

NEWBERRY COUNTY, SOUTH CAROLINA

AN ORDINANCE

SUPPLEMENTING AN ORDINANCE ENTITLED “TO PROVIDE FOR THE ISSUANCE AND SALE OF A NOT EXCEEDING ONE MILLION NINE HUNDRED THOUSAND DOLLAR (\$1,900,000) GENERAL OBLIGATION BOND ANTICIPATION NOTE OF NEWBERRY COUNTY, SOUTH CAROLINA, TO PRESCRIBE THE PURPOSES FOR WHICH THE PROCEEDS SHALL BE EXPENDED, TO PROVIDE FOR THE PAYMENT THEREOF, TO PROVIDE FOR THE ISSUANCE AND SALE OF NOT EXCEEDING FIFTEEN MILLION SIX HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$15,625,000) GENERAL OBLIGATION BONDS OF NEWBERRY COUNTY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO” TO FURTHER PROVIDE FOR THE ISSUANCE OF BONDS THEREUNDER AND OTHER MATTERS RELATED THERETO.

_____, 2011

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BE IT ORDAINED BY THE NEWBERRY COUNTY COUNCIL, IN NEWBERRY COUNTY, SOUTH CAROLINA, AS FOLLOWS:

ARTICLE I

FINDINGS OF FACT

As an incident to the enactment of this Ordinance, and the issuance of the bonds provided for herein the Newberry County Council (the "Council"), the governing body of Newberry County, South Carolina (the "County"), finds that the facts set forth in this Article exist and the statements made with respect thereto are true and correct:

Section 1.01. Objectives of Expenditures.

(a) On December 15, 2010, the Council enacted an ordinance entitled: "An Ordinance To Provide For The Issuance And Sale Of A Not Exceeding One Million Nine Hundred Thousand Dollar (\$1,900,000) General Obligation Bond Anticipation Note Of Newberry County, South Carolina, To Prescribe The Purposes For Which The Proceeds Shall Be Expended, To Provide For The Payment Thereof, To Provide For The Issuance And Sale Of Not Exceeding Fifteen Million Six Hundred Twenty Five Thousand (\$15,625,000) General Obligation Bonds Of Newberry County, South Carolina, And Other Matters Relating Thereto" (the "Initial Ordinance"). The Initial Ordinance was enacted pursuant to the authority of certain portions of the Code of Laws of South Carolina, 1976, as amended (the "S.C. Code"), including the Capital Project Sales Tax Act, Sections 4-10-300 *et seq.* of the S.C. Code (the "Sales Tax Act"), Sections 4-15-10 *et seq.* of the S.C. Code (the "County Bond Act"), Sections 11-15-410 *et seq.* of the S.C. Code (the "BAN Act"), and a referendum held in the County on November 2, 2010 (the "Referendum").

(b) Pursuant to the Sales Tax Act and the Referendum, the imposition of a one percent sales tax in the County to defray the cost of certain capital projects (the "Improvements") and the issuance of not exceeding \$15,625,000 general obligation bonds of the County (the "Bonds") has been duly authorized.

(c) The findings of the Initial Ordinance, which findings are incorporated herein by reference, set forth the details relating to the holding of the Referendum and the results thereof. A list of the Improvements appears at Exhibit "A" hereto. The Initial Ordinance further authorized pursuant to the BAN Act the issuance of a bond anticipation note (the "Note") and pursuant to the County Bond Act the issuance of the Bonds to defray the cost of the Improvements and costs of issuance thereof. Pursuant to Section 4-9-130 of the S.C. Code, a public hearing on the issuance of the Bonds was held prior to third reading of the Initial Ordinance. The Initial Ordinance further provides at Section 3.01(d) therein that additional details of the Bonds, "including denominations, date, maturities, provisions for payment and redemption, designation of paying agent/registrar, provisions respecting transfer, assignment, and related registration matters, the form of the ... Bonds, provisions for notice and sale and all other such matters shall be determined by the Council in a subsequent ordinance."

