CITY OF CLEMSON, SOUTH CAROLINA

FIFTH SUPPLEMENTAL ORDINANCE NO. CC-2015-___

APPROVING THE FINANCING OF THE IMPROVEMENT, EXTENSION AND ENLARGEMENT OF THE WATER AND SEWER SYSTEM OF THE CITY OF CLEMSON, SOUTH CAROLINA, THROUGH THE BORROWING BY THE CITY OF NOT EXCEEDING $1,890,000, INCLUDING CAPITALIZED INTEREST, IF ANY, FROM THE SOUTH CAROLINA DRINKING WATER REVOLVING LOAN FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED; PROVIDING FOR AN AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE CITY AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM THE CITY TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

Enacted: May 18, 2015

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CLEMSON, SOUTH CAROLINA:

SECTION 1. Definitions. The terms in this Section 1 and all words and terms defined in the General Bond Ordinance No. CC-2005-16 enacted by the Council on June 6, 2005 (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this Fifth Supplemental Ordinance have the respective meanings given to them in the General Bond Ordinance and in Section 1 hereof.

"2005A SRF Note" shall mean the $3,457,000 original principal amount Promissory Note of the City, Series 2005A, dated June 17, 2005, outstanding as of the date hereof in the principal amount of $2,662,467.

"2005B SRF Note" shall mean the $561,226 original principal amount Promissory Note of the City, Series 2005B, dated May 1, 2006, outstanding as of the hereof in the principal amount of $436,834.

"2009 SRF Note" shall mean the not exceeding $575,800 Promissory Note of the City, Series 2009, dated December 18, 2009, outstanding as of the date hereof in the principal amount of $389,018.

"2014 SRF Note" shall mean the not exceeding $1,570,000 (including capitalized interest, if any) Promissory Note of the City to the State Authority.

"2015 Debt Service Reserve Fund" shall mean the fund established pursuant to Section 6.8 of the General Bond Ordinance and Section 4.2 of the Loan Agreement to insure the timely payment of the principal of and interest on the 2015 SRF Note.

"2015 Reserve Fund Requirement" shall mean the "Reserve Requirement" as such term is defined in Section 4.2 of the Loan Agreement.

"2015 Note Payment Fund" shall mean the fund established pursuant to Section 6.7 of the General Bond Ordinance and Section 4.1.2 of the Loan Agreement to provide for the payment of the principal and interest on the 2015 SRF Note.

"2015 SRF Note" shall mean the not exceeding $1,890,000 (including capitalized interest, if any) Promissory Note of the City to the State Authority.

"First Supplemental Ordinance" shall mean First Supplemental Ordinance No. CC-2005-17 of the City enacted on June 6, 2005, authorizing the issuance of the 2005A SRF Note.

"Fourth Supplemental Ordinance" shall mean Fourth Supplemental Ordinance No. CC-2014-08 of the City enacted on September 22, 2014, authorizing the issuance of the 2014 SRF Note.

"Fifth Supplemental Ordinance" shall mean this Fifth Supplemental Ordinance Co. CC-2015 of the City enacted on May 18, 2015, authorizing the issuance of the 2015 SRF Note.

"General Bond Ordinance" shall mean General Bond Ordinance No. CC-2005-16 duly enacted on June 6, 2005, by the Council of the City authorizing and providing for the issuance of Water and Sewer System Revenue Bonds.

"Loan" shall mean the loan from the State Authority to the City in the amount of not exceeding $1,890,000, including capitalized interest, if any.

"Loan Agreement" shall mean the Loan Agreement evidencing the Loan to be dated the date of its execution and delivery between the State Authority and the City.

"Project" shall mean the improvement, extension and enlargement of the System, to wit: replacement of certain water lines.

"Revolving Fund" shall mean the South Carolina Water Quality Revolving Loan Fund created by the Revolving Fund Act .

"Revolving Fund Act" shall mean the South Carolina Water Quality Revolving Fund Authority Act, Title 48, Chapter 5, South Carolina Code of Laws 1976, as amended.

"Second Supplemental Ordinance" shall mean Second Supplemental Ordinance No. CC-2005-30 of the City enacted on September 12, 2005, authorizing the issuance of the 2005B SRF Note.

"State Authority" shall mean the South Carolina Water Quality Revolving Fund Authority.

"Third Supplemental Ordinance" shall mean Third Supplemental Ordinance No. CC-2009-13 of the City enacted on September 21, 2009, authorizing the issuance of the 2009 SRF Note.

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

(a) The City is an incorporated municipality located in portions of Anderson County and Pickens County, State of South Carolina, and as such has all powers granted to municipalities by the Constitution and the general law of this State.

(b) The System is operated by and under the control of the City.

(c) The City has the power to possess and operate utility systems and is empowered by the provisions of the Revolving Fund Act (i) to undertake the Project; (ii) to make application for and to receive assistance; (iii) to comply with regulations relating to the receipt and disposition of money of the Revolving Fund; (iv) to apply for and receive state grants; (v) to enter into loan agreements; and (vi) to comply with all terms and conditions of any loan agreement.

(d) The Act (as defined in the General Bond Ordinance) permits the incurrence of debt for the purpose of financing facilities for the furnishing of drinking water and permits the securing of such indebtedness with a pledge of Net Revenues of the System.

(e) Pursuant to the Act, the City has enacted the General Bond Ordinance which sets forth certain conditions which the City must satisfy in order to issue additional indebtedness secured by a pledge of Net Revenues of the System.

(f) On May 19, 2014, the Council adopted a Resolution authorizing application to the State Authority for the Loan to provide for the financing of the Project.

(g) The State Authority has conditionally approved the Loan upon review of the City's loan application.

(h) The Loan must be incurred pursuant to the terms and conditions of the General Bond Ordinance in order for the Loan to be issued on a parity in all respects to the pledge securing the 2005A SRF Note, the 2005B SRF Note, the 2009 SRF Note and the 2014 SRF Note.

(i) The funds are to be loaned and secured pursuant to the Loan Agreement and a promissory note (herein defined as the 2015 SRF Note) to be executed and delivered by the City and registered in the name of the State Authority. The 2015 SRF Note will constitute a Bond as defined in the General Bond Ordinance. Pursuant to the Loan Agreement, the City will agree to use the proceeds of the Loan only to pay the actual eligible costs of the Project plus capitalized interest, if any, and the City will agree to pay to the State Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan. Upon any failure of the City to make any payments to the State Authority pursuant to the Loan Agreement or the 2015 SRF Note, the State Authority shall require the State Treasurer to pay to the State Authority, subject to the provisions of the Revolving Fund Act, such amount from state appropriations to which the City may be or become entitled as may be necessary to provide for the payment of all amounts due with respect to the 2015 SRF Note.

(j) The Council is enacting this Fifth Supplemental Ordinance in order to:

(i) authorize the execution and delivery on behalf of the City of the Loan Agreement and the 2015 SRF Note;

(ii) evidence the approval of the Project, the 2015 SRF Note and the Loan by the City; and

(iii) authorize the execution and delivery by, and on behalf of, the City of such other agreements and certificates and the taking of such other action by the City and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of this Fifth Supplemental Ordinance.

(k) The most economical means of financing the Project is through the Loan from the State Authority.

(l) This Fifth Supplemental Ordinance supplements the General Bond Ordinance, constitutes and is a "Supplemental Ordinance" within the meaning of such quoted term as defined and used in the General Bond Ordinance, and is enacted under and pursuant to the General Bond

Ordinance.

(m) The 2015 SRF Note constitutes and is a "Bond" within the meaning of the quoted word as defined and used in the General Bond Ordinance.

(n) The Net Revenues pledged under the General Bond Ordinance are not encumbered by any lien and charge thereon or pledge thereof, other than the lien and charge thereon and pledge created by the General Bond Ordinance; the First Supplemental Ordinance for payment and security of the 2005A SRF Note; the Second Supplemental Ordinance for payment and security of the 2005B SRF Note; the Third Supplemental Ordinance for payment and security of the 2009 SRF Note; the Fourth Supplemental Ordinance for payment and security of the 2014 SRF Note; and this Fifth Supplemental Ordinance for payment and security of the 2015 SRF Note.

(o) There does not exist an Event of Default on any condition which, after the passage of time or the giving of notice, or both, would constitute such Event of Default as defined in Article X of the General Bond Ordinance.

