** herein.

The 2016 Bonds are subject to mandatory redemption on each December 1, commencing December 1, 20__. See **"DESCRIPTION OF THE 2016 BONDS—Redemption Provisions"** herein.

The 2016 Bonds are subject to extraordinary mandatory redemption by the County prior to maturity in whole, on any date, or in part, on any Interest Payment Date, at the redemption price of 100% of the principal amount of the 2016 Bonds to be redeemed, without premium, if any of the following events occur and funds are deposited into the 2016 Prepayment Account of the 2016 Bond Redemption Fund in connection therewith: (i) Landowners prepay any Assessments prior to the time such Assessments are due; (ii) the amounts on deposit in the 2016 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2016 Bonds then Outstanding, including accrued interest thereon; (iii) excess moneys are available and transferred from the 2016 Revenue Account to the 2016 General Account of the 2016 Bond Redemption Fund; (iv) after condemnation or sale of any portion of the Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Project to the Trustee for deposit into the 2016 General Account of the 2016 Bond Redemption Fund;

(v) after the damage or destruction of all or substantially all of the Project to such extent that, in the reasonable opinion of the County, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the County to the Trustee for deposit to the 2016 General Account of the 2016 Bond Redemption Fund; and (vi) the 2016 Reserve Account Requirement is reduced as provided for in the Indenture. See **"DESCRIPTION OF THE 2016 BONDS—Redemption Provisions"** and **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS"** herein.

Notices to 2016 Bondholders

Redemption notices to the registered owners of the 2016 Bonds (the "2016 Bondholders") shall be given not less than 30 days nor more than 60 days prior to the date fixed for redemption to the 2016 Bondholders whose 2016 Bonds are called for redemption at their addresses appearing on the registration books for the 2016 Bonds. *So long as a book-entry only system is used for registration of the 2016 Bonds, any notice of redemption or other notices will be sent only to DTC or its nominee, as the registered owner of the 2016 Bonds.*

Secondary Market Disclosure

The County has agreed to provide certain financial information, operating information and notice of the occurrence of certain events with respect to the 2016 Bonds, if material. See **"CONTINUING DISCLOSURE"** herein and **"Appendix D—Proposed Form of Continuing Disclosure Agreement"** hereto.

Tax Treatment

[To be reviewed by Bond Counsel] Assuming the County's continued compliance with certain covenants, in the opinion of Bond Counsel, interest on the 2016 Bonds is excluded from gross income for purposes of federal income taxation under existing statutes, regulations and court decisions. Interest on the 2016 Bonds is not an item of tax preference for purposes of an individual's or corporation's federal alternative minimum tax; however, interest on the 2016 Bonds may be included in the calculation for certain taxes, including the alternative minimum tax of corporations. Under the present laws of the State, the 2016 Bonds and the interest thereon will also be exempt from all South Carolina taxation, except estate or other transfer taxes and certain franchise taxes. Such opinion is subject to certain limitations and conditions described in the section of this Official Statement entitled **"TAX TREATMENT."**

Additional Information

Prospective investors in the 2016 Bonds should read this entire Official Statement, including the appendices hereto, in order to make an informed investment decision. The appendices to, and all footnotes in, this Official Statement constitute a part of this Official Statement and contain information which any potential investor should read in conjunction with the other parts of this Official Statement in order to make an informed investment decision. This Official Statement speaks only as of its date and the information contained herein is subject to change.

There follows in this Official Statement a brief description of the District, the Development, the Project and the County, together with summaries of the terms of the 2016 Bonds, the Indenture and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such document and statute and all references to the 2016 Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. The form of the Indenture appears as **Appendix B** hereto. The information herein under the captions **"THE DEVELOPMENT"** has been furnished by the County and not by the Underwriter. During the initial offering period for the 2016 Bonds, inquiries for documents or concerning this Official Statement should be directed to Stifel, Nicolaus & Company Incorporated, 7200 Wisconsin Avenue, Suite 314, Bethesda, Maryland 20814, (301) 941-2424, Attention: Pamela Holton-Byrd.

Prospective investors in the 2016 Bonds are invited to visit the District, to ask questions of representatives of the County and to request documents, instruments and information which may not necessarily be referred to, summarized or described herein. Therefore, prospective investors should utilize the information appearing in this Official Statement within the context of and in conjunction with availability of such additional information and the sources thereof. Prospective investors may request such additional information and arrange to visit the District as described in the preceding paragraph and under the caption **"SUITABILITY FOR INVESTMENT"** herein.

DESCRIPTION OF THE 2016 BONDS

General Description

The 2016 Bonds are issuable as fully registered bonds in authorized denominations of \$5,000 and any integral multiple thereof.

The 2016 Bonds will be dated their date of issuance, and will bear interest at the fixed rate per annum set forth on the cover page hereof from the Interest Payment Date to which interest has been paid next preceding their date of authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such 2016 Bond has been paid, in which event such 2016 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2016 Bonds, in which event, such 2016 Bond shall bear interest from its date. Interest on the 2016 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The 2016 Bonds will mature, subject to the redemption provisions set forth below, on the dates and in the amounts set forth on the cover page hereof.

The 2016 Bonds will be initially issued in the form of a single fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of the 2016 Bonds will be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial bond depository. All of the Outstanding 2016 Bonds will be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC (see "**DESCRIPTION OF THE 2016 BONDS - Book-Entry System**").

During the period for which Cede & Co. is the registered owner of the 2016 Bonds, any notices to be provided to owners of 2016 Bonds will be provided to Cede & Co. DTC shall be responsible for notices to Direct Participants and Direct Participants shall be responsible for notices to Indirect Participants, and Direct Participants and Indirect Participants shall be responsible for notices to Beneficial Owners (as such terms are hereinafter defined).

The Indenture provides that the County, the Trustee or the Paying Agent shall deem and treat the person in whose name any 2016 Bond is registered as the absolute owner thereof (whether or not such 2016 Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the County, the Trustee or any Paying Agent) for the purpose of receiving payment of or on account of the principal or Redemption Price of and interest on such 2016 Bond, and for all other purposes, and the County, the Trustee and any Paying Agent shall not be affected by any notice to the contrary. All such payments so made to any such owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such 2016 Bond.

[Wells Fargo Bank, N.A.] is the Trustee and Paying Agent for the 2016 Bonds.

Redemption Provisions

Optional Redemption

The 2016 Bonds may, at the option of the County, be called for redemption prior to maturity as a whole, at any time, or in part on any Interest Payment Date (and if less than all 2016 Bonds are called for redemption the 2016 Bonds subject to redemption shall be selected by lot), on or after December 1, 20___, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest from the most recent Interest Payment Date to the redemption date.

Mandatory Redemption

The 2016 Bonds are subject to mandatory redemption in part by the County by lot prior to their scheduled maturity from moneys in the 2016 Sinking Fund Account established under the Indenture in satisfaction of applicable Sinking Fund Installments (as defined in the Indenture) at the Redemption Price of 100% of the principal

amount thereof, without premium, together with accrued interest to the date of redemption on December 1 of the years and in the principal amounts set forth below:

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

As more particularly set forth in the Indenture, any 2016 Bonds that are purchased by the County with amounts held to pay a Sinking Fund Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Sinking Fund Installment of 2016 Bonds. In addition, the above Sinking Fund Installments are subject to recalculation, as provided in the Indenture, as the result of certain purchases or the redemption of 2016 Bonds other than in accordance with scheduled Sinking Fund Installments so as to reamortize the remaining Outstanding principal of the 2016 Bonds.

Extraordinary Mandatory Redemption

The 2016 Bonds are subject to extraordinary mandatory redemption prior to maturity by the County in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price of 100% of the principal amount of the 2016 Bonds to be redeemed, without premium, plus interest accrued to the date of redemption, as follows:

(a) from 2016 Prepayment Principal deposited into the 2016 Prepayment Account of the 2016 Bond Redemption Fund following the payment in whole of Assessments on any portion of the property within the District specially benefited by the Project in accordance with the provisions of the Indenture, including excess moneys transferred from the 2016 Reserve Account to the 2016 Prepayment Account of the 2016 Bond Redemption Fund resulting from such Assessment prepayments pursuant to the Indenture (for more information regarding Prepayments and the right to prepay Assessments, see “**SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS—Deposit and Application of the Pledged Revenues and Prepayments**” and “**ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL—Collection Procedures**” herein); or

(b) from moneys, if any, on deposit in the 2016 Accounts and Subaccounts in the 2016 Funds and Accounts (other than the Rebate Fund) sufficient to pay and redeem all Outstanding 2016 Bonds, and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture; or

(c) from excess moneys transferred from the 2016 Revenue Account to the 2016 General Account of the 2016 Bond Redemption Fund in accordance with the Indenture; or

(d) following condemnation or the sale of any portion of the Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be

used to rebuild, replace or restore the taken portion of the Project to the Trustee by or on behalf of the County for deposit into the 2016 General Account of the 2016 Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the County to redeem 2016 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments which the County shall describe to the Trustee in writing; or

(e) following the damage or destruction of all or substantially all of the Project to such extent that, in the reasonable opinion of the County, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the County to the Trustee for deposit to the 2016 General Account of the 2016 Bond Redemption Fund which moneys shall be applied by the Issuer to redeem 2016 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Assessments; provided, however, that at least 45 days prior to such extraordinary mandatory redemption, the County shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable; or

(f) from amounts on deposit in the 2016 Reserve Account in excess of the Debt Service Reserve Requirement for the 2016 Bonds, and transferred to the 2016 General Account of the 2016 Bond Redemption Fund in accordance with the Indenture to be used for the extraordinary mandatory redemption of the 2016 Bonds (see **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS—Reserve Fund"** herein); or

(g) from amounts on deposit in the 2016 Reserve Account in excess of the Debt Service Reserve Requirement for the 2016 Bonds and transferred to the 2016 Prepayment Account of the 2016 Bond Redemption Fund in accordance with the Indenture to be used, together with any Assessment prepayments on deposit in the 2016 Prepayment Account of the 2016 Bond Redemption Fund, as the case may be, for the extraordinary mandatory redemption of the 2016 Bonds (see **"SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS—Reserve Fund"** herein).