(d) The County issued the Note on January 14, 2011 in order to provide funds to defray initial costs of the Improvements.

(e) The Council has now determined that it is in the best interests of the County and its citizens to further provide for the issuance of the Bonds and to apply the proceeds thereof to repay the Note and to defray the costs of the Improvements and costs of issuance of the Bonds. The Council has made such determination after due investigation and has found in conjunction therewith that the

expenditure of the proceeds of the Bonds to defray the cost of the Improvements will serve a public purpose and a corporate purpose of the County.

(f) The Bonds shall be secured by the full faith, credit and taxing power of the County. In accordance with the Sales Tax Act, the Council has determined that the Bonds shall be additionally secured by a pledge of such of the proceeds of the sales tax authorized by the Sales Tax Question remaining after deduction of administrative costs of the South Carolina Department of Revenue, excluding any investment earnings thereon (the “Net Proceeds”).

Section 1.02. Recital of Statutory Authorization. Pursuant to the provisions of the County Bond Act, the County is authorized to issue general obligation bonds, the proceeds of which may be applied to any corporate purpose of the County.

Section 1.03. Recital of Applicable Constitutional Provisions. Article X, §14 of the Constitution of the State of South Carolina, 1895, as amended, provides that after November 30, 1977, the governing body of any political subdivision may incur general obligation debt in an amount not exceeding eight percent of the assessed value of all taxable property of such political subdivision (the “Bonded Debt Limit”) and upon such terms and conditions as the General Assembly of South Carolina may prescribe by general law. In addition, Article X, § 14(6) of the Constitution provides that general obligation debt authorized by a majority vote of the qualified electors of the political subdivision pursuant to a referendum shall not be considered in the computation of the Bonded Debt Limit. Inasmuch as the Bonds were approved by the qualified electors of the County pursuant to the Referendum, the Bonds shall not be chargeable against the constitutional debt limit of the County.

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ARTICLE II

DEFINITIONS AND CONSTRUCTION

Section 2.01. Definitions. As used in this Ordinance unless the context otherwise requires, the following terms shall have the following respective meanings:

“Authorized Investments” mean and include any securities which at the time of determination are legal investments for political subdivisions in South Carolina as provided by the Code of Laws of South Carolina, 1976, as amended.

“Authorized Officer” means the Chairman, or the Vice-Chairman, the County Administrator and any other officer or employee of the Council designated from time to time as an Authorized Officer by resolution of the Council, and when used with reference to any act or document also means any other person authorized by resolution of the Council to perform such act or sign such document.

“Bond” or **“Bonds”** means any of the Bonds of the County authorized by this Ordinance, and, where appropriate, Bonds of a Series issued hereunder.

“Bond Counsel” means a firm of attorneys nationally recognized in the practice of public finance law.

“Bondholder” or **“Holder”** or **“Holders of Bonds”** or **“Owner”** or similar term means, when used with respect to a Bond or Bonds, any person who shall be registered as the owner of any Bond Outstanding.

“Bond Payment Date” means each April 1 and October 1 on which interest on any of the Bonds shall be payable or on which both the Principal Installment and interest shall be payable on any of the Bonds.

“Bond Proceeds Recipient” means each of the entities to receive proceeds of the Bonds in the amounts and for the purposes listed in Exhibit “A”.

“Capital Project Bond Debt Service Fund” means the debt service fund created and held by the Newberry County Treasurer pursuant to Section 3.18 of this Ordinance and from which payments of principal of and interest on the Bonds shall be made.

“Capital Project Bond Proceeds Fund” means the fund created and held by the Newberry County Treasurer pursuant to Section 6.01 of this Ordinance and from which payments of costs of issuance of the Bonds and Costs of the Improvements shall be made.

“Chairman” means the Chairman of the Council, or, in his absence or disability, the Vice-Chairman of the Council.

“Corporate Trust Office”, when used with respect to any Paying Agent or Registrar, means the office at which its principal corporate trust business shall be administered.