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

(q) The estimated Costs of Acquisition and Construction of the Project to be funded by the Loan is not more than $1,890,000, including capitalized interest, if any.

(r) Section 3.3 of the General Bond Ordinance provides that one or more Series of Bonds may be issued for such purposes as may be permitted by the Act upon compliance with certain provisions of the General Bond Ordinance for the purpose of paying the Costs of Acquisition and Construction of one or more Projects (as defined in the General Bond Ordinance). Bonds issued upon compliance with Section 3.2 and Section 3.3 of the General Bond Ordinance shall be issued on a parity in all respects inter sese, but not with respect to the particular Bond and Interest Redemption Fund or Debt Service Reserve Fund created for the benefit of the Holders of particular Series of Bonds.

(s) In compliance with the provisions of Section 3.3 of the General Bond Ordinance, the Council further finds and determines the following:

(i) The issuance of the 2015 SRF Note is authorized under and pursuant to an ordinance supplemental to the General Bond Ordinance as provided in Article III and Article IX of the General Bond Ordinance.

(ii) Prior to the issuance of the 2015 SRF Note, there shall be executed the certificate required by paragraph A of Section 3.3 of the General Bond Ordinance.

(iii) Prior to the issuance of the 2015 SRF Note, there shall be delivered the report required by Paragraph C of Section 3.3 of the General Bond Ordinance.

(iv) The 2015 SRF Note is being issued for the purpose of improving the System, i.e., the Project.

(v) The 2015 Reserve Fund Requirement will be satisfied by the deposit of funds of the System in the 2015 Debt Service Reserve Fund.

(t) The 2015 SRF Note is being used for the purposes of (i) defraying the costs of the Project; (ii) paying costs of issuance of the 2015 SRF Note; and (iii) capitalizing interest on the 2015 SRF Note, if any.

(u) It is necessary and in the best interest of the City to undertake the Project and for the City to issue the 2015 SRF Note in the principal amount of not exceeding $1,890,000 including capitalized interest, if any, in accordance with the General Bond Ordinance, the Act and this Fifth Supplemental Ordinance for the purposes set forth above.

SECTION 3. Authorization of the Project. There is hereby approved and authorized the undertaking of the Project. The period of usefulness of the System after the completion of the Project is determined to be not less than thirty (30) years from the date hereof. The Council hereby finds that the Project when completed shall constitute and be operated as an integral part of the System.

SECTION 4. Authorization of Loan. The Council hereby authorizes the City's acceptance of the Loan from the State Authority of not exceeding $1,890,000 including capitalized interest, if any, pursuant to and in accordance with the provisions of the Loan Agreement, the terms of which are incorporated herein.

SECTION 5. Repayment of Loan by the City. The Council hereby authorizes the repayment of the Loan by the City to the State Authority from the Net Revenues of the System, pursuant to and in accordance with the provisions of the General Bond Ordinance, the Loan Agreement and the 2015 SRF Note. Notwithstanding the above, upon any failure of the City to make any payments to the State Authority pursuant to the Loan Agreement or the 2015 SRF Note, the State Authority shall require the State Treasurer to pay to the State Authority, subject to the provisions of the Revolving Fund Act, such amount from state appropriations to which the City may be or become entitled as may be necessary to provide for all payments with respect to the 2015 SRF Note.

SECTION 6. Payment of the 2015 SRF Note. The 2015 SRF Note, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Net Revenues of the System, in accordance with the provisions of the General Bond Ordinance and this Fifth Supplemental Ordinance. The 2015 SRF Note is a special obligation of the City payable solely from, and secured by a pledge of and lien upon, the Net Revenues derived from the System on a parity in all respects with the 2005A SRF Note, the 2005B SRF Note, the 2009 SRF Note, the 2014 SRF Note, and any Series of Bonds hereafter issued under Section 3.3 or Section 3.4 of the General Bond Ordinance payable from such Net Revenues on a parity and equally and ratably secured therewith.

The 2015 SRF Note does not constitute an indebtedness of the City within any State Constitutional provisions (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing power. The full faith, credit and taxing powers of the City are not pledged to the payment of the principal of and interest on the 2015 SRF Note.

SECTION 7. Authorization of Loan Agreement and the 2015 SRF Note. The Loan Agreement including the 2015 SRF Note in substantially the form attached hereto as Exhibit A, with such changes as the executing officers shall approve (their execution to be conclusive evidence of such approval) are hereby approved, and the execution and delivery of the Loan Agreement and the 2015 SRF Note, on behalf of the City, are hereby authorized and directed. The Loan Agreement and the 2015 SRF Note shall be executed on behalf of the City by the Mayor and attested by the Municipal Clerk of the City under the seal of the City. The Council hereby authorizes the incurrence of total indebtedness under the 2015 SRF Note in a principal amount not to exceed $1,890,000 in order to allow the City to elect to capitalize interim interest on the 2015 SRF Note in accordance with the terms of the Loan Agreement. The principal amount of the 2015 SRF Note may be adjusted pursuant to the terms of the Loan Agreement.

SECTION 8. Approval of Note Payment Fund and Debt Service Reserve Fund Agreement. The Note Payment Fund and Debt Service Reserve Fund Agreement in substantially the form attached hereto as Exhibit B, with such changes as the executing officers shall approve (their execution to be conclusive evidence of such approval), is hereby approved; and the execution and delivery of the Note Payment Fund and Debt Service Reserve Fund Agreement on behalf of the City is hereby authorized and directed. The Note Payment Fund and Debt Service Reserve Fund Agreement shall be executed on behalf of the City by the Mayor and attested by the Municipal Clerk of the City.

SECTION 9. Filings with Central Repository. So long as and to the extent required pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended ("Section 11-1-85"), the City covenants that it will with a central repository for availability in the secondary bond market when requested:

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

(ii) Event-specific information within 30 days of an event adversely affecting more than 5% of Revenues or the City's tax base.

The only remedy for failure by the City to comply with the covenant of this Section 9 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an "Event of Default" under the General Bond Ordinance or this Fifth Supplemental Ordinance. The Trustee shall have no responsibility to monitor the City's compliance with this covenant. The City specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85, without the consent of the Trustee, the State Authority or any subsequent holder of the 2015 SRF Note.

SECTION 10. Further Actions. The Mayor or in his absence the Mayor Pro Tempore, City Administrator, Municipal Clerk and City Attorney are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance of the 2015 SRF Note pursuant to the Loan Agreement and to carry out the intentions of this Fifth Supplemental Ordinance and are hereby authorized to execute and deliver such certificates, instruments and agreements as they shall deem necessary or desirable.

SECTION 11. Notices. All notices, certificates or other communications hereunder or under the General Bond Ordinance shall be in writing and shall be deemed given when delivered and, if delivered by mail, shall be mailed by first-class mail, postage prepaid, and addressed as follows:

If to the City:

City of Clemson
Attention: Mayor or City Administrator
1250 Tiger Boulevard, Suite 1
Clemson, South Carolina 29631

If to the State Authority:

Office of Local Government - State Revolving Fund
State Budget and Control Board
Attention: Director
1200 Senate Street
453 Wade Hampton Building
Columbia, South Carolina 29201

If to the Trustee:

U.S. Bank National Association
Attention: Corporate Trust
1426 Main Street, 17th Floor (SC8358)
Columbia, SC 29201

The City, the State Authority and the Trustee may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 12. Ordinance a Contract. This Ordinance shall be a contract between the City and the State Authority and shall be enforceable as such against the City.

SECTION 13. Repeal. All orders, resolutions, ordinances and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and this Ordinance shall take effect and be in full force from and after its passage and approval.

SECTION 14. Effective Date. This Ordinance shall become effective upon its enactment.

[Execution Page Follows]

Enacted by the City Council of the City of Clemson, South Carolina, this 18th day of May, 2015.