If less than all of the 2016 Bonds are to be redeemed pursuant to an extraordinary mandatory redemption, the Trustee shall, except as otherwise provided in the Indenture, select the 2016 Bonds or portions of the 2016 Bonds to be redeemed by lot. The portion of 2016 Bonds to be redeemed shall be in an Authorized Denomination.

Notice of Redemption

The Trustee shall cause notice of each redemption, either in whole or in part, to be mailed at least 30 but not more than 60 days prior to the redemption or purchase date to all Owners of 2016 Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the 5th day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the 2016 Bonds for which notice was duly mailed in accordance with the Indenture. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

Additional Information Concerning the 2016 Bonds

For additional information concerning the 2016 Bonds, see **"Appendix B—Form of the Indenture"** hereto.

Book-Entry System

The information set forth under this caption concerning DTC and DTC's book-entry system has been obtained from sources the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

[UPDATE] The 2016 Bonds will be issued as fully registered bonds without coupons. DTC, New York, New York, will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). Once fully registered, one certificate will be issued for the 2016 Bonds. Beneficial owners of the 2016 Bonds will not receive physical delivery of 2016 Bonds.

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over two (2) million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market investments from over eighty-five (85) countries that Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their transaction, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 2016 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds, and DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee

holding the 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Bonds. Under its usual procedures, DTC will mail an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2016 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, DTC's nominee, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the County or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2016 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE 2016 BONDS OR REGISTERED OWNERS OF THE 2016 BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2016 BONDS.

The County can make no assurances that DTC will distribute payments of principal of, Redemption Price, if any, or interest on the 2016 Bonds to the Direct Participants, or that Direct and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the 2016 Bonds or redemption notices to the Beneficial Owners of such 2016 Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Official Statement. The County is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the 2016 Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the 2016 Bonds and the manner of transferring or pledging those interests is subject to applicable state law. Holders of beneficial interests in the 2016 Bonds may want to discuss the manner of transferring or pledging their interest in the 2016 Bonds with their legal advisors.

SECURITY FOR AND SOURCE OF PAYMENT OF THE 2016 BONDS

General

The principal of, redemption premium, if any, and interest on the 2016 Bonds are secured equally and ratably by a first lien upon and pledge of the Trust Estate, including the Pledged Revenues, which consist of, among

other things, non-ad valorem assessments (including penalties, interest and expenses thereon) imposed and collected by the County in connection with the District pursuant to the Act (the "Assessments"). As provided in the Act, the Assessments constitute a lien on the real property in the District superior to all other liens except the liens for property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for property taxes, and there is no State case law on point. Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes. See **"ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL"** herein.

The Trust Estate also includes (i) the Pledged Funds, which consist of all of the moneys and funds held in the funds and accounts established pursuant to the Indenture, except for moneys and funds held in any Series Rebate Account established for a particular Series of Bonds in the Rebate Fund and moneys on deposit in any other Account relating to a Series of Bonds other than the 2016 Bonds, and (ii) such other property as may be contemplated by the Indenture. *The golf course and the commercial parcel and the improvements thereon, all of which are part of the Development, are not included in the District, are not subject to the Assessments and will not be subject to sale or foreclosure in the event that the Assessments are not paid by Landowners in the District. The County Library parcel and the improvements thereon are included in the District, but are not subject to the Assessments and will not be subject to sale or foreclosure in the event that the Assessments are not paid by Landowners in the District.*

THE 2016 BONDS AND THE INTEREST THEREON ARE NOT PAYABLE FROM, NOR ARE THEY A CHARGE UPON, ANY FUNDS OR REVENUES OTHER THAN THE TRUST ESTATE UNDER THE INDENTURE. THE 2016 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE OF SOUTH CAROLINA ("STATE") CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUES DERIVED OTHER THAN FROM A TAX OR LICENSE), AND THE 2016 BONDS DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY. NO OWNER OF 2016 BONDS OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE OR THE 2016 BONDS.

Reserve Fund

The Indenture establishes the 2016 Reserve Account within the Reserve Fund. The 2016 Reserve Account will, at the time of delivery of the 2016 Bonds, be funded from the proceeds of the 2016 Bonds in an amount equal to (\$_____), which is 50% of the maximum annual Debt Service Requirement for the Outstanding 2016 Bonds. See **"ESTIMATED SOURCES AND USES OF BOND PROCEEDS."**

Except as described below, amounts on deposit in the 2016 Reserve Account shall be used only for the purpose of making payments into the 2016 Interest Account and the 2016 Principal Account to pay debt service on the 2016 Bonds, and the 2016 Sinking Fund Account to provide for mandatory sinking fund redemption of 2016 Bonds, when due, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Accounts shall consist only of cash and Investment Securities.

On each June 1 and December 1 (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the 2016 Reserve Account and transfer any excess therein above the Debt Service Reserve Requirement for the 2016 Bonds to be deposited to the 2016 General Account of the 2016 Bond Redemption Fund to be used for the extraordinary mandatory redemption of 2016 Bonds as described under **"DESCRIPTION OF THE 2016 BONDS—Redemption Provisions—Extraordinary Mandatory Redemption"** herein.

Notwithstanding the foregoing paragraph, in the event that the amount of proceeds of the 2016 Bonds on deposit in the 2016 Reserve Account exceeds the Debt Service Reserve Requirement with respect to the 2016 Bonds due to a decrease in the amount of 2016 Bonds that will be Outstanding as a result of an optional prepayment by the owner of a lot or parcel of land of an Assessment against such lot or parcel as provided in the Indenture, the amount to be released shall be transferred at the written direction of the County from the 2016 Reserve Account to the 2016 Prepayment Account of the 2016 Bond Redemption Fund, as a credit against the 2016 Prepayment Principal otherwise required to be made by the owner of such lot or parcel as described under **"DESCRIPTION OF THE 2016 BONDS—Redemption Provisions—Extraordinary Mandatory Redemption"** herein.

Other Funds and Accounts Created Under the Indenture

Revenue Fund. The Indenture establishes the Revenue Fund. Pursuant to the Indenture, the County covenants that it shall bill for the annual installment of Assessments, and evidence and certify the same to the County Treasurer or shall cause the County Auditor to certify the same on the tax roll to the County Treasurer for collection by the County Treasurer and enforcement by the County Treasurer or the County, pursuant to the Act or any successor statutes, as applicable, to the extent and in the amount necessary to pay the Debt Service Requirement on 2016 Bonds issued and Outstanding under the Indenture and all annual administrative expenses with respect to the District. The County also covenants to cause any Assessments collected or otherwise received by it to be deposited with the Trustee within 30 days after receipt thereof for deposit into the Revenue Fund (except that amounts received as prepayments of Assessments shall be designated by the County as such upon delivery to the Trustee and shall be deposited directly into the 2016 Prepayment Account of the 2016 Bond Redemption Fund, as described below). Amounts on deposit in the Revenue Fund shall be applied as described below under **"Deposit and Application of the Pledged Revenues and Prepayments."**

Debt Service Fund. The Indenture establishes the Debt Service Fund, and within such Fund there is established the 2016 Principal Account, the 2016 Sinking Fund Account and the 2016 Interest Account, within which are established the 2016 Interest Subaccount. Amounts shall be deposited in the Debt Service Fund and its various accounts and subaccounts and applied in accordance with the terms and subject to the conditions set forth in the Indenture, as described below under **"Deposit and Application of the Pledged Revenues and Prepayments."**

Redemption Fund. The Indenture establishes the 2016 Bond Redemption Fund, and within such Fund there is established the 2016 General Account and a 2016 Prepayment Account. Amounts shall be deposited in the 2016 Bond Redemption Fund and its various accounts and applied in accordance with the terms and subject to the conditions set forth in the Indenture, as described below under **"Deposit and Application of the Pledged Revenues and Prepayments."**

Administrative Expenses Fund. The Indenture establishes the Administrative Expenses Fund, and within such Fund there is established the 2006 Administrative Expenses Account. Amounts shall be deposited in the Administrative Expenses Fund and its various accounts and applied in accordance with the terms and subject to the conditions set forth in the Indenture, as described below under **"Deposit and Application of the Pledged Revenues and Prepayments."**

Deposit and Application of the Pledged Revenues and Prepayments

The County shall deposit Pledged Revenues and Prepayments with the Trustee within 30 days of receipt thereof together with a written accounting setting forth the source of such Pledged Revenues and Prepayments. The Pledged Revenues shall be deposited in the Revenue Fund and the Prepayments shall be deposited in the 2016 Prepayment Account of the 2016 Bond Redemption Fund.