“Costs of Improvements” means any cost associated with the design, construction and equipping of the Improvements as shown in Exhibit “A” hereto.

“Council” means the Newberry County Council, South Carolina, the governing body of Newberry County or any successor governing body of the County.

“County” means Newberry County, South Carolina.

“County Administrator” means the County Administrator of the County.

“County Auditor” means the County Auditor of the County.

“County Bond Act” shall have the meaning given thereto in Section 1.01 of this Ordinance.

“County Request” means a written request of the County signed by an Authorized Officer.

“County Treasurer” means the County Treasurer of the County.

“CPST” means the Capital Project Sales Tax imposed in the County pursuant to the authorization of the Sales Tax Act and the referendum held in the County on November 2, 2010.

“Fiduciary” means any financial institution appointed to serve as the Paying Agent, the Registrar and their successors and assigns.

“Government Obligations” means and includes direct general obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America.

“Ordinance” means this Ordinance as the same may be amended or supplemented from time to time in accordance with the terms hereof.

“Outstanding”, when used in this Ordinance with respect to Bonds, means as of any date, all Bonds theretofore authenticated and delivered pursuant to this Ordinance except:

- (i) any Bond canceled or delivered to the Registrar for cancellation on or before such date;
- (ii) any Bond (or any portion thereof) deemed to have been paid in accordance with the provisions of Section 7.01 hereof; and
- (iii) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Section 3.11 of this Ordinance.

“Net Proceeds” has the meaning given in Section 1.01(d) of this Ordinance.

“Note” means the bond anticipation note issued by the County on January 14, 2011, in anticipation of the issuance of the Bonds.

“Paying Agent” means any bank, trust company or national banking association which is authorized to pay the principal or interest on any Bonds and having the duties, responsibilities and rights provided for in this Ordinance, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Ordinance. The institution named as Paying Agent may also act as Registrar.

“Person” means an individual, a partnership, a corporation, a trust, a trustee, an unincorporated organization, or a government or an agency or political subdivision thereof.

“Principal Installment” means, as of any date of calculation, the principal amount of all Bonds due on a specified date.

“Record Date” means the fifteenth day of the month immediately preceding each Bond Payment Date.

“Registrar” means any bank, trust company, or national banking association which is authorized to maintain an accurate list of those who from time to time shall be the Holders of the Bonds and shall effect the exchange and transfer of Bonds in accordance with the provisions of this Ordinance and having the duties, responsibilities, and rights provided for in this Ordinance and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Ordinance. The institution named as Registrar may also act as Paying Agent.

“Reserve Fund” means that fund established pursuant to Section 6.01 herein and held by the County Treasurer.

“Restricted Fund” means that fund established pursuant to Section 6.01 herein and held by the County Treasurer.

“Sales Tax Act” shall have the meaning given thereto in Section 1.01 of this Ordinance.

“Securities Depository” shall mean The Depository Trust Company, New York, New York, or other recognized securities depository selected by the County, which securities depository maintains a book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” shall mean, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Registrar the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“Series” or **“Series of Bonds”** shall mean Bonds issued hereunder as a single issue, i.e., sold and closed on the same dates under a common designation.

Section 2.02. Construction. In this Ordinance, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Ordinance.

(b) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Ordinance, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Ordinance.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Any Fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Ordinance, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

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ARTICLE III

ISSUANCE OF BONDS

Section 3.01. Ordering the Issuance of Bonds. Pursuant to the provisions of the County Bond Act, and for the purpose of obtaining funds to pay the Costs of Improvements, there shall be issued not exceeding Fifteen Million Six Hundred Twenty-five Thousand Dollars (\$15,625,000) of general obligation bonds of the County, designated General Obligation Bonds. The Bonds shall bear such series designation as shall identify the year in which the Bonds are delivered; such series designation shall also alphabetically indicate the sequence among all general obligation bonds of the County in which the Bonds were delivered within such calendar year. The Bonds may be issued as a single Series, or as separate Series of Bonds from time to time, as determined by the County Administrator.