CITY COUNCIL OF THE CITY OF CLEMSON,
SOUTH CAROLINA

By: _____
J.C. Cook, III, Mayor

(SEAL)

ATTEST:

_____
Beverly A. Coleman, Clerk

Date of First Reading: May 4, 2015
Date of Second Reading: May 18, 2015

Ordinance No.: CC-2015-____

Exhibit A

Form of Loan Agreement

[see attached]

LOAN AGREEMENT

between

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

and

CITY OF CLEMSON

Dated

June ___, 2015

relating to

Water Line Replacement

South Carolina Drinking Water Revolving Loan Fund
Loan Number: X3-067-14-3910004-03

No. ____ of Two Executed Original Counterparts

TABLE OF CONTENTS

Page

ARTICLE I

LOAN

Section 1.1	Loan Made and Accepted; Repayment	3
Section 1.2	Purpose Limited to Project	3
Section 1.3	Disbursements	3
Section 1.4	Changes in Payment Initiation Date, the Loan Amount and Repayment Schedule	4
Section 1.5	Deadline for Borrowing and Termination of Promise to Lend	6
Section 1.6	Conditions Precedent to Disbursement of Loan Proceeds	6

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1	Status of Project Sponsor	7
Section 2.2	Financial Statements	7
Section 2.3	Pending Litigation	7
Section 2.4	No Conflicting Transactions	7
Section 2.5	Ownership of Premises	7
Section 2.6	Other Project Arrangements	8
Section 2.7	No Construction Default	8
Section 2.8	No Default	8
Section 2.9	Effect of Draw Request	8

ARTICLE III

COVENANTS

Section 3.1	Contract Award, Construction Inspection and Completion	9
Section 3.2	Disbursements	9
Section 3.3	Release of Responsibility	9
Section 3.4	Other Agreements	9
Section 3.5	Accounting and Auditing	10
Section 3.6	Ratings from Rating Agencies	10
Section 3.7	Insurance	10
Section 3.8	Compliance with Governmental Authority	11
Section 3.9	Adequate Rates	11
Section 3.10	Review of Rates	12
Section 3.11	Disclosure of Events to Authority	12
Section 3.12	Procurement Requirements	12

Section 3.13	Inspection and Information	12
Section 3.14	Consent to Changes	12
Section 3.15	Additional Covenants	12

ARTICLE IV

ESTABLISHMENT OF FUNDS AND DISPOSITION OF REVENUES

Section 4.1	Establishment of Gross Revenue Fund, Note Payment Fund, Operation and Maintenance Fund, Depreciation Fund and Contingent Fund	14
Section 4.2	Establishment and Funding of Debt Service Reserve Fund	15
Section 4.3	Disposition of Revenues	16
Section 4.4	Concerning the Note Payment Fund and the Debt Service Reserve Fund	18

ARTICLE V

EVENTS OF DEFAULT

Section 5.1	Events of Default	20

ARTICLE VI

REMEDIES

Section 6.1	Acceleration	21
Section 6.2	Additional Remedies and Enforcement of Remedies	21
Section 6.3	Remedies Not Exclusive	21
Section 6.4	Termination of Proceedings	21

ARTICLE VII

SECURITY

Section 7.1	Pledge of Revenues	22
Section 7.2	Statutory Lien	22
Section 7.3	Additional Security	22

ARTICLE VIII

SPECIAL REVOLVING FUND PROVISIONS

Section 8.1	Compliance	23
Section 8.2	Standard Conditions	23

ARTICLE IX

GENERAL CONDITIONS

Section 9.1	No Waiver	24
Section 9.2	Satisfactory Proceedings	24
Section 9.3	Evidence	24
Section 9.4	No Beneficiaries	24
Section 9.5	Review and Inspection of Work	24
Section 9.6	Notices	24
Section 9.7	No Joint Venture, Etc.	25
Section 9.8	Assignment	25
Section 9.9	Entire Agreement	25
Section 9.10	Continuity	25
Section 9.11	South Carolina Contract	25
Section 9.12	Limitations on Actions by Project Sponsor	25
Section 9.13	Counterparts	25
Section 9.14	Appendices	25
Section 9.15	Special Conditions	25
Section 9.16	Time of Essence	25
Section 9.17	Severability	26

APPENDIX "A"	SCOPE OF WORK	A-1
	PROJECT BUDGET	A-2
	PROJECT SCHEDULE	A-3
APPENDIX "B"	REPAYMENT SCHEDULE	B-1
APPENDIX "C"	PROCUREMENT REQUIREMENTS	C-1
APPENDIX "D"	SPECIAL CONDITIONS	D-1
APPENDIX "E"	FORM OF THE PROMISSORY NOTE	E-1

ATTACHMENT #1 DAVIS-BACON WAGE RATES REQUIRED UNDER FEDERAL APPROPRIATIONS ACT

LOAN AGREEMENT

THIS LOAN AGREEMENT is entered into as of the _____ day of June, 2015, between the SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, a public instrumentality of the State of South Carolina (the ***"Authority"***) and the CITY OF CLEMSON, a municipal corporation of the State of South Carolina (the ***"Project Sponsor"***).

WITNESSETH:

WHEREAS, the Authority is authorized by Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the ***"Act"***) to administer the South Carolina Drinking Water Revolving Loan Fund (the ***"Fund"***) for the purpose of assisting Project Sponsors (as defined in the Act) in the construction of, among other things, public drinking water supply, storage, treatment and distribution facilities as defined in the Federal Safe Drinking Water Act, Title 42, United States Code, Section 300f et seq., as amended; and

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

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

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

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

WHEREAS, the Project Sponsor proposes to finance the Project with a loan made from the Fund, such loan to be pursuant to an ordinance enacted by the Project Sponsor on June 6, 2005 entitled "GENERAL BOND ORDINANCE NO. CC-2005-16 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CLEMSON, SOUTH CAROLINA; AMENDING AND RESTATING THE BOND ORDINANCE OF 1991 AND THE BOND ORDINANCE OF 1994; PRESCRIBING THE FORM OF BONDS; LIMITING THE PAYMENT OF THE BONDS SOLELY TO THE NET REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM AND PLEDGING THE NET REVENUES TO SUCH PAYMENT; CREATING CERTAIN FUNDS AND PROVIDING FOR PAYMENTS INTO SUCH FUNDS; AND MAKING OTHER

COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING" (the ***"General Bond Ordinance"***);

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE I

LOAN

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

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

SECTION 1.3. Disbursements.

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

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

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

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

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

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

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

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

1.4.1. The Loan Amount has been determined, in part, upon the basis of the projected cost of the Project as shown in Appendix "A". The Payment Initiation Date shown in Appendix "B" (the ***"Payment Initiation Date"***) is determined by a combination of factors, including, but not limited to the expected Project schedule shown in Appendix "A". Appendix "B" shows the Repayment Schedule anticipated by the parties on this basis and provides for repayment of the Loan, including interest thereon, in sixty (60) equal, or approximately equal, quarterly payments beginning on the first day of the third month after the month of the Payment Initiation Date. The Loan Amount, the Payment Initiation Date and the Repayment Schedule

may be changed but only as provided in the following Section 1.4.2. The Interest Rate is fixed for the term of the Loan and may not be changed from the rate originally established in Appendix "B" hereof.

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

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

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

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

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

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

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

(ii) a revised Repayment Schedule shall be calculated by the Authority based on the final Loan Amount, the interest rate set forth in Appendix "B" and payment in sixty (60) equal, or substantially equal, quarterly installments beginning on the first day of the third month after the month of the Payment Initiation Date; and

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

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

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

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

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

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

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

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

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

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

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

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

1.6.4. There shall be on deposit in any debt service reserve fund required by this Agreement the amount required at such time to be on deposit therein.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

SECTION 2.1. Status of Project Sponsor. The Project Sponsor is a municipal corporation of the State of South Carolina (the ***"State"***), authorized to acquire and construct the Project and to operate the Project and provide water supply/distribution services.

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

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

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

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

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

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

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

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

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

ARTICLE III

COVENANTS

SECTION 3.1. Contract Award, Construction Inspection and Completion.

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

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

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

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

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

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

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

SECTION 3.5. Accounting and Auditing.

3.5.1. Accounting. The Project Sponsor shall account for the Project and the System according to Generally Accepted Governmental Accounting Principles (GAAP), applying all relevant Government Accounting Standards Board (GASB) pronouncements, as well as, when applicable, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, subsequent GASB pronouncements.

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

SECTION 3.6. Ratings from Rating Agencies. If the Reserve Requirement, as defined in Section 4.2.1 herein, is initially, or at any time during the term of the Loan, set at a level that is less than the maximum amount due on the Note during any full calendar year, the Project Sponsor shall submit to the Authority a copy of its latest long-term, unenhanced underlying rating, affirmation thereof, and any new or updated credit report on the System and/or any Parity Debt, as defined in Section 4.3.2 herein, from Standard & Poor's Rating Service, or its respective successors and assigns, (***"S&P"***) or Moody's Investors Service, Inc., or its respective successors and assigns, (***"Moody's"***), and from each, if both S&P and Moody's issued ratings. Additionally, the Project Sponsor shall immediately notify, and submit to, the Authority any commentaries, updated outlooks/reports, CreditWatch placements, ratings changes or downgrades, or other actions from S&P and/or Moody's with respect to the System and/or any Parity Debt.