Moneys in the 2016 General Account of the 2016 Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, except for moneys received as prepayments of Assessments pursuant to the Indenture, to make such deposits into the 2016 Rebate Fund, if any, as the County may direct in accordance with the Arbitrage Certificate, such moneys thereupon to be used solely for the purposes specified in the Arbitrage

Certificate. Any moneys so transferred from the 2016 General Account of the 2016 Bond Redemption Fund to the 2016 Rebate Fund shall thereupon be free from the lien and pledge of the Indenture;

SECOND, to be used to call for extraordinary mandatory redemption an amount of 2016 Bonds equal to the amount of money transferred to the 2016 General Account of the 2016 Bond Redemption Fund pursuant to the Indenture, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the direction of an Authorized Officer, to call for redemption on each Interest Payment Date on which 2016 Bonds are subject to optional redemption pursuant to the Indenture such amount of 2016 Bonds as, with the redemption premium, may be practicable; provided, however, that not less than \$5,000 principal amount of 2016 Bonds shall be called for redemption at one time.

Moneys in the 2016 Prepayment Account of the 2016 Bond Redemption Fund (including all earnings on investments held in such Prepayment Account of the 2016 Bond Redemption Fund) shall be accumulated therein to be used to the extent that the need therefor arises to call for extraordinary mandatory redemption an amount of 2016 Bonds equal to the amount of money transferred to the 2016 Prepayment Account of the 2016 Bond Redemption Fund pursuant to the Indenture, as appropriate, and as directed by the County pursuant to the Assessment Methodology and the Assessment Resolutions, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in the Indenture, as appropriate, as more fully described above under **"DESCRIPTION OF THE 2016 BONDS—Redemption Provisions—*Extraordinary Mandatory Redemption.*"**

The Trustee shall transfer from amounts on deposit in the 2016 Revenue Account of the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

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

SECOND, no later than the Business Day next preceding December 1, 20__, to the 2016 Principal Account of the Debt Service Fund, an amount from the 2016 Revenue Account equal to the principal amount of 2016 Bonds Outstanding maturing on December 1, 20__, if any, less any amounts on deposit in the 2016 Principal Account not previously credited;

THIRD, upon receipt but no later than the Business Day next preceding each December 1 thereafter to the 2016 Interest Subaccount of the Debt Service Fund, an amount from the 2016 Revenue Account equal to the interest on the 2016 Bonds becoming due on the next succeeding December 1, less any amount on deposit in the 2016 Interest Subaccount not previously credited;

FOURTH, no later than the Business Day next preceding each December 1, commencing December 1, 20__, to the 2016 Sinking Fund Account of the Debt Service Fund, an amount from the 2016 Revenue Account equal to the principal amount of 2016 Bonds subject to sinking fund redemption on such December 1, less any amount on deposit in the 2016 Sinking Fund Account not previously credited;

FIFTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while 2016 Bonds remain Outstanding, to Series 2016 Reserve Account, an amount from the 2016 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement for the Series 2016 Bonds; and

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

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the County, withdraw any moneys held for the credit of the 2016 Revenue Account which are not

otherwise required to be deposited pursuant to the Indenture and deposit such moneys as directed, to the credit of the 2016 General Account of the 2016 Bond Redemption Fund as determined by the County in accordance with the provisions of the Indenture. Assessment prepayments shall be deposited directly into the 2016 Prepayment Account of the 2016 Bond Redemption Fund as provided in the Indenture.

Investments

Earnings on investments in all of the Funds and Accounts held as security for the 2016 Bonds shall be invested only in Investment Securities.

Earnings on investments in the 2016 Principal Account and the 2016 Sinking Fund Account shall be deposited, as realized, to the credit of the 2016 Interest Account and used for the purpose of such Account.

As long as there exists no default under the Indenture and the amount in the 2016 Reserve Account is not reduced below the then applicable Debt Service Reserve Requirement with respect to the 2016 Bonds, earnings on investments in the 2016 Reserve Account shall be transferred to the related 2016 Revenue Account of the Revenue Fund. Otherwise, earnings on investments in the 2016 Reserve Account shall be retained therein until applied as set forth in the Indenture.

See “**Appendix B—Form of the Indenture**” for more information regarding investments and valuation of investments under the Indenture.

Certain Covenants of the County

Pursuant to the Indenture the County has additionally covenanted:

(i) to not issue or incur any obligations payable from the proceeds of Assessments nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments other than the pledge of the Trust Estate under the Indenture; and

(ii) to not make or direct the making of any investment or other use of the proceeds of any 2016 Bonds which would cause the 2016 Bonds to be “arbitrage bonds” as that term is defined in Section 148 (or any successor provision thereto) of the Code and or “private activity bonds” as that term is defined in Section 141 (or any successor provision thereto) of the Code, and that it will comply with the requirements of such Code section and related regulations throughout the term of the 2016 Bonds.

ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL

General

In accordance with the Act, the County previously adopted proceedings to fund the costs of financing the Project through the issuance of the 2006 Bonds and the imposition and collection of the Assessments. An Assessment Roll was prepared, and notice was given to the Owners of real property in the District at its creation. As provided in the Act, the Assessments constitute a lien on the real property in the District superior to all other liens except the liens for property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for property taxes, and there is no State case law on point. Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes. The total ad valorem tax rate on real property in the District for the fiscal year ending June 30, 2017 is ____ mills.

The methodology for setting, imposing and collecting the Assessments is more fully set forth in the Rate Study attached hereto as part of **Appendix A**, which was prepared by MuniCap and approved by the Council in 2006. A brief summary of the Rate Study follows.

Within the limits of the Rate Study, the County may adjust the Assessments levied on all property within the District to provide an amount required to pay debt service on the 2016 Bonds and to pay all annual

administrative expenses. However, the amount of the Assessments that may be levied against a particular parcel within the District is subject to the amount of the Assessments provided in the Rate Study approved by the County.

The County has approved MuniCap to serve as the assessment administrator for the District. In this capacity, MuniCap has advised and will continue to advise the County in the preparation of the Assessment Roll required under the Act, and will assist the County with the administration of the District. MuniCap is a public finance consulting firm located in Columbia, Maryland, with a specialized practice providing services related to the formation and administration of special districts. These services include the preparation of tax increment projections and special assessment methodologies, calculation of annual special assessment levies, and continuing disclosure and financial services related to the administration of tax increment and special assessment districts. In addition, MuniCap currently provides administration services to special assessment districts in several states.

The Assessments in an aggregate amount necessary to pay debt service on the 2016 Bonds and the annual administrative expenses of the District will be levied and collected on all the real property in the District. Pledged Revenues include the proceeds, if any, from any foreclosure actions brought following a delinquency in the payment of Assessments by any Landowner. Each year, commencing with the year ending December 31, 2006, MuniCap (or its successor as the administrator of the Assessment Roll) has calculated and will continue to calculate and the Council will confirm the Assessment due on each parcel of real property in the District.

Rate and Method of Apportionment of Assessments

The Assessments are imposed upon each parcel of property within the District that does not constitute a public improvement in accordance with and as described in the Rate Study attached hereto as **Appendix A**. Each Landowner in the District pays an annual Assessment estimated not to exceed \$ _____. The Rate Study describes in detail how the Assessments are set and allocated among the various parcels and the particular benefits received by each Landowner from the public improvements to be provided in the District.

Collection Procedures

The Assessments have been and will continue to be collected annually for a term that began in 2006 and extends through 2036. The annual amount of the Assessments include all debt service requirements for the 2016 Bonds and budgeted administrative expenses for a particular year. Assessments will be collected in the same manner and at the same time as regular property taxes of the County are collected. In the event a Landowner fails to pay any Assessment when due, the Assessments shall be subject to the same penalties, procedures and sale as are provided in the case of delinquencies for regular real property taxes of the County.

By South Carolina law, the amount assessed constitutes a lien against the property superior to all other liens except property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for Assessments and the liens for property taxes, and there is no State case law on point. Accordingly, the lien for the Assessments is either at the same level of priority as, or is subordinate only to, the liens for property taxes. Any Landowner may elect, at any time, to prepay the entire amount of the Assessment then due with respect to such owner's property. In such event and in accordance with the Rate Study, the Landowner will pay an amount that will be sufficient to retire that portion of any 2016 Bonds (at a price of par plus accrued interest to the date of payment), less credits for reserves.

Taxes and assessments under the Act are billed by the County Treasurer on a single bill. The Treasurer prepares the bills upon receipt of the tax duplicates from the County Auditor. The Auditor prepares the tax duplicates from information from various sources, including information that the Auditor will receive from MuniCap on behalf of the County for the annual Assessments to be billed. The Auditor prepares tax duplicates indicating the taxes and assessments on each parcel of property and taxable personal property and provides a copy of the duplicates to the Treasurer. The goal is to have the tax duplicates prepared by September 1 of each year; however, in light of the number of entities which must provide information to the Auditor and the dependency of some of this information on actions by other governmental entities, sometimes the tax duplicates are delayed. Ordinarily, however, tax duplicates are prepared and notices of taxes due are mailed by the Treasurer to each property owner around the first of October of each year and are due and payable until the following January 15.

Taxes and assessments are paid to the County Treasurer. The Treasurer will not accept partial payment, so that a taxpayer must either pay the entire amount due (including the Assessments) or be delinquent. Taxes and assessments are considered paid currently if paid by the later of January 15 or the 30th day after tax notices are mailed. In the event taxes and assessments are not timely paid, there are penalties as set forth below:

<u>Date Payment Received</u>	<u>Penalty</u>	<u>Cumulative Penalty</u>
On or before the due date	none	--
After due date but before February 2	3%	3%
February 2 but before March 17	7%	10%
March 17 and thereafter	5%	15%

Penalties are added to the tax duplicate by the Auditor and are to be collected by the Treasurer. If payment is not received before March 17, the County Treasurer is required to issue a tax execution to the County Tax Collector.