Section 3.02. Maturity Schedule of Bonds. The Bonds shall mature on the dates and in the principal amounts as determined by the County Administrator, upon advice of the Newberry County Administrator and the County's Bond Counsel, Haynsworth Sinkler Boyd, P.A., provided that the aggregate principal amount of the Bonds issued hereunder shall not exceed \$15,625,000. The Bonds shall bear interest at rates determined in the manner prescribed by Section 3.15 hereof. Interest on the Bonds shall be payable on April 1 and October 1 of each year, commencing as to a Series of Bonds on such date as elected by the County Administrator, but in any case not more than 10 months after the dated date thereof. All Bonds issued hereunder shall mature no later than April 1, 2018.

Section 3.03. Provision for Payment of Interest on the Bonds. The Bonds shall be authenticated on such dates as they shall, in each case, be delivered. The original issue date of the Bonds shall be the first day or such other day of the month in which the Bonds are delivered as may be designated by the County Administrator. The Bonds shall bear interest from the April 1 or the October 1 to which interest has been paid next preceding the authentication date thereof, unless the authentication date thereof is a April 1 or a October 1, in which case, from such authentication date, or if dated prior to the initial Bond Payment Date for Bonds of that Series, then from the original issue date of that Series. The interest to be paid on any April 1 or October 1 shall be paid to the Person in whose name such Bond is registered at the close of business on the Record Date next preceding such April 1 or October 1.

Section 3.04. Medium of Payment; Form and Denomination of Bonds; Place of Payment of Principal.

(a) The Bonds shall be payable as to Principal Installment and interest at the rates per annum determined in the manner prescribed by Section 3.15 hereof (on the basis of a 360 day year of twelve 30-day months) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(b) The Bonds shall be issued in the form of fully registered Bonds. The Bonds shall be issued in the denomination of \$5,000 or any whole multiple thereof, not exceeding the principal amount of the Bonds maturing in such year. The Bonds shall be numbered from 1 upwards in such fashion as to maintain a proper record thereof.

(c) The Principal Installment of all Bonds shall be payable at the Corporate Trust Office of the Paying Agent and payment of the interest on each Bond shall be made by the Paying Agent to the Person appearing on each Record Date on the registration books of the County, which books shall be held by the Registrar as provided in Section 3.08 hereof, as the registered owner thereof, by check or draft mailed to such registered owner at his address as it appears on such registration books in sufficient time to reach such registered owner on the Bond Payment Date. Payment of the Principal Installment of all

Bonds shall be made upon the presentation and surrender for cancellation of such Bonds as the same shall become due and payable.

Section 3.05. Agreement to Maintain Registrar and Paying Agent. As long as any of the Bonds remain Outstanding there shall be a Registrar and a Paying Agent each of which shall be a financial institution maintaining Corporate Trust Offices where (i) the Bonds may be presented for registration of transfers and exchanges, (ii) notices and demands to or upon the County in respect of the Bonds may be served, and (iii) the Bonds may be presented for payment, exchange and transfer. The County Administrator is authorized to select a financial institution to initially serve as both the Paying Agent and the Registrar of the Bonds.

Section 3.06. Execution and Authentication.

(a) The Bonds shall be executed in the name and on behalf of the County by the manual or facsimile signature of an Authorized Officer, with its corporate seal (or a facsimile thereof) impressed, imprinted or otherwise reproduced thereon, and attested by the manual or facsimile signature of its Clerk to Council or other Authorized Officer (other than the officer executing such Bonds). Bonds bearing the manual or facsimile signature of any Person who shall have been such an Authorized Officer at the time such Bonds were so executed shall bind the County notwithstanding the fact that he may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of the authentication and delivery of the Bonds.

(b) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in the Ordinance, duly executed by the manual signature of the Registrar and such certificate of authentication upon any Bond executed on behalf of the County shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefit of the terms and provisions of the Ordinance.