SECTION 3.7. Insurance. The Project Sponsor covenants and agrees that so long as any amount remains unpaid on the Note:

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

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

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

(D) All money received by the Project Sponsor as a consequence of any defalcation, covered by

any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the Project Sponsor from insurance policies covering the Project may, to the extent necessary, be applied to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the Gross Revenue Fund.

SECTION 3.8. Compliance with Governmental Authority. The Project Sponsor shall comply with all environmental laws, rules and other provisions of legal force and effect and all such other provisions which govern the construction or operation of the Project or the System.

SECTION 3.9. Adequate Rates. The Project Sponsor shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System as shall be sufficient to meet the requirements of this Agreement, and the Project Sponsor specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

3.9.1. To provide for the punctual payment of the principal of and interest on the Note and any other indebtedness of the Project Sponsor payable from revenues of the System that may from time to time hereafter be outstanding;

3.9.2. To maintain any Debt Service Reserve Fund required by this Agreement in accordance with the provisions hereof;

3.9.3. To provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order;

3.9.4. To build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order; and

3.9.5. To discharge all other obligations imposed by the Act, by this Agreement, and by the General Bond Ordinance.

The Project Sponsor further covenants and agrees that it shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System which, together with other income, are reasonably expected to yield annual Net Revenues, as defined in the General Bond Ordinance in any fiscal year equal to the greater of (i) one hundred ten percent (110%) of the annual principal and interest on all debt paid from or secured by revenues of the System plus 100% of all amounts required for Sections 3.9.2 through 3.9.5; or (ii) such other percentage of the annual principal and interest on all debt paid from or secured by revenues of the System as the Project Sponsor shall have

covenanted that its Net Revenues would meet with respect to other outstanding indebtedness and obligations of the System pursuant to Section 7.1 of the General Bond Ordinance.

SECTION 3.10. Review of Rates. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will review the adequacy of its rates and charges to comply with the requirements of this Agreement promptly upon any material changes in circumstances, but not less frequently than once in each fiscal year of the Project Sponsor. The Project Sponsor shall submit any adjustments to its rates and charges to the Authority immediately upon adoption.

SECTION 3.11. Disclosure of Events to Authority. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will submit to the Authority event specific information within thirty (30) days of an event adversely affecting more than five (5) percent of revenues of the System and any other information which is released to a municipal bond information repository service.

SECTION 3.12. Procurement Requirements. The Project Sponsor shall comply with all procurement requirements of law and, to the extent compliance therewith does not contravene any provision of law applicable to the Project Sponsor, shall comply with the procurement requirements set forth in Appendix "C" hereto.

SECTION 3.13. Inspection and Information. On reasonable notice, the Authority or the Department shall have for its own convenience and benefit, and without obligation to the Project Sponsor or any third party, the right to audit the books and records of the Project Sponsor as they may pertain to or affect the System and this Agreement and to enter upon the premises to inspect the Project. The Project Sponsor shall cause its architects, engineers, contractors, and auditors to cooperate during such inspections including making available any documents, records, reports or other materials pertinent to the Project and the inspection. The Project Sponsor shall comply with all reasonable requests by the Authority or the Department for information pertaining to the Project Sponsor's compliance with this Agreement.

SECTION 3.14. Consent to Changes. Without consent of the Authority and Department, the Project Sponsor shall make no modifications or changes to the Project, or allow to continue any defect, which would damage or reduce the value of the Project or the System. The Project Sponsor shall not divide the Project into component projects in order or in effect, so as to defeat the provisions of this Agreement. The Project Sponsor covenants that it shall remain the owner of the Project and agrees that it will not convey, transfer, mortgage or otherwise encumber the Project, the System or the revenues derived therefrom during the term of this Agreement without the express prior written approval of the Authority.

SECTION 3.15. Additional Covenants. The Project Sponsor further covenants and agrees that:

3.15.1. Neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for;

3.15.2. It will permit no free service to be rendered, or use to be made of the services and facilities of the System and for the services and facilities of the System used by the Project Sponsor, the reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the Project Sponsor shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;

3.15.3. It will permit no customer to be connected to the System, or to receive any service afforded by the System, unless such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force;

3.15.4. It will maintain in effect rules and regulations requiring connection to the System by all persons within the jurisdiction of the Project Sponsor to whom the services of the System shall be available and shall impose availability fees and charges with respect to customers and properties within its corporate limits to which or whom service is available but which or who have not connected into the System; and

3.15.5. So long as any amount due with respect to the Note is unpaid, it will perform all duties with reference to the System required by the Constitution and statutes of the State, and the Project Sponsor hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage or otherwise encumber the System or any part thereof, or any revenues therefrom, except in the manner herein authorized, and it will not sell, lease or dispose of any portion of the System, necessary or useful, and the Project Sponsor further obligates itself and covenants and agrees with the Authority to maintain in good condition and to operate said System, and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System will be sufficient at all times to meet the requirements of this Agreement.

ARTICLE IV

ESTABLISHMENT OF FUNDS AND

DISPOSITION OF REVENUES

SECTION 4.1. Establishment of Gross Revenue Fund, Note Payment Fund, Operation and Maintenance Fund, Depreciation Fund and Contingent Fund. Beginning on the first day of the month following the delivery of the Note, except with respect to the Note Payment Fund, and continuing until all amounts due with respect to the Note have been paid in full, the following funds shall be established and maintained:

4.1.1. The Project Sponsor shall establish a Gross Revenue Fund, defined as the Revenue Fund in the General Bond Ordinance, into which shall be placed all receipts, income and revenue that the Project Sponsor shall derive, directly or indirectly, from the ownership of the System. Moneys in the Gross Revenue Fund may be withdrawn on order of the Project Sponsor, but shall be made use of only in the manner and in the order of priority specified in Section 4.3 hereof.

4.1.2. Beginning in the month of the Payment Initiation Date, the Project Sponsor shall provide for the establishment of a Series 2015 Note Payment Fund (the ***"Note Payment Fund"***) as a means of providing for the payment of the principal and interest on the Note as the same shall fall due. Moneys in the Note Payment Fund shall be used solely to pay the principal of and interest on the Note, and for no other purpose. The Note Payment Fund shall be kept in the complete custody and control of the Trustee, as defined in Section 4.4 herein and as established under the General Bond Ordinance). Withdrawals from the Note Payment Fund shall be made only by the Trustee who shall transmit to the Authority the sums required to pay principal and interest on the Note.

4.1.3. The Project Sponsor shall establish an Operation and Maintenance Fund in order to provide for the payment of all expenses incurred in connection with the administration and operation of the System, and such expenses as may be reasonably necessary to preserve the System in good repair and working order.

4.1.4. The Project Sponsor shall establish a Depreciation Fund in order to build up a reserve for the depreciation of the System. Moneys in this fund shall be used solely for the purpose of restoring depreciated or obsolete items of the System.

4.1.5. The Project Sponsor shall establish a Contingent Fund in order to build up a reasonable reserve for improvements, betterments and extensions to the System, other than the expenses which are reasonably necessary to maintain the System in good repair and working order, and to defray the cost of unforeseen contingencies.

4.1.6. In the event the Project Sponsor shall have established funds analogous to, or serving the purpose of, the funds required to be established by this Article IV, such funds may be continued and employed for the purposes of this Agreement, and the Project Sponsor shall not be required to establish duplicate funds.

SECTION 4.2. Establishment and Funding of Debt Service Reserve Fund.

4.2.1. Prior to delivery of this Agreement to the Authority, the Project Sponsor shall establish, and there shall be maintained until payment in full of the Note, a Series 2015 Debt Service Reserve Fund (the ***"Debt Service Reserve Fund"***) to provide a reserve for payment of principal of and interest on the Note. The Debt Service Reserve Fund Requirement (the ***"Reserve Requirement"***) shall initially equal at least the maximum amount due on the Note during any full calendar year and shall remain at such level subject to provisions of the following Section 4.2.2.