Delinquencies; Enforcement; Foreclosure

If the owner of any lot or parcel of land shall be delinquent in the payment of any tax or assessment, including the Assessments, then the County Treasurer will move, as provided by law, to collect delinquent taxes, assessments, including the Assessments, penalties, and costs for their collection. The County has covenanted in the Indenture to furnish, at its expense, to the Trustee and any Owner of 2016 Bonds so requesting, [within 45 days of the request], a list of all delinquent Assessments and a list of foreclosure actions currently in progress and the current status of such delinquent Assessments.

Collection of delinquent Assessments shall be accomplished pursuant to the provisions of law which provide for an execution and sale of the property against which the taxes and Assessments are delinquent. Upon receipt of notice from the County Treasurer of any execution, the County Tax Collector is required to proceed on April 1 or as soon thereafter as practicable to mail a notice of delinquent taxes, penalties, assessments, including the Assessments, and costs to the defaulting taxpayer and any grantee of record at the best address available stating that if taxes, penalties, assessments and costs are not paid the property will be advertised and sold to satisfy the delinquency. The County Tax Collector first sends a reminder notice by regular mail on or about April 1. If payment is not made 30 days after the mailing of the reminder notice, then the County Tax Collector sends a second notice by certified mail, return receipt, to the taxpayer and any grantee of record. If taxes remain unpaid six weeks thereafter, the County Tax Collector will take exclusive possession of so much of the current owner of record's property as is necessary to satisfy the payment of the taxes, assessments, including the Assessments, penalties and costs. Possession of real property is taken by mailing a notice of the delinquency to the delinquent taxpayer and any grantee of record by certified mail, return receipt requested-restricted delivery. Such notice shall specify that if the delinquency is not paid before a subsequent sales date, the property will be duly advertised and sold. If the certified mail notice is returned, the notice is effected by posting at one or more conspicuous places on the premises stating that such property has been seized and is to be sold for delinquent taxes. Notice of the sale of real property is provided by advertisement in a newspaper of general circulation within the County once a week for three consecutive weeks prior to the legal sales date. The regular sales date is the first Monday in each month or the following Tuesday if such Monday is a legal holiday. Set forth below is a schedule of when the Assessments might be collected through the enforcement process, though there is no assurance that this schedule will be adhered to in connection with the enforcement and collection of delinquent Assessments:

<u>Not earlier than</u>	<u>Action</u>	<u>Consequence</u>
March 17	Taxes, assessments and penalties go into execution	Costs of enforcement began to accrue
April 1	Tax Collector mails reminder notice of delinquency	
May 1	Tax Collector mails notice of delinquency by certified mail to initiate sale process	Starts 30 day period after which sale can be made
June 15	Tax Collector takes possession by mailed notice; if notice returned, takes possession by posting notice	Notice of Levy
September	Notice of sale published once a week for three weeks	Condition to sale
First Monday in October	Sale	Payment due at sale; minimum bid entered by Forfeited Land Commission

Several things can happen that might delay the foregoing schedule, but the process should be completed and a sale conducted on the first Monday in October following nonpayment. It is possible, however that sales relating to delinquencies for properties located in the District would not be held on the same date and such sales may take place on the first Monday of November or December following nonpayment.

If any property shall be offered for sale for the nonpayment of any Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on such property, such property shall then be purchased by the Forfeited Land Commission in accordance with the bid of such Forfeited Land Commission submitted as provided by law. The statutes governing foreclosure in tax sales provide that the bid to be submitted by the Forfeited Land Commission shall be in an amount equal to all unpaid property taxes, penalties, assessments and costs. If purchased by the Forfeited Land Commission, the Forfeited Land Commission may subsequently sell such property with the proceeds of any such sale to be turned over to the County Treasurer and distributed as provided by law. Pursuant to the Indenture, the County shall direct the County Treasurer to deposit any legally available net proceeds of such sale allocable to Assessments into the Revenue Fund. The County has agreed that it will promptly pursue the measures provided by law for sale of property acquired by it for the benefit of the 2016 Bondholders. See **"BOND OWNERS' RISKS—Potential Delay and Limitations in Foreclosure Proceedings."**

If any property in the District shall be purchased by the Forfeited Land Commission, under existing law, any Assessment imposed upon the property will continue to apply and accrue upon such property, because neither the Forfeited Land Commission nor any other tax-exempt owner of property in the District has been excluded under the Act from the obligation to pay assessments levied thereunder. The Supreme Court of South Carolina recently has affirmed the ruling of a Charleston County Circuit Court that the owner of property located in a municipal improvement district, which owner was otherwise exempt from property taxes, was properly subjected to an assessment under the Municipal Improvement Act, S.C. CODE ANN. § 5-37-40(b) (the "Municipal Improvement Act"). *German Evangelical Lutheran Church of Charleston, S.C. v. City of Charleston*, 352 S.C. 600; 576 S.E.2d 150; 2003 S.C. Lexis 1 (2003). In that case, the circuit court had previously ruled that the Municipal Improvement Act's exclusion of certain other tax-exempt property from the improvement district and the assessments imposed under such act showed a legislative intent that the remaining tax-exempt land owners, not explicitly excluded, were to be included in the municipal improvement district and subject to the assessments imposed upon the property owners therein. *Id.* Investors should note that the 2016 Bonds were authorized under the Act and not the Municipal Improvement Act, so no assurances can be given that a court would reach a similar conclusion with respect to the Assessments.

BOND OWNERS' RISKS

Risk Factors

The following is a discussion of certain risks which should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2016 Bonds. This discussion does not purport to be comprehensive or definitive; rather, it is meant to draw attention to some, though not necessarily all of the risks that may be peculiar to obligations such as the 2016 Bonds. Each potential investor is expected and encouraged to make its own independent evaluation of the merits of acquiring and holding the 2016 Bonds. The occurrence of any of the events discussed herein could adversely affect the ability or willingness of the Landowners to pay the Assessments when due. Any failure to pay Assessments could result in the inability to make full and punctual payments of debt service on the 2016 Bonds and a default under the Indenture. In addition, the occurrence of any of the events discussed herein could adversely affect the value of the property in the District, which could, in turn, adversely affect the ability of the County to realize proceeds in a foreclosure action against the property to recover delinquent Assessments.

Limitations on Collectability of Assets

Market conditions such as competition with other competitive developments or adverse changes in general economic conditions may limit the ability of the Landowners to pay the Assessments. The legal obligation to pay the Assessments rests with the Landowners. As a result, no assurance can be given that the Landowners will continue to pay the Assessments in the future or that they will be able to pay such Assessments on a timely basis. In addition, the remedies available to the Owners of the 2016 Bonds under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the 2016 Bonds, including, without limitation, enforcement of the obligation to pay Assessments and the ability of the County to foreclose the lien of such Assessments may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2016 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available respecting 2016 Bonds could have a material adverse impact on the interest of the owners of the 2016 Bonds.

Timely Payment of Assessments

The timely payment of the 2016 Bonds depends on the willingness and ability of the Landowners to pay Assessments when due. Failure of Landowners to pay Assessments when due could result in the rapid, total depletion of the 2016 Reserve Account established for the 2016 Bonds and a default in payments of the principal of, and interest on, the 2016 Bonds.

Value of Real Property

Prospective purchasers of the 2016 Bonds should not assume that the real property within the District could be sold for an amount sufficient to fund delinquent Assessments and/or ad valorem taxes.

Assessment Delinquencies

Timely payment of debt service on the 2016 Bonds is dependent upon timely receipt of the Assessments. Under provisions of the Act, the Assessments, from which funds necessary for the payment of principal of, and interest on, the 2016 Bonds are derived, are contained within a single bill from the County Auditor which also includes the ad valorem taxes then due on the related parcel within the District. Such Assessments are due and payable and bear the same penalties for non-payment as do regular ad valorem property tax installments. The unwillingness or inability of Landowners to pay any portion of the amounts due with respect to taxes and assessments that relate to a parcel within the District could result in a foreclosure action being taken by the County.

In the event that sales or foreclosures of property are necessary, and if the 2016 Reserve Account is depleted, there could be a delay in payments to owners of the 2016 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the County of the proceeds of sale.

See **“ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL—Delinquencies; Enforcement; Foreclosure,”** for a discussion of the provisions which apply, and procedures which the County is obligated to follow in the event of delinquencies in the payment of Assessments. See **“—Potential Delay and Limitations in Foreclosure Proceedings”** and **“—Bankruptcy”** below, for a discussion of limitations on the County’s ability to foreclose on the lien of the Assessments in certain circumstances.

Potential Delay and Limitations in Foreclosure Proceedings

In the event that any installment of Assessments or the payment of County real estate taxes is delinquent on March 17 of the year in which Assessments and County real estate taxes shall have become due, the County is authorized to initiate enforced collection procedures against the owner of record of the property. These procedures culminate in a sale, which should take place on the first Monday in October of the year in which such sums are due. The process of enforced collection and sale may be subject to delays for various reasons and potential investors should be aware that many of the reasons for delay are beyond the control of the County. See **“ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL—Delinquencies; Enforcement; Foreclosure.”**

Delays and uncertainties in the enforced collection process create significant risks for owners of the 2016 Bonds. High rates of delinquency of Assessments or real estate tax payments that continue during the pendency of such proceedings could result in the rapid, total depletion of the 2016 Reserve Account. In that event, there could be a default in payments of the principal of, and interest on, the 2016 Bonds.