Section 3.07. Exchange of Bonds. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered Holder or his duly authorized attorney, may, at the option of the registered Holder thereof, be exchanged for an equal aggregate principal amount of Bonds in authorized denominations of the same interest rate and maturity. So long as any of the Bonds remain Outstanding, the County shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Registrar.

Section 3.08. Transferability and Registry. All Bonds shall at all times, when the same are Outstanding, be payable, both as to Principal Installment and interest to a Person, and shall be transferable, only in accordance with the provisions for registration and transfer contained in the Ordinance and in the Bonds. So long as any of the Bonds remain Outstanding, the County shall maintain and keep, at the office of the Registrar, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at the Corporate Trust Office of the Registrar, the County shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Registrar may prescribe, any Bond, except that under no circumstances shall any Bond be registered or transferred to bearer. So long as any of the Bonds remain Outstanding, the County shall make all necessary provisions to permit the transfer of Bonds at the Corporate Trust Office of the Registrar.

Section 3.09. Transfer of Bonds. Each Bond shall be transferable only upon the books of the County, which shall be kept for such purpose at the Corporate Trust Office of the Registrar which shall be maintained for such purpose by the Registrar, upon presentation and surrender thereof by the Holder of

such Bond in person or by his attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such Bond, the County shall execute and the Registrar shall authenticate and deliver, in the name of the Person who is the transferee, one or more new Bonds of the same aggregate principal amount and maturity and rate of interest as the surrendered Bond. All action taken by the Registrar pursuant to this section shall be deemed to be the action of the County.

Section 3.10. Regulations with Respect to Exchanges and Transfers. All Bonds surrendered in any exchanges or transfers shall forthwith be cancelled by the Registrar. For each such exchange or transfer of Bonds, the County or the Registrar may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The County shall not be obligated to issue, exchange or transfer any Bond during the 15 days next preceding any Bond Payment Date.

Section 3.11. Mutilated, Destroyed, Lost and Stolen Bonds.

(a) If any mutilated Bond is surrendered to the Registrar and the Registrar or the County receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and there is delivered to the Registrar or the County such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice that such Bond has been acquired by a bona fide purchaser, the County shall execute, and upon County Request, the Registrar shall authenticate and deliver, in exchange for any such mutilated Bond or in lieu of any such destroyed, lost or stolen Bond, a new Bond of like tenor, principal amount and redemption provisions, bearing a number unlike that of a Bond contemporaneously Outstanding. The Registrar shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the County in its discretion may, instead of issuing a new Bond, pay such Bond.

(b) Upon the issuance of any new Bond under this Section 3.11, the County may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees or other fees, of the County or the Registrar connected therewith.

(c) Each new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an additional contractual obligation of the County, whether or not the destroyed, lost or stolen Bond shall at any time be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued pursuant to the Ordinance. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds or securities.

Section 3.12. Holder As Owner of Bond. The County, the Registrar and any Paying Agent may treat the Holder of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Principal Installment of and interest on such Bond and for all other purposes, and payment of the Principal Installment and interest shall be made only to, or upon the order of, such Holder. All payments to such Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the County nor any Paying Agent shall be affected by any notice to the contrary.

Section 3.13. Cancellation of Bonds. The Registrar shall destroy all Bonds surrendered to it for cancellation and shall deliver a certificate to that effect to the County. No such Bonds shall be deemed Outstanding under the Ordinance and no Bonds shall be issued in lieu thereof.

Section 3.14. Payments Due on Saturdays, Sundays and Holidays. In any case where the Bond Payment Date shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or Principal Installment of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date and no interest shall accrue for the period after such date.

Section 3.15. Conditions Relating to Naming of Interest Rates. The Bonds shall bear such rate or rates of interest as shall at the sale of such Bonds reflect the lowest net interest cost to the County calculated in the manner hereinafter prescribed in this Section 3.15 at a price of not less than par, but:

- (a) all Bonds of the same maturity shall bear the same rate of interest;
 - (b) no rate of interest named shall be more than two per centum (2%) (or such other amount as selected by the County Administrator) higher than the lowest rate of interest named;
 - (c) each interest rate named