4.2.2. (a) If the Project Sponsor receives a long-term, unenhanced underlying rating on the System and/or any Parity Debt in at least the "A" category from S&P or Moody's, and from each, if both S&P and Moody's issue ratings, the Reserve Requirement may be reduced to zero subject to the following provisions.

(i) The Project Sponsor submits the S&P and/or Moody's ratings to the Authority to evidence eligibility for a Reserve Requirement of zero and receives written approval from the Authority to change the amount of the Reserve Requirement.

(ii) The Project Sponsor's General Bond Ordinance permits Parity Debt to have the lesser level Reserve Requirement.

(b) To continue the zero Reserve Requirement, the Project Sponsor shall fully comply with all requirements of Section 3.6 herein for submitting S&P/Moody's ratings/affirmations/updated credit reports and for immediately providing any other rating agency actions related to the System and/or any Parity Debt.

(c) If there is no longer any current rating or if either the S&P or Moody's rating is downgraded below the "A" category, the Reserve Requirement shall immediately increase to the maximum annual amount due on the Note, and the Project Sponsor shall be required to meet the new requirement within one year through twelve (12) equal monthly deposits, beginning in the month following any such downgrade or loss of the rating for the System and/or Parity Debt.

(d) In the event the Reserve Requirement is ever increased as provided in Section 4.2.2(c) above due to a ratings downgrade or loss and subsequently upgraded to the level established in Section 4.2.2(a), then the Reserve Requirement shall revert to zero and any excess money in the Debt Service Reserve Fund shall be applied as provided in Section 4.4.3 hereof.

4.2.3. The Debt Service Reserve Fund is intended to insure the timely payment of the principal of and interest on the Note. Money in the Debt Service Reserve Fund shall be used only to prevent a default in the payment of the Note, by reason of the fact that money in the Note Payment Fund is insufficient for such purposes.

4.2.4. Prior to the delivery of this Agreement to the Authority, the Project Sponsor shall deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be established pursuant to Section 4.2.1, funds in an amount, or investments permitted by Section 4.4.3 having a value, equal to the Reserve Requirement. In the event that the Reserve Requirement shall increase due to an increase in the Loan Amount pursuant to Section 1.4.2(c), the Project Sponsor shall immediately deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be established pursuant to Section 4.2.1, funds in an amount equal to such increase in the Reserve Requirement.

SECTION 4.3. Disposition of Revenues. All revenues derived from the operation of the System shall be deposited in the Gross Revenue Fund. Beginning in the month following the delivery of this Agreement with respect to payments pursuant to Sections 4.3.1 and 4.3.3 to 4.3.7, inclusive, and beginning in the month of the Payment Initiation Date with respect to payments pursuant to Section 4.3.2, withdrawals from the Gross Revenue Fund shall be made on or before the twentieth day of each month in the following order of priority:

4.3.1. There shall be deposited into the Operation and Maintenance Fund that sum which has been currently determined by the Project Sponsor to be the cost of operating and maintaining the System for the next ensuing month.

4.3.2. The monthly fraction of the next payment of principal and interest to become due on the Note on the next succeeding payment date shall be deposited in the Note Payment Fund. Simultaneously with making the monthly deposit in the Note Payment Fund required by this Section 4.3.2, the Project Sponsor shall deposit (a) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number 3-020-04-3910004-01 (the ***"2005A SRF Note"***), the monthly fraction of the next payment of principal and interest to become due on the 2005A SRF Note; (b) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority from the Fund relating to loan number 3-023-05-3910004-02 (the ***"2005B SRF Note"***), the monthly fraction of the next payment of principal and interest to become due on the 2005B SRF Note; (c) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority from the South Carolina Water Pollution Control Revolving Fund (the ***"Water Pollution Control Fund"***) relating to loan number S1-127-09-267-01 (the ***"2009 SRF Note"***), the monthly fraction of the next payment of principal and interest to become due on the 2009 SRF Note; (d) in a fund for the payment of amounts due with respect to the promissory note of the Project Sponsor to the Authority relating to loan number X1-164-14-267-02 from the Water Pollution Control Fund (the ***"2014 SRF Note"***), the monthly

fraction of the next payment of principal and interest to become due on the 2014 SRF Note; and (e) into a fund or funds for the payment of amounts due with respect to any obligations of the Project Sponsor (the ***"Obligations"***) secured by a pledge of revenues on a parity with the pledge securing the Note, the 2005A SRF Note, the 2005B SRF Note, and the 2009 SRF Note, and the 2014 SRF Note, the monthly fraction or fractions of the next payment or payments due on any such Obligation or Obligations. The 2005A SRF Note, the 2005B SRF Note, the 2009 SRF Note, the 2014 SRF Note and the Obligations are hereinafter sometimes referred to as ***"Parity Debt"***. In the event amounts available for payments into the funds with respect to the Note and all Parity Debt are not sufficient to make all payments then required to be made, such available amounts shall be deposited into such funds on a pro rata basis.

4.3.3. (a) In the event any amounts shall be withdrawn from the Debt Service Reserve Fund in order to provide for payment of any amounts due with respect to the Note, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount of any such withdrawal and such deposits with respect to any such withdrawal shall begin in the month following such withdrawal and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(b) In the event the Reserve Requirement for the Debt Service Reserve Fund is increased pursuant to any provision of Section 4.2.2 herein, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount necessary to fully meet the Reserve Requirement, and such deposits shall begin in the month following a ratings downgrade or loss and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal such increased Reserve Requirement.

(c) If the value of the Debt Service Reserve Fund is ever less than the Reserve Requirement, other than as provided in (a) or (b) above, or as provided in Section 4.2.4 with respect to any increase in the Loan Amount, there shall be deposited in the Debt Service Reserve Fund not less than one-fourth (1/4) of an amount equal to the total Reserve Requirement deficiency, beginning in the month following such a determination. Such deposits shall continue to be made until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(d) Nothing in this Section 4.3.2 (a), (b) or (c) shall preclude the Project Sponsor from fully reestablishing the Reserve Requirement in a more timely fashion than so prescribed.

4.3.4. If, in any month, for any reason, the Project Sponsor shall fail to pay all or any part of the money it has herein agreed to pay into said Note Payment Fund or Debt Service Reserve Fund, the amount of any such deficiency shall be added to and shall become a part of the amount due and payable into said Note Payment Fund or Debt Service Reserve Fund in the next succeeding month.

4.3.5. Provision shall be made for the payment of any Junior Bonds, as defined in the General Bond Ordinance.

4.3.6. There shall be deposited in the Depreciation Fund that sum which is one-twelfth (1/12) of the sum determined by the Project Sponsor to be needed for the Depreciation Fund for the then current fiscal year.

4.3.7. There shall be deposited in the Contingent Fund that sum which is one-twelfth (1/12) of the sum determined by the Project Sponsor to be needed for the Contingent Fund for the then current fiscal year.

4.3.8. Any revenues remaining after the foregoing deposits have been made shall be disposed of for any lawful purpose and in such manner as the Project Sponsor shall determine to be in the interest of the System.

SECTION 4.4. Concerning the Note Payment Fund and the Debt Service Reserve Fund. The Note Payment Fund established pursuant to Section 4.1.2 hereof and the Debt Service Reserve Fund established pursuant to Section 4.2 hereof shall be established with a bank whose deposits are insured by the Federal Deposit Insurance Corporation (the ***"Trustee"***) chosen by the Project Sponsor with the written approval of the Authority. The Note Payment Fund and the Debt Service Reserve Fund shall be held and administered by the Trustee in accordance with the following provisions of this Section 4.4 and the provisions of the General Bond Ordinance. The Trustee shall acknowledge and accept its duties and responsibilities with respect to the Note Payment Fund and the Debt Service Reserve Fund in a written instrument delivered to the Authority with this Agreement.

4.4.1. The Trustee shall notify the Authority in writing of the date of the establishment of the Note Payment Fund and the Debt Service Reserve Fund, the account number and the initial amount of the deposit for each of these two funds. If the Project Sponsor fails to deposit the amount required by this Agreement in either fund at the time required for such deposit, the Trustee, no later than the fifth day after the date on which such deposit is to be made, shall provide written notification to the Project Sponsor, with a copy to the Authority, of the amount required for deposit into the Note Payment Fund or the Debt Service Reserve Fund pursuant to the provisions of this Agreement. The Trustee shall also verify balances in the Debt Service Reserve Fund, as requested by the Authority, but no less often than semiannually during any period of monthly deposits and no less often than annually when the full Reserve Requirement is met and maintained.