The payment of the Assessments and the ability of the County to effect a sale to force collection of delinquent unpaid Assessments pursuant to its covenant to enforce collection may also be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. See **“ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL—Collection Procedures,”** and **“BOND OWNERS’ RISKS—Limitations on Collectability of Assets”** above and **“—Bankruptcy”** below.

The ability of the County to effect a sale with respect to the lien of a delinquent unpaid Assessment also may be limited with regard to properties in which the FDIC may acquire an interest. The FDIC currently does not have an interest in the land within the District. However, if a lender takes a security interest in the subject property and becomes insolvent, such a lender could fall under the jurisdiction of the FDIC, in which case FDIC policies regarding the payment of state and local property taxes, including real estate taxes and assessments, may apply and such policies may include a requirement that the County obtain the consent of the FDIC prior to foreclosing on the lien of special taxes, which may affect the ability of the County to complete such a sale in a timely fashion.

No assurances can be given that the real property subject to sale will be sold; or that property acquired by the Forfeited Land Commission in connection with a sale will be resold; or, if sold or resold, that the proceeds of such a sale will be sufficient to pay any delinquent Assessments. As provided in the Act, assessments (such as the Assessments) constitute a lien on real property superior to all other liens except the liens for property taxes. In the Act and in the statutes regarding collection procedures and the application of any proceeds of enforced collection, no distinction is made between the lien for assessments (such as the Assessments) and the liens for property taxes, and there is no State case law on point. Accordingly, the lien for assessments (such as the Assessments) is either at the same level of priority as, or is subordinate only to, the liens for property taxes. If the 2016 Reserve Account is depleted and delinquencies in the payment of Assessments exist, there could be a default or delay in payments of debt service on the 2016 Bonds pending prosecution of foreclosure proceedings and receipt by the County of foreclosure sale proceeds, if any. There can therefore be no assurance that the Assessments will at all times be sufficient to pay debt service on the 2016 Bonds.

Bankruptcy

Although a bankruptcy proceeding would not cause the Assessments to become extinguished, the amount and priority of any Assessment could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a Landowner could result in a delay in foreclosure proceedings. Such delay could increase the likelihood of a delay or default in the payment of debt service on the 2016 Bonds.

Exempt Properties

The Rate Study requires that Assessments shall not be levied on Non-Benefited Property (as defined in the Rate Study). If for any reason any parcel of the property subject to Assessments becomes exempt from taxation by reason of transfer to or ownership by a non-taxable entity such as the federal, state or local government or another public agency, subject to ad valorem taxes and Assessments being paid current at the time of the transfer, the Rate Study does not reallocate Assessments to the remaining taxable parcels within the District. If the transfer occurs by reason of condemnation proceedings, the laws of the State require the application of condemnation proceeds, if any, to the payment of ad valorem taxes and assessments related to such property. The amount received as a result of such proceeding may not be sufficient to pay the Assessment upon such parcel. In the case of the public dedication, gift or transfer without consideration of a parcel, there may be no mechanism for collecting the Assessment on such parcel once it becomes Non-Benefited Property. The Rate Study provides that when a parcel is subdivided into additional parcels, and a subdivided parcel becomes Non-Benefited Property, the Assessment with respect to that parcel may be collected from the other subdivided parcels which remain taxable property. The Rate Study also provides that prepayment of the Assessment is required when a taxable parcel is acquired by an entity which results in such parcel being reclassified as Non-Benefited Property.

If a substantial portion of land within the District became exempt from Assessments because of public ownership or otherwise, the amount of the Assessments which could be levied upon the remaining property might not be sufficient to pay principal of and interest on the 2016 Bonds when due.

Insufficiency of Assessments

Within the limits of the Rate Study, the County may adjust the annual Assessment amounts billed to all property within the District to provide an amount required to pay debt service on the 2016 Bonds and to pay all annual administrative expenses. However, the total amount of the Assessments that have been levied against a particular parcel within the District is subject to the amount of the Assessments provided in the latest Assessment Roll approved by the County. There is no assurance that the amount of the Assessments will at all times be sufficient to pay the amounts required to be paid by the Indenture. For example, delays in collection or foreclosure of Assessments could result in insufficient funds being available to pay timely debt service on the 2016 Bonds after depletion of the 2016 Reserve Account. There is no provision in the Act, the Bond Ordinance or the ordinance creating the District for the levy of additional Assessments (above the amount on the latest Assessment Roll) to replenish the 2016 Reserve Account in the event of delays in collection or foreclosure.

See "ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL—Delinquencies; Enforcement; Foreclosure" above and the subsection "—Potential Delay and Limitations in Foreclosure Proceedings" above under this heading.

Disclosure to Future Property Purchasers

There is no provision in the Act that requires a notice to future purchasers other than the record notice provided in connection with the establishment of the District. There can be no guarantee that title companies will refer to such record notices in title reports or that a prospective purchaser or lender will consider, or receive notice, of such Assessment obligation in the purchase of a parcel within the District or the lending of money thereon. Any failure on the part of a prospective lender or purchaser to determine the existence of the Assessments may affect the willingness and ability of such future owner to pay the Assessments when due.

No Acceleration Provision

The Indenture contains no provision for the acceleration of the 2016 Bonds in the event of a payment default or other default under the terms of the 2016 Bonds or the Indenture. The ultimate source of recovery in the event of a default of payment of Assessments is the foreclosure provision described under **"ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL—Delinquencies; Enforcement; Foreclosure."**

Illiquidity of 2016 Bonds and Limited Secondary Market

The 2016 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the 2016 Bonds in the event an owner of 2016 Bonds determines to solicit purchasers of the 2016 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the 2016 Bonds may be sold. Such price may be lower than that paid by the then 2016 Bondholder, depending on existing market conditions and other factors. Although the County has committed to provide certain financial and other information with respect to the District as set forth in **Appendix D** hereto, there can be no assurance that such information will be available to owners of the 2016 Bonds on a timely basis. See **"CONTINUING DISCLOSURE"** herein. The failure to provide the required financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

As discussed under the caption **"TAX TREATMENT,"** the interest on the 2016 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the 2016 Bonds as a result of a failure of the County to comply with certain provisions of the Code. Should such event of taxability occur, the 2016 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption, extraordinary redemption or mandatory sinking fund redemption provisions (as applicable) of the Indenture.

Other Assessments and Taxes

The willingness and/or ability of a Landowner to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the County or any other local special purpose or general purpose governmental entities. Public entities whose boundaries overlap those of the District, including the Lancaster County Water and Sewer District, could, without the consent of the owners of the land within the District, impose additional taxes on the property within the District.

By enactment of Ordinance No. 633, as amended by Ordinance No. 687, the Council established the Sun City Carolina Lakes Special Tax District ("Special Tax District"). The Special Tax District consists of the property included in the Development. The purpose of the Special Tax District is to provide a funding mechanism through the imposition of a uniform service charge for the provision of fire protection and emergency medical services at a level over and above the level provided outside of the Special Tax District. The maximum level of the annual uniform service charge is set at ninety dollars (\$90.00) per equivalent residential unit ("ERU") and is set initially at seventy-five dollars (\$75.00) per ERU. The exact ERU amount is set annually by the Council. One dwelling unit equals one ERU and for structures other than dwellings, one ERU is equal to each 2500 square feet or fraction thereof. The uniform service charge is not imposed on undeveloped property. Imposition and collection of the uniform service charge began with the inclusion of the uniform service charge on the fall 2006 property tax bills (after the issuance of the 2006 Bonds).

Legislative Initiatives

[Update for 2016-17?] [From time to time, the South Carolina General Assembly, the legislature for the State, may consider several bills and proposed constitutional amendments that could affect local ad valorem

property taxes and could reduce significantly the amount of ad valorem taxes that may be payable for property in the Development. To offset the revenue reductions, these proposals are sometimes joined with proposed changes in the state-wide sales taxes that are projected to provide additional revenues by increasing the rate of sales taxation. The Assessments are not ad valorem property taxes and none of this type of legislation would affect the Assessments directly. Most of these types of proposals involve a reduction in the amount of ad valorem property taxes payable on owner-occupied residences. Accordingly, in the local market in Lancaster County, the effects would be neutral as to competing developments and, to the extent the Development competes with similar projects outside of South Carolina, the effect would be to make the cost of ownership in the Development lower. Of course, it is impossible to predict whether any of these types of proposals would be enacted, what form they would take and when they might become effective.]

This section does not purport to summarize all risks that may be associated with purchasing or owning the 2016 Bonds and prospective purchasers are advised to read this Official Statement in its entirety for a more complete description of investment considerations relating to the 2016 Bonds.

PLAN OF REFUNDING

A portion of the proceeds derived from the sale of the 2016 Bonds will be used by the County to currently refund the outstanding 2006 Bonds on the date of issuance of the 2016 Bonds.

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

Sources of Funds

Principal Amount of 2016 Bonds

Total Sources

Use of Funds

Refunding of 2006 Bonds

Deposit to 2016 Reserve Account

Costs of Issuance

Underwriter's Discount

Total Uses

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DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the 2016 Bonds.

<u>Year Ending</u> <u>December 31</u>	<u>Amortization</u> <u>Installment</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
Total			

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THE DEVELOPMENT

The information appearing herein under the captions the "THE DEVELOPMENT" has been furnished by the County for use in this Official Statement and, although believed to be reliable, such information has not been independently verified by the Underwriter or its counsel or Bond Counsel, and no persons other than the County make any representation or warranty as to the accuracy or completeness or such information supplied by it.

General

Sun City Carolina Lakes (the "Development") is a master-planned, mixed-use, age-restricted (55 and over), active adult development on approximately [1,230] acres south of Charlotte, North Carolina, in the northwestern portion of the County. The Development is located in the Town of Indian Land, Lancaster County, South Carolina, on the northwest corner of the intersection of U.S. Highway 521 and Van Wyck Road and extends westward to the Catawba River, southward along Van Wyck Road and northward along U.S. Highway 521 past Jim Wilson Road. The Development is approximately 23 miles south of downtown Charlotte, North Carolina, approximately 17 miles from Charlotte-Douglas International Airport and approximately 8 miles from Interstate 485, the outer beltway around Charlotte.

Currently, the Development consists of 3,076 single-family detached homes and attached villa units and 78 carriage homes, all of which have been purchased by homeowners. There are eight remaining lots available for purchase by prospective homeowners, all of which are still owned by the Developer. [Describe plans for sale of remaining lots?].

The Development includes an 18-hole golf course and other country club-style amenities, approximately 200,000 square feet of commercial development across [25] acres, consisting of retail, restaurant and/or support services, including a grocery store, a bank and a pharmacy for residents in the community and the County Library, located on a two acre parcel adjacent to the commercial development. The Development offers an extensive array of amenities specifically tailored to the active adult, including ten fishing lakes, a kayak and canoe center at the river, lake and golf course views, fitness centers, walking trails, tennis courts, an outdoor pool and an outdoor pavilion. See "—Amenities" below for a description of the golf course. For more information related to the commercial development, see "—Commercial Development" below.

The golf course and the commercial land and improvements located thereon are not included in the District, are not subject to the Assessments (as such term is defined herein) and will not be subject to sale or foreclosure in the event that the Assessments are not paid by Landowners in the District.

The County Library is located within the District, but the County Library and improvements are not subject to the Assessments and will not be subject to sale or foreclosure in the event that the Assessments are not paid by Landowners in the District.

The Project Financed with the 2006 Bonds

A portion of the proceeds of the 2006 Bonds was used to finance the design, construction and/or acquisition of certain infrastructure improvements, including, without limitation, on-site and offsite roadway improvements, water and sewer improvements, stormwater management improvements, and electrical, natural gas, telephone and cable television improvements, all to benefit the Development. In addition, the County used proceeds of the 2006 Bonds to construct and furnish a public library (the "County Library") on land donated to the County by the Developer. The infrastructure improvements described above and the County Library are collectively referred to herein as the "Project." The total costs associated with the Project paid for out of proceeds of the 2006 Bonds were approximately \$16,000,000, and all remaining amounts, consisting of approximately \$44,000,000, were paid for by the Developer. The portion of the Project paid for with the proceeds of the 2006 Bonds was completed on _____, 20__.

Status of Development

The following tables set forth (1) information regarding the status of ownership and assessed valuation of property in the District and information regarding per parcel Assessments in the District.

	Ownership ¹		Lancaster County Tax Assessor Valuation ²	
	Parcels of Real Property	% of Total Parcels	Appraised Value	Average Appraised Value
Owned by individual property owners (excludes the Developer)				
Single family home and villa parcels	3,076	97.22%	\$1,021,757,020	\$332,171
"Carriage home" parcels	78	2.47%	\$17,758,800	\$227,677
	3,154	99.68%	\$1,039,515,820	\$329,586
Owned by the Developer or Sun City Community Association				
Single family home parcels ³	8	0.25%	\$197,640	\$24,705
Community association parcels ⁴	2	0.06%	\$1,144,000	\$572,000
	10	0.32%	\$1,341,640	\$134,164
Total	3,164	100.00%	\$1,040,857,460	\$328,969

¹Ownership data provided by the County on September 22, 2016.

²Taxable value data as of January 1, 2016, as provided by the County on September 22, 2016. In general, homes without a certificate of occupancy as of December 31, 2015 are valued solely on land value (thus the value of incomplete homes is excluded).

³All eight parcels are valued solely on land value (no building value is included as of yet on these parcels).

⁴Reflects one parcel owned by the Sun City Community Association and one parcel owned by Pulte on which no further vertical development is expected.

Estimated Assessment on each Parcel ¹	Estimated Principal Portion of Assessment for each Parcel ²	Estimated Annual Assessment Fee for each Parcel ³	Average Taxable Value per Parcel ⁴	Estimated Principal Portion of Assessment as a % of Average Taxable Value	Estimated Annual Assessment Fee as a % of Average Taxable Value
\$7,500	\$4,100	\$350	\$329,586	1.24%	0.11%
¹ Excludes annual assessment fee billed for the 2016-2017 Assessment Year and assumes adjustment for 2016 refunding.					
² Excludes annual assessment fee billed for the 2016-2017 Assessment Year and assumes adjustment for 2016 refunding.					
³ Assumes 2016 refunding occurs.					
⁴ Based on information provided by Lancaster County Assessor's office on September 16, 2016, reflecting taxable values as of January 1, 2016 as established by the Lancaster County Assessor's office.					

Value to Lien and Collection History

[To be provided]

Top Ten Taxpayers in District

[To be provided]

Commercial Development

[To be updated] The Development includes an approximately 200,000 square-foot commercial development across [25] acres, consisting of retail, restaurant and/or support services for residents in the community. The commercial development includes a grocery store, a pharmacy, a bank branch, medical offices and various retail establishments and restaurants catering primarily to the residents of the Development. The entire 25 acre commercial portion of the Development is owned by Real Estate Development Partners, LLC ("REDP"), a local commercial developer.

Amenities

[To be updated] The Development offers a combination of indoor and outdoor amenities specifically tailored to the active adult, including the County Library, a 35,000 square-foot community center, ten fishing lakes, a kayak and canoe center on the Catawba River, a fitness center, walking trails, tennis courts, bocce courts, a horseshoe pit, a basketball court, a volleyball court, an outdoor pool and an outdoor pavilion as well as lake and golf course views from many residential units. The amenities incorporate provisions for wellness/fitness, lifelong learning and social and support facilities.

An 18-hole golf course winds through the residential pods of the Development, but is not part of the Development's amenity package. The golf course property, consisting of approximately [225] acres of land winding through the Development, was conveyed by the Developer to Carolina Lakes Golf Club, LLC, a North Carolina limited liability company (the "Golf Course Owner") who owns and operates the golf course. The golf course is operated as a semi-private golf club and includes a membership program affording every resident of the Development the right to acquire a membership in the golf club, with all of its attendant rights, privileges, obligations and liabilities, subject to the terms and conditions of the membership program. No resident of the Development may be denied membership due to capacity limitations. The membership program permits the golf club to offer memberships to individuals who are not residents of the Development, so long as capacity exists. The membership program also provides resident members with priority rights with respect to tee times and discounted

green and cart rental fees. [The Developer maintains the right to approve the membership program and any modifications to the program until the earliest to occur of (i) termination of its agreement with the Golf Course Owner, (ii) the sale of all residential lots in the Development, or (iii) the sale of its entire interest in the Development.]

Utilities

Public water service and sanitary sewage treatment is provided by Lancaster County Water and Sewer District ("LCWASD") through water storage and delivery systems and sewage treatment facilities, including a sanitary sewer lift station site. Duke Power furnishes underground electric service for the Development and provides the power required to run the sewage pumps at the sanitary sewer lift station. Lancaster County Natural Gas Authority is the retail provider of natural gas for the Development, and Comporium Communications is responsible for providing the telephone and cable television service for the Development.

Development Agreement

The Development is subject to a Development Agreement among the Developer, the Golf Course Owner, REDP and the County dated as of December 7, 2005 (the "Development Agreement"). The term of the Development Agreement is 20 years. The Development Agreement (i) provides that a development schedule, which estimates generally the timing of development by zoning category, (ii) describes the permitted uses of the real property, including general commercial, general residential and office, institutional and residential, (iii) describes the facilities that the Developer agreed to cause to be constructed, including (1) roadway system improvements consisting of streets, curbs, gutters, bridges, intersection improvements, right-of-way improvements, street lighting, landscaping, signage and signalization including the construction of Sun City and Del Webb Boulevards; (2) entrance and intersection improvements, as required by the South Carolina Department of Transportation, to U.S. 521 and Van Wyck Road; (3) a sanitary sewer system consisting of force mains, gravity mains, a pump station, easements, and related facilities; (4) a water system consisting of appropriately sized water mains, valves, joints, fire hydrants, easements, and related facilities; (5) a stormwater drainage system; [all of which have been completed,] and (6) other public improvements as allowed under the terms of the Act and as may be acceptable to the Developer and approved by the County, (iv) details the services for which the County will and will not be responsible, (v) lists certain charges and fees for which the Developer is responsible, including a contribution for public safety services, (vi) provides for certain protections of the environment, and (vii) limits the applicability of future County laws, ordinances and regulations including, but not limited to, moratoria and other provisions which could prevent or limit the rate of development under certain circumstances.

The County planning director is obligated to review compliance with the Development Agreement by the Developer. If, as a result of any such review, the County planning director finds and determines that the Developer has committed a material breach of the terms or conditions of the Development Agreement, the County planning director will notify the Developer of such material breach in writing and give the Developer a reasonable time to cure such breach. If the Developer fails to cure such material breach and is not proceeding expeditiously and with diligence to cure such breach within a reasonable time, then the Council may terminate or modify the Development Agreement; provided that the County may not terminate or modify the Development Agreement without providing the Developer the opportunity to cure or rebut the finding and determination by the County planning director or to consent to amend the Development Agreement to meet the concerns of the Council with respect to such findings and determinations. The Development Agreement is recorded against the real property and runs with such land, and the development rights with respect to the real property are vested with the Developer as of the date of execution thereof. A copy of the Development Agreement can be obtained from the Underwriter. See "SUITABILITY FOR INVESTMENT" herein.