4.4.2. From sums deposited in the Note Payment Fund by the Project Sponsor, the Trustee shall transmit to the Authority an electronic funds transfer or a check made payable to "Office of Local Government - SRF" in the amount, and at the times, required by the Agreement and Note. If insufficient sums exist in the Note Payment Fund for any payment then due, the Trustee shall transfer the amount needed for payment from the Debt Service Reserve Fund and the Trustee shall notify the Project Sponsor of the amounts required to be deposited in the Debt Service Reserve Fund in order to replenish such a withdrawal

and have on deposit therein the amount required by this Agreement. A copy of any such notice shall be provided to the Authority by the Trustee.

4.4.3. Pending disbursement pursuant to this Section 4.4, money in the Debt Service Reserve Fund shall be invested and reinvested in Permitted Investments, as defined in the General Bond Ordinance. Subject to the remaining provisions of this Section 4.4.3, the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement, such excess may, at the written direction of the Project Sponsor, either be used to effect partial prepayment of the Note, or shall be removed from the Debt Service Reserve Fund and deposited into the Gross Revenue Fund.

4.4.4. Upon payment in full of all amounts due with respect to the Note, which payment shall be evidenced to the Trustee in writing by the Authority, the Trustee shall pay over all amounts remaining in the Note Payment Fund and the Debt Service Reserve Fund to the Project Sponsor upon the receipt of written directions from the Project Sponsor and the Trustee shall thereafter have no further responsibilities under this Agreement.

ARTICLE V

EVENTS OF DEFAULT

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

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

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

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

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

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

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

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

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

ARTICLE VI

REMEDIES

SECTION 6.1. Acceleration. Upon the occurrence of an Event of Default, the Authority may, by notice in writing to the Project Sponsor, declare the principal balance of the Note immediately due and payable; and such amount and all interest accrued thereon shall become and be immediately due and payable, anything in the Note or in this Agreement to the contrary notwithstanding. In such event, there shall be due and payable on the Note an amount equal to the total principal amount disbursed on the Note, plus all interest accrued thereon and which will accrue thereon to the date of payment.

SECTION 6.2. Additional Remedies and Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, the Authority may proceed forthwith to protect and enforce its rights by such suits, actions or proceedings as the Authority shall deem expedient, including but not limited to:

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

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

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

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

(E) Enforcement of any other right of the Authority including the right to make application for the appointment of a receiver to administer and operate the System.

SECTION 6.3. Remedies Not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing at law or in equity or by statute (including the Act) on or after the date hereof.

SECTION 6.4. Termination of Proceedings. In case any proceeding taken by the Authority on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority, the Authority and the Project Sponsor shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Authority shall continue as if no such proceeding had been taken.

ARTICLE VII

SECURITY

SECTION 7.1. Pledge of Revenues. For the payment of the Note and as security for its other obligations under this Agreement, the Project Sponsor hereby grants to the Authority a pledge of, and lien upon, the Net Revenues of the System, as defined in the General Bond Ordinance. Such pledge and lien upon the Net Revenues shall be on a parity in all respects to the pledge and lien securing any Parity Debt (as defined in Section 4.3.2) and shall at all times and in all respects be and remain superior to any pledges made to secure any other obligations of the Project Sponsor payable from the revenues of the System except to the extent otherwise agreed to in writing by the Authority. Parity Debt may be issued only in compliance with Article III of the General Bond Ordinance or, if the General Bond Ordinance is no longer in effect, only with the prior written approval of the Authority.

SECTION 7.2. Statutory Lien. As additional security for the obligations of the Project Sponsor under this Agreement, there is hereby granted to the Authority a statutory lien upon the System, pursuant to Section 6-21-330 of the Code of Laws of South Carolina, 1976, as amended.

SECTION 7.3. Additional Security. Upon any failure of the Project Sponsor to make any payment to the Authority in accordance with the provisions of the Note and this Agreement, the Authority shall, without further action, require the State Treasurer to pay to the Authority, subject to the provisions of the Act, the amount of state appropriations as the Project Sponsor may become entitled to until all delinquent payments under the Note have been paid.

ARTICLE VIII

SPECIAL REVOLVING FUND PROVISIONS

SECTION 8.1. Compliance. The Project Sponsor agrees that no date reflected in this Agreement, or in the project completion schedule, or extension of any such date, shall modify any compliance date established in an operating permit. It is the Project Sponsor's obligation to request any required modification of applicable permit terms or other enforceable requirements.

SECTION 8.2. Standard Conditions. The Project Sponsor acknowledges and agrees to comply with the following Federal and/or State requirements:

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

(B) Pursuant to requirements of the Fiscal Year 2012 Federal Appropriations Act (PL 112-74), the Project Sponsor shall comply with the Davis-Bacon Act and certify that all laborers and mechanics employed by prime contractors and subcontractors are paid wages at rates not less than those listed on the prevailing wage rate contained in the Project's contract documents and that all applicable provisions of the Davis-Bacon Act have been met. The Project Sponsor shall require the prime contractor to comply with the Davis-Bacon Act. See Attachment #1.

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

(D) The Project shall comply with "American Iron and Steel" provisions, as set forth in the 2014 Appropriations Act (PL 113-76, Section 426) and related American Iron and Steel implementation guidance, requiring that all of the iron and steel products used in the Project be produced in the United States unless a waiver is granted by the U.S. Environmental Protection Agency. The Project Sponsor shall require all bidders to comply with the American Iron and Steel provisions.

ARTICLE IX

GENERAL CONDITIONS

SECTION 9.1. No Waiver. No disbursements shall waive any provision of this Agreement or the Note or preclude the Authority from declaring a default if the Project Sponsor is unable to satisfy any such provisions or perform hereunder.

SECTION 9.2. Satisfactory Proceedings. All proceedings taken in connection with transactions provided for in this Agreement shall be satisfactory to the Authority.

SECTION 9.3. Evidence. Any condition of this Agreement which requires a submission of evidence of the existence or nonexistence of facts shall imply as a condition the existence or nonexistence, as the case may be, of such fact or facts, and the Authority shall, at all times, be free independently to establish to its satisfaction and in its absolute discretion such existence or nonexistence.

SECTION 9.4. No Beneficiaries. All conditions of the obligations of the Authority to make disbursements are imposed solely and exclusively for its benefit, its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or to assume that the Authority will refuse to make disbursements in the absence of strict compliance. No person shall be deemed the beneficiary of any such conditions or any other provisions of this Agreement.

SECTION 9.5. Review and Inspection of Work. Any audit or review of plans and specifications and any inspection of the work shall be for the convenience of the Authority and Department only in order to determine that they are within the approved scope of the Project. No such review and inspection, approvals and disapprovals shall be an undertaking by the Authority or Department of responsibility for design or construction.

SECTION 9.6. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail to the other party hereto, with instruction to show to whom delivered and return receipt requested addressed as follows:

If to the Project Sponsor:

City of Clemson
1250 Tiger Boulevard
Clemson, South Carolina 29631

Attention: City Administrator

If to the Authority:

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

Attention: Patricia A. Comp

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

SECTION 9.7. No Joint Venture, Etc. The Authority is not a partner, joint venturer, or in any other way a party to the Project or the operation of the System of the Project Sponsor. The Authority shall not be in any way liable or responsible by reason of the provisions hereof, to the Project Sponsor or any third party, for the payment of any claims in connection therewith.

SECTION 9.8. Assignment. This Agreement may not be assigned by the Project Sponsor without the prior written consent of the Authority. The Authority may assign the Note and this Agreement, and any such holder and assignee of same shall succeed to and be possessed of the same rights as the Authority under both to the extent so transferred or assigned.

SECTION 9.9. Entire Agreement. This Agreement and the Note contain the entire terms of this Agreement and transaction. They may not be changed, waived or discharged in whole or in part, except by written instrument executed by the party sought to be charged therewith.

SECTION 9.10. Continuity. This Agreement shall be binding upon the legal representatives, successors and assigns of each party and shall inure to their benefit; provided, however, that nothing herein said shall be deemed to limit any restriction on assignment impressed upon the Project Sponsor.