Competition

[To be provided]

Demographics

[To be provided]

Additional Property

[To be added to the Development] After the date of issuance of the 2006 Bonds, the Developer purchased an additional 330 acres of property, known as "Turkey Point," located adjacent to the Development site. Pursuant to ordinance number _____, enacted by the Council on _____, 20__, the County amended the boundaries of the District to include Turkey Point. In connection with the addition of Turkey Point to the District, the Developer financed certain infrastructure improvements to the Turkey Point area, but did not use bonds issued by the County to do so. Lots in the Turkey Point portion of the District are subject to the Assessments and the Rate Study has been amended accordingly, and the annual Assessment per unit remained the same.]

TAX TREATMENT

[To be updated by Bond Counsel]

Opinion of Bond Counsel

In the opinion of McNair Law Firm, P.A., Columbia, South Carolina, bond counsel, under existing laws, regulation, rulings, and judicial decisions, and assuming compliance by the County with certain covenants, (i) the interest on the 2016 Bonds is excludable from gross income for purposes of federal income taxation, except as discussed below, and (ii) the 2016 Bonds and the interest thereon are exempt from all taxation in the State of South Carolina, except for inheritance, estate, transfer, and certain franchise taxes. The form of bond counsel opinion is attached hereto as **APPENDIX C**.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes on the issuers of tax-exempt bonds certain requirements with respect to the proper expenditure of proceeds of the sale of tax-exempt bonds and requires continuing compliance by an issuer of tax-exempt obligations to preserve the tax-exempt status of such obligations. The County has covenanted to preserve the tax exemption of the 2016 Bonds with respect to such requirements. Noncompliance by the County may cause the interest paid on the 2016 Bonds to be subject to federal income taxation retroactive to the date of issuance of the 2016 Bonds.

Interest on the 2016 Bonds is not an item of tax preference for purposes of an individual or corporate taxpayer's alternative minimum tax. However, for the purposes of computing the alternative minimum tax imposed on certain corporations, such interest will be taken into account in determining adjusted current earnings.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations, certain S corporations with excess net passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2016 Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the 2016 Bonds.

In rendering its opinion, bond counsel will rely upon certificates of officials of the County with respect to certain material facts solely within the County's knowledge relating to the application of the proceeds of the 2016 Bonds.

Internal Revenue Code of 1986

The Code includes provisions that relate to tax-exempt obligations, such as the 2016 Bonds, including, among other things, permitted uses and investment of the proceeds of the 2016 Bonds, the rebate of certain arbitrage earnings from the investment of such proceeds to the United States Treasury and the use of property financed with the proceeds of the 2016 Bonds. Noncompliance with these requirements may result in interest on the 2016 Bonds being subject to federal income taxation retroactive to their date of issuance. The County has covenanted to comply with the requirements of the Code to the extent required to maintain the exclusion of interest on the 2016 Bonds

from gross income for federal tax purposes. Failure of the County to comply with these covenants could cause the interest on the 2016 Bonds to be taxable retroactively to their date of issuance.

The Code imposes an alternative minimum tax on a taxpayer's alternative minimum taxable income. Interest on the 2016 Bonds is not an item of tax preference for purposes of the individual and corporate alternative minimum tax. However, interest on the 2016 Bonds will be includable in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax imposed on corporations.

Prospective purchasers of the 2016 Bonds should consult their tax advisors with respect to collateral tax consequences of ownership of 2016 Bonds, such as the calculation of their alternative minimum tax, foreign branch profits tax liability, the tax on passive income of S corporations, the inclusion of Social Security or other retirement payments in taxable income or the portion of interest expense of a financial institution which is allocable to the tax-exempt interest.

Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or event occurring (or not occurring) after the date of issuance of the 2016 Bonds may affect the tax status of interest on the 2016 Bonds. In rendering its opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts within the County's knowledge relating to the application of the proceeds of the 2016 Bonds.

South Carolina Taxation

In the opinion of Bond Counsel, the 2016 Bonds and the interest payments thereon are exempt from all taxation in the State, except estate or other transfer taxes and certain franchise taxes. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed at the rate of 4½% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue and Taxation require that the term "entire net income" includes income derived from any source whatsoever including interest on obligations of any state and political subdivision thereof. Interest on the 2016 Bonds will be included in such calculation.

SUITABILITY FOR INVESTMENT

Investments in the 2016 Bonds poses certain economic risks. No dealer, broker, salesman or other person has been authorized by the County or the Underwriter to give any information or make any representations, other than those contained in this Official Statement. [Additional information will be made available to each prospective investor, including the benefit of a site visit to the District, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of 2016 Bonds.] [Prospective investors are encouraged to request such additional information and visit the District.] Such questions should be directed to Stifel, Nicolaus & Company Incorporated, 7200 Wisconsin Avenue, Suite 314, Bethesda, Maryland 20814, (301) 941-2424, Attention: Pamela Holton-Boyd.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the 2016 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the 2016 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2016 Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2016 Bonds, or in any way contesting or affecting the validity of the 2016 Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, the validity of the Assessments, the pledge or application of any moneys or security provided for the payment of the 2016 Bonds, or the existence or powers of the County.

RATING

Moody's Investors Service, Inc. has assigned its municipal bond rating of "___" to the Series 2016 Bonds. Such rating reflects only the views of such organization, and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2016 Bonds.

FINANCIAL ADVISOR AND CONSULTANT

Compass Municipal Advisors, LLC, Columbia, South Carolina, is acting as financial advisor to the County in connection with the issuance of the 2016 Bonds. MuniCap, Inc. prepared the Rate Study set forth in **Appendix A** hereto and such appendix should be read in its entirety for complete information with respect to the subjects discussed therein. MuniCap also serves as administrator for the District and has since its creation, and is paid on an annual basis without contingency. For a more detailed description of MuniCap, see "**ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL—General**" herein.

CONTINUING DISCLOSURE

The County has agreed to provide certain annual financial information, operating data and notice of the occurrence of certain events with respect to the 2016 Bonds, if deemed material. The specific nature of the information, as well as the circumstances under which material events will be reported, is contained in "**Appendix D—Proposed Form of Continuing Disclosure Agreement.**"

A failure to comply with the requirements of the Continuing Disclosure Agreement will not result in a default under the Indenture.

[Add summary of compliance with Continuing Disclosure Agreement to date.]

UNDERWRITING

The Underwriter set forth on the cover page hereof has agreed pursuant to a contract with the County, subject to certain conditions, to purchase the 2016 Bonds from the County at a purchase price of \$_____ (representing \$_____ aggregate principal amount of the 2016 Bonds, less an underwriter's discount of \$_____). The Underwriter's obligation is subject to certain conditions precedent and the Underwriter will be obligated to purchase all the 2016 Bonds if any are purchased. The 2016 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the 2016 Bonds are subject to the approval of McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Pope Flynn, LLC, Columbia, South Carolina; for the County by Lancaster County Attorney John Weaver, Esq., Kershaw, South Carolina; and for the Trustee by its counsel, _____, _____.

CONTINGENT AND OTHER FEES

The County is paying the fees of Bond Counsel, the County Attorney, Compass Municipal Advisors, LLC, MuniCap, the Underwriter, counsel to the Underwriter, the Trustee and counsel to the Trustee, in connection with the authorization, sale, execution and delivery of the 2016 Bonds. Payment of the fees of certain of these professionals is contingent upon the issuance of the 2016 Bonds.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the 2016 Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions. Contemporaneously with the issuance of the 2016 Bonds, the Chairman of the Council will furnish a certificate to the effect that nothing has come to his attention that would lead him to believe that this Official Statement (excluding the information under the captions "**DESCRIPTION OF THE 2016 BONDS—Book-Entry Only System**"), as of its date and as of the date of delivery of the 2016 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included herein for the purposes for which the Official Statement is to be used, or which is necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

This Official Statement has been prepared in connection with the sale of the 2016 Bonds and may not be reproduced or used, as a whole or in part, for any purpose. This Official Statement is not to be construed as a contract with the Holders or Beneficial Owners of any of the 2016 Bonds.

This Official Statement has been duly authorized, executed and delivered by the County and deemed "final" by the County within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF ASSESSMENTS

APPENDIX B
FORM OF THE INDENTURE

APPENDIX C

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

4817-8441-1192, v. 4

**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

***Lancaster County, South Carolina
\$[Amount] Sun City Carolina Lakes Improvement District
Assessment Current Refunding Revenue Bonds, Series 2016***

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered as of _____, 2016 by **LANCASTER COUNTY, SOUTH CAROLINA** (the "County") and **MUNICAP, INC.** (the "Disclosure Dissemination Agent" or "MuniCap") in connection with the issuance by the County of its \$[Amount] aggregate principal amount of Sun City Carolina Lakes Improvement District Assessment Current Refunding Revenue Bonds, Series 2016 (the "Bonds").

The Bonds are being issued pursuant to a Master Trust Indenture dated as of February 1, 2006, as supplemented by a Second Supplemental Trust Indenture dated as of _____ 1, 2016, each between the County and Wells Fargo Bank, N.A., as Trustee (collectively, the "Indenture").