SECTION 9.11. South Carolina Contract. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 9.12. Limitations on Actions by Project Sponsor. No action shall be commenced by the Project Sponsor against the Authority for any claim under this Agreement unless notice thereof specifically setting forth the claim shall have been given to the Authority within thirty (30) days after the occurrence of the event or omission which the Project Sponsor alleges gave rise to such claim. Failure to give such notice shall constitute a waiver of any such claim. Liability of the Authority to the Project Sponsor for any breach of the terms of this Agreement shall not exceed a sum equal to the amount which the Authority shall have failed to disburse in consequence of a breach by the Authority of its obligations under this Agreement. Upon the making of any such payment by the Authority to the Project Sponsor, it shall be treated as a disbursement under this Agreement.

SECTION 9.13. Counterparts. This Agreement is executed in two counterparts, which are separately numbered, but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

SECTION 9.14. Appendices. The appendices attached to this Agreement are a part of it.

SECTION 9.15. Special Conditions. The Statements of Special Conditions in Appendix "D" shall govern the matters they address.

SECTION 9.16. Time of Essence. Time is of the essence of this Agreement.

SECTION 9.17. Severability. If any provision of this Agreement, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, any remaining provisions of this Agreement shall survive and be applied, and together with the invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

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

CITY OF CLEMSON

(SEAL)

By: _____

Name: _____

Title: _____

Attest:

_____

Its_____

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By:_____

Ashlie Lancaster, Interim Director,
Office of Local Government,
South Carolina Budget and Control Board

SCOPE OF WORK

Project Sponsor: City of Clemson

Project Name: Water Line Replacement

Loan Number: X3-067-14-3910004-03

Construction of 2,640 linear feet (LF) of 12-inch DIP, 27,905 LF of 6-inch DIP, 2,770 LF of 2-inch PVC pipe and 34 fire hydrants.

PROJECT BUDGET

Project Sponsor: City of Clemson

Project Name: Water Line Replacement

Loan Number: X3-067-14-3910004-03

ITEM	SRF LOAN	TOTAL ELIGIBLE COSTS
Construction	$1,559,063	$1,559,063
Construction Contingency	155,906	155,906
Total	$1,714,969	$1,714,969

SUBJECT TO REVISION PRIOR TO CLOSING

PROJECT SCHEDULE

Project Sponsor: City of Clemson

Project Name: Water Line Replacement

Loan Number: X3-067-14-3910004-03

ACTION	DATE
Bid Opening	April 14, 2015
Contract Execution	May 5, 2015
Notice to Proceed	May 12, 2015
Start of Construction	May 26, 2015
DHEC Permit to Operate	April 26, 2016

SUBJECT TO REVISION PRIOR TO CLOSING

REPAYMENT SCHEDULE

Project Sponsor: City of Clemson

Project Name: Water Line Replacement

Loan Number: X3-067-14-3910004-03

Loan Amount:	$1,714,969	Payment Initiation Date:	April 1, 2016
Interest Rate:	2.00% per annum	First Payment Due Date:	July 1, 2016
Loan Term:	15 years	Payment Frequency:	Quarterly

(1) Prior to the Payment Initiation Date, amounts disbursed shall bear interest from the date of the Authority's check for each disbursement and accrued interest only shall be due on the Payment Initiation Date.

(2) Repayment of the principal and interest shall be due in 80 installments, commencing on the first day of the third month after the month of the Payment Initiation Date and continuing quarterly on the first day of each third month thereafter.

(3) Repayment shall be in 59 equal installments in the amount of Thirty-Three Thousand One Hundred Fifty-Five and16/100 Dollars ($33,155.16) each, and one final installment in the amount of Thirty-Three Thousand One Hundred Fifty-Four and 86/100 Dollars ($33,154.86).

SUBJECT TO REVISION PRIOR TO CLOSING

LOAN CLOSING FEE

Project Sponsor: City of Clemson

Project Name: Water Line Replacement

Loan Number: X3-067-14-3910004-03

Loan Amount: $1,714,969

.25% Loan Closing Fee: $4,287

The Loan Closing Fee identified above shall be due and paid at the time of delivery of the Loan Agreement, Note and other required Loan closing documents.

Project Sponsor: City of Clemson

Loan Number: X3-067-14-3910004-03

PROCUREMENT REQUIREMENTS

Recycled Funds

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

10. Certification Regarding Debarment, Suspension and Other Responsibility Matters (DHEC Form #3590) from the proposed prime contractor(s) and all subcontractors whose contract amount is expected to exceed $25,000.
11. Project Inspection Designation Form (DHEC Form #2324), with all required attachments, indicating the selected method of providing continuous inspection during construction.

L. Receive Department approval to award the construction contract(s).

II. Subsequent to construction contract award, the Project Sponsor shall submit the following to the Department as proof of compliance with procurement requirements:
   A. Executed contract documents.
   B. Notice to Proceed.
   C. Monthly Construction Inspection Reports.
   D. Davis-Bacon Certification (DHEC Form #2557) with each draw request.
   E. American Iron and Steel Certification (DHEC Form #0962) with each draw request.

III. Subsequent to contract award, the Project Sponsor shall submit the following, for Department review and approval, on any proposed change orders:
   A. Need for the change.
   B. Clear description of the change.
   C. Cost and pricing data.
   D. Documentation of negotiation.
   E. For claims, information showing the claim did not result from the Project Sponsor's or contractor's mismanagement.

5/6/14

SPECIAL CONDITIONS

Project Sponsor: City of Clemson

Project Name: Water Line Replacement

Loan Number: X3-067-14-3910004-03

None

APPENDIX "E"

STATE OF SOUTH CAROLINA
COUNTY OF PICKENS

PROMISSORY NOTE TO SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY FOR SOUTH CAROLINA DRINKING WATER REVOLVING LOAN FUND LOAN

CITY OF CLEMSON, SOUTH CAROLINA
WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2015

FOR VALUE RECEIVED, the City of Clemson (the ***"Project Sponsor"***) promises to pay to the order of the South Carolina Water Quality Revolving Fund Authority (the ***"Authority"***) the principal sum owing from time to time by the Project Sponsor pursuant to, and in accordance with, the Loan Agreement (the ***"Agreement"***), the terms of which are incorporated herein by reference, between the Project Sponsor and the Authority relating to Loan Number X3-067-14-3910004-03, Water Line Replacement, principal sum, rate of interest and amount and due date of payments thereunder being set forth in Appendix "B" to the Agreement. The records of the Authority with respect to the date and amount of payments on this Note shall be conclusive as to such matters. Interest shall be computed on a three hundred sixty-five-day year basis and compounded annually; the principal of this Note and any installment thereof shall bear interest until paid in full.

Time is of the essence of this Note.

This Note is issued under the provisions of Title 6, Chapter 21, Code of Laws of South Carolina, 1976, as amended, and does not constitute an indebtedness of the Project Sponsor within the meaning of any state constitutional provision (other than Article X, Section 14, paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation. No recourse shall be had for the payment of this Note or the interest thereon against the general fund of the Project Sponsor and neither the credit nor the taxing power of the Project Sponsor shall be deemed to be pledged thereto. The full faith, credit and taxing powers of the Project Sponsor are not pledged for the payment of the principal and interest on this Note.

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

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

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

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

If the Project Sponsor fails to make any payment of principal or interest within thirty (30) days of the date when due, or if the Project Sponsor defaults in the performance of any of the terms, covenants or conditions of any agreement or other documents concerning this Note, including without limitation the Agreement, the Authority may declare the principal of this Note and all unpaid interest accrued on it to be due and payable immediately, without prior notice or demand to the Project Sponsor.

The failure of the Project Sponsor to make any payment of principal or interest or both shall not constitute a default until thirty (30) days following the due date but the Authority shall have no obligation to give the Project Sponsor notice of any failure to make such payments. Upon any such payment default, the Authority shall immediately avail itself of the provisions of Section 7.3 of the Agreement relating to additional security for payment of amounts due on this Note.

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

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

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

IN WITNESS WHEREOF, the Project Sponsor has caused this Note to be executed under its seal and to be registered in the name of the South Carolina Water Quality Revolving Fund Authority as of this_____day of June, 2015.

CITY OF CLEMSON

[SEAL]

By:_____

Typed Name:_____

Title:_____

Attest:

_____

Its_____

CERTIFICATE OF AUTHENTICATION

This Promissory Note is the obligation issued pursuant to the Project Sponsor's General Bond Ordinance No. CC-2005-16 enacted June 6, 2005, as authorized by the Project Sponsor's Fifth Supplemental Ordinance No. CC-2015-___ enacted June ____, 2015.