This Disclosure Agreement is being executed and delivered in order to comply with the requirements of Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Report" means the annual reports described in and consistent with Section 3 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 2(a) and 2(e), by which the Annual Report is to be filed with the MSRB.

"Annual Filing Information" means Annual Filing Information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3 of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Disclosure Dissemination Agent" means MuniCap, or any other person subsequently designates in writing by the County and which has filed with the County a written acceptance of such designation.

"Disclosure Representative" means MuniCap or such other person as the County shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"District" means the Sun City Carolina Lakes Improvement District.

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

"Information" means the Annual Filing Information, the Notice Event notices, and the Voluntary Reports.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Sections 4(a) of this Disclosure Agreement.

"Official Statement" means that Official Statement dated _____, 2016 prepared in connection with the issuance of the Bonds.

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

"State" means the State of South Carolina.

"Voluntary Report" means the information provided to the Disclosure Dissemination Agent by the County pursuant to Section 8.

SECTION 2. *Provision of Annual Reports.*

(a) The County shall provide, annually, an electronic copy of the Annual Report to the Disclosure Dissemination Agent, not later than 15 days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than February 1 following the end of each fiscal year of the County, commencing with the fiscal year ending June 30, 2016. Such date (February 1) and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If the County is unable to provide an Information Report to the Disclosure Dissemination Agent by the date required in subsection (a) above, the County or the Disclosure Representative shall send a notice to the Disclosure Dissemination Agent in substantially the form attached as Exhibit A.

(c) If the Disclosure Dissemination Agent has not received an Annual Report by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Notice Event described in Section 4(a)(xii) shall have occurred and the Disclosure Representative or the County irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B.

SECTION 3. *Content of Annual Reports.* Each Annual Report shall contain Annual Filing Information with respect to the District, including:

1. the balances in the funds and accounts under the Indenture as of December 31 of the preceding calendar year;
2. the most current appraised (uncapped) values of the real property parcels upon which the Assessments securing the Bonds are levied as of December 31 of the preceding calendar year; provided, however, that the County may rely upon the records of the Lancaster County Tax Assessor's Office for such information;

3. any changes to the Rate and Method of Apportionment of Assessments (as set forth in the Official Statement under the heading, **"ASSESSMENT REVENUES; DETERMINATION OF RATE AND METHODOLOGY; COLLECTION PROCEDURES; APPRAISAL – Rate and Method of Apportionment of Assessments"**) by the County since the previous year's Annual Report;

4. The following information with respect to the Assessments for the immediately preceding fiscal year:

(a) the amounts of the Assessments levied and collected within the District, including the percentage of outstanding Assessments;

(b) the amount of Assessment payment delinquencies and, if the total of all delinquencies amounts to more than 10 percent of the amount of the Assessments levied and due in any year, a list of delinquent property owners as of December 31 of the preceding year;

(c) the amount of Assessments by fiscal year: (1) which are subject to the institution of foreclosure proceedings (but as to which such proceedings have not been instituted); (2) which are currently subject to foreclosure proceedings which have not been concluded; (3) which have not been reduced to judgment but not collected; and (4) which have been reduced to judgment and collected;

(d) based on the County's tax records, a listing of any District taxpayer responsible for payment of more than five percent of the levy of Assessments as of December 31 of the preceding year, the amount of the levy of Assessments against such landowners and the percentage of such Assessments relative to the entire levy of Assessments within the District; and

(e) The amount of Assessment prepayments received during the past fiscal year and the amount of Bonds redeemed as a result of such prepayments or called for redemption;

5. Any significant amendments to land use entitlements or legal challenges to the construction of the Development or the District, of which the County or Administrator has actual knowledge since the previous year's Annual Report;

6. The status of the development of the District since the previous year's Annual Report; and

7. The debt service schedule for the remaining term of the Bonds as of December 31 of the preceding year.

Any or all of the items listed above may be included by specific 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 previously filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County will clearly identify each such document so incorporated by reference.

SECTION 4. *Reporting of Notice Events.*

(a) Pursuant to the provisions of this Section 4, the County shall give or cause to be given notice of the occurrence of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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-exempt status of the Bonds;
- (vii) Modifications to rights of Bond holders, if material;
- (viii) Bond calls, if material, and tender offers (other than pursuant to an extraordinary redemption under the terms of the Indenture);
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes on the Bonds;
- (xii) Bankruptcy, insolvency, receivership or similar Event of the obligated person
(Note: For the purposes of this Event, the Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(xv) Failure to provide annual financial information as required.

The County will, upon determination that knowledge of the occurrence of a Notice Event would be material under applicable federal securities laws, promptly notify the Disclosure Dissemination Agent. Such notice shall be accompanied with the text of the disclosure that the County desires to make, the written authorization of the County for the Disclosure Dissemination Agent to disseminate such information, and the date the County desires for the Disclosure Dissemination Agent to disseminate such information.

On the occurrence of a Notice Event, the County shall file a notice of the Notice Event in a timely manner, not in excess of ten business days of such occurrence, with the MSRB.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, notices of Notice Events, and Voluntary Reports filed pursuant to Section 8(a), the County shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The County acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the County, and that the failure of the Disclosure Dissemination Agent to so advise the County shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The County acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Reports.

(a) The County or its Disclosure Representative may instruct the Disclosure Dissemination Agent to file information with the Repositories, from time to time (a "Voluntary Report").

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement, the County shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the County and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the County is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. *Disclosure Dissemination Agent.* The County has appointed MuniCap as Disclosure Dissemination Agent under this Disclosure Agreement. The County or MuniCap may, upon thirty days written notice to the other, terminate this Disclosure Agreement. Upon termination of MuniCap's services as Disclosure Dissemination Agent, whether by notice of the County or MuniCap, the County agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the County shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent hereunder.

SECTION 10. *Remedies in Event of Default.* In the event of a failure of the County or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. *Duties, Immunities and Liabilities of Disclosure Dissemination Agent.*

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the County has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the County and shall not be deemed to be acting in any fiduciary capacity for the County, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the County's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the County has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the County at all times.

THE COUNTY AGREES, TO THE EXTENT PERMITTED BY SOUTH CAROLINA LAW, TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT AND ITS RESPECTIVE 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, AS THE SAME RELATES TO THE COUNTY'S OBLIGATIONS HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S NEGLIGENCE OR MISCONDUCT.

The obligations of the County under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder,

and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the County.

SECTION 12. *State-Mandated Continuing Disclosure.* In addition to the requirements in this Disclosure Agreement, the County agrees, pursuant to the requirements of Section 11-1-85 of the Code of Laws of South Carolina, as amended, to file with the MSRB (a) its annual independent audit within 30 days of receipt and (b) event-specific information within 30 days of an event adversely affecting more than five percent of its revenue or tax base. The County expects that in meeting the requirements of Sections 3 and 4 herein, it will also meet the requirements of this Section; however, to the extent the County is required to file certain information according to State law which is not required to be filed under the Rule or other provisions of this Disclosure Agreement, the County will provide such information to the MSRB.

SECTION 13. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Agreement, the County and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the County (as to its obligations hereunder) and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the County.

SECTION 14. *Limited Liability of the County.* Any and all obligations of the County arising out of or related to this Disclosure Agreement are special obligations of the County and may not constitute a general obligation debt of the County or a pledge of the County's full faith and credit, and the County's obligations to make any payments hereunder are restricted entirely to the Trust Estate and from no other source. No person, including any Holder, shall have any claim against the County or any of its officers, officials, agents or employees for damages suffered as a result of the County's failure to perform in any respect any covenant, undertaking, or obligation under this Disclosure Agreement, the Bonds or any other agreement, document, instrument or certificate executed, delivered or approved in connection with the issuance, sale and delivery of the Bonds (collectively, the "Bond Documents") or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent expressly set forth in this Disclosure Agreement, or in the Bond Documents, provided however, that, subject to Section 11 above, nothing contained herein shall be construed to preclude any action or proceeding in any court or before any governmental body, agency or instrumentality against the County or any of its officers, officials, agents or employees to specifically enforce the provisions of this Disclosure Agreement or any of the Bond Documents (to the extent permitted therein).

SECTION 15. *Severability.* In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed,

entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. *Beneficiaries.* This Disclosure Agreement shall inure solely to the benefit of the County, the Disclosure Dissemination Agent, the Participating Underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 17. *Governing Law.* This Disclosure Agreement shall be governed by the laws of the State of South Carolina.

SECTION 18. *Counterparts.* This Disclosure Agreement 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.

The Disclosure Dissemination Agent and the County have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

MUNICAP, INC., as Disclosure
Dissemination Agent

LANCASTER COUNTY, SOUTH CAROLINA

By: _____

By: _____
Chairman, County Council

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of County	Lancaster County, South Carolina
Obligated Person(s)	Lancaster County, South Carolina and
Name of Bond Issue:	Sun City Carolina Lakes Improvement District Assessment Refunding Revenue Bonds, Series 2016
Date of Issuance:	_____, 2016
Date of Official Statement:	_____, 2016
CUSIP Number:	_____

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

County Lancaster County, South Carolina

Obligated Person: Lancaster County, South Carolina and

Name of Bond Issue: Sun City Carolina Lakes Improvement District Assessment Refunding
Revenue Bonds, Series 2016

Date of Issuance: _____, 2016

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of _____ 1, 2016, between the County and MuniCap, Inc., as Disclosure Dissemination Agent. The County has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

MuniCap, Inc., as
Disclosure Dissemination Agent, on behalf of the
County

By: _____
Name: _____
Title: _____

cc: County