U. S. BANK NATIONAL ASSOCIATION, REGISTRAR

By:_____, Authorized Officer

Typed Name:_____

Davis-Bacon Wage Rates Required Under Federal Appropriations Act

For Subrecipients (Project Sponsors)

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

Under the FY 2012 Federal Appropriations Act (PL 112-74), DB prevailing wage requirements were permanently applied to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by a State drinking water revolving loan fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations

(a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.

(i) While the solicitation remains open, the subrecipient shall monitor www.wdol.gov weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.

(ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The subrecipient shall monitor www.wdol.gov on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.

(b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from www.wdol.gov into the ordering instrument.

(c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.

(d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract Provisions

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

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

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

5. Compliance Verification

(a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB . Subrecipients shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.

(c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract . Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(d) The subrecipient shall periodically review contractors and subcontractor's use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at http://www.dol.gov/esa/contacts/whd/america2.htm.

Exhibit B

Form of Note Payment Fund and Debt Service Reserve Fund Agreement

[see attached]

NOTE PAYMENT FUND AND

DEBT SERVICE RESERVE FUND AGREEMENT

between

THE CITY OF CLEMSON, SOUTH CAROLINA

and

U.S. BANK NATIONAL ASSOCIATION, successor to
FIRST-CITIZENS BANK & TRUST COMPANY

Dated: _____ __, 2015

relating to

City of Clemson, South Carolina
Water and Sewer System Revenue Bond, Series 2015 (SRF)

SOUTH CAROLINA DRINKING WATER REVOLVING LOAN FUND LOAN

LOAN NUMBER: X3-067-14-3910004-03

NOTE PAYMENT FUND AND DEBT SERVICE RESERVE FUND AGREEMENT

This NOTE PAYMENT FUND AND DEBT SERVICE RESERVE FUND AGREEMENT, dated as of _____ __, 2015, is entered into by and between the City of Clemson, South Carolina (the "Project Sponsor") and U.S. Bank National Association, successor to First-Citizens Bank & Trust Company, as Trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the South Carolina Water Quality Revolving Fund Authority (the "State Authority") and the Project Sponsor have entered into a Loan Agreement (the "Loan Agreement") relating to South Carolina Drinking Water Revolving Loan Fund Loan Number: X3-067-14-3910004-03 (the "Loan") in order to finance drinking water facilities as more fully described in the Loan Agreement; and

WHEREAS, pursuant to the Loan Agreement, and to evidence the Project Sponsor's obligation to repay the Loan, the Project Sponsor has delivered its promissory note (the "Note") in the principal amount of not exceeding $1,890,000 including capitalized interest, if any, or such lesser principal sum as may be disbursed pursuant to the Loan Agreement; and

WHEREAS, Section 4.1.2 of the Loan Agreement requires the Project Sponsor to establish and maintain a Note Payment Fund (the "Note Payment Fund") to provide for the payment of principal and interest on the Note; and

WHEREAS, Section 4.2.1 of the Loan Agreement requires the Project Sponsor to establish and maintain a Debt Service Reserve Fund (the "Debt Service Reserve Fund") to provide a reserve for payment of principal of and interest on the Note; and

WHEREAS, the Project Sponsor has requested that the Trustee act as trustee with respect to the Note Payment Fund and the Debt Service Reserve Fund and the Trustee has agreed to so act;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Project Sponsor and the Trustee agree as follows:

SECTION 1. ACCEPTANCE OF TRUST. The Trustee hereby acknowledges and accepts the duties and responsibilities of the Trustee with respect to the Note Payment Fund and the Debt Service Reserve Fund as set forth in the Loan Agreement and particularly in Section 4.4 thereof. The Trustee acknowledges that, in accordance with Article IV of the Loan Agreement, it has established or will establish the Note Payment Fund and the Debt Service Reserve Fund at the times required by the Loan Agreement and that it will make payments from the Note Payment Fund to the State Authority in accordance with the schedule of payments presented to the Trustee by the State Authority, as such schedule may be amended by the State Authority from time to time. The 2015 Reserve Fund Requirement (as defined in Fifth Supplemental Ordinance No. CC-2015-__ enacted by the Project Sponsor on May 18, 2015) with regard to the Debt Service Reserve Fund is being satisfied by the deposit of funds of the Water and Sewer System of the Project Sponsor, in the amount of $_____ into the Debt Service Reserve Fund.

SECTION 2. INDEMNITY. To the extent permitted by law, the Project Sponsor hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against at any time, the Trustee (whether or not also indemnified against the same by the Project Sponsor or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Note Payment Fund and the Debt Service Reserve Fund, the acceptance of the money deposited therein, and any investment, payment, transfer or other application of funds or securities by the Trustee in accordance with the provisions of this Agreement; provided, however, that the Project Sponsor shall not be required to indemnify the Trustee against its own negligence or willful misconduct. The indemnities contained in this section shall survive the termination of this Agreement.

SECTION 3. RESPONSIBILITIES OF TRUSTEE. The Trustee and its respective successors, assigns, agents and servants shall not be held to any liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Note Payment Fund or the Debt Service Reserve Fund, the acceptance of the money deposited in the Note Payment Fund or the Debt Service Reserve Fund, or any investment, payment, transfer or other application of money or securities by the Trustee or any act, omission or error of the Trustee made in good faith in the conduct of its duties and not constituting negligence. The Trustee shall, however, be liable to the Project Sponsor for its negligent or willful acts, omissions or errors which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Trustee shall be determined by the express provisions of the Loan Agreement and this Agreement. The Trustee may consult with counsel, who may be counsel to the Project Sponsor, and in reliance upon the opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Project Sponsor.

SECTION 4. RESIGNATION OF TRUSTEE. The Trustee may resign and thereby become discharged from the duties and obligations hereby created by notice in writing given to the Project Sponsor and the State Authority not less than sixty (60) days before such resignation shall take effect. Such resignation shall take effect immediately upon the appointment of a new Trustee hereunder, if such new Trustee shall be appointed before the time limited by such notice and shall then accept the duties and obligations thereof. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the resigning Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

SECTION 5. REMOVAL OF TRUSTEE.

(a) The Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by the Project Sponsor and the State Authority.

(b) The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Project Sponsor or the State Authority.

SECTION 6. SUCCESSOR TRUSTEE. If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the Project Sponsor shall, with prior written approval of the State Authority, appoint a Trustee to fill such vacancy.

SECTION 7. TERM. This Agreement shall commence upon its execution and delivery and shall terminate when the Note has been paid and discharged in accordance with the Loan Agreement, at which time all money and securities in the Note Payment Fund and the Debt Service Reserve Fund shall be delivered to the Project Sponsor.

SECTION 8. COMPENSATION FOR TRUSTEE. The Project Sponsor agrees to pay to the Trustee reasonable compensation for its services and to pay all of its expenses, including counsel fees which it may incur in acting hereunder. To the extent that any portion of the compensation of the Trustee has been agreed to by any separate agreement, such separate agreement shall control, to the extent so intended.

SECTION 9. SEVERABILITY. If any one or more of the covenants or agreements provided in this Agreement on the part of the Project Sponsor or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreements herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 10. COUNTERPARTS. This Agreement will be executed in several counterparts, all or any of which shall be regarded for all purposes as duplicate originals and shall constitute and be but one and the same instrument.

SECTION 11. GOVERNING LAW. This Agreement shall be construed under the laws of the State of South Carolina.

SECTION 12. SECURITY FOR ACCOUNTS AND FUNDS. All accounts and funds maintained or held pursuant to this Agreement shall be continuously secured in the same manner as other deposits of trust funds are secured by the Trustee.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF CLEMSON, SOUTH CAROLINA

By:_____
Mayor

ATTEST:

_____
Municipal Clerk

U.S. BANK NATIONAL ASSOCIATION, successor to FIRST-CITIZENS BANK & TRUST COMPANY

By:_____

Its:_____

The South Carolina Water Quality Revolving Fund Authority hereby approves U.S. Bank National Association as Trustee of the Note Payment Fund and the Debt Service Reserve Fund.

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By: _____
Ashlie Lancaster, Interim Director
Office of Local Government,
South Carolina Budget and Control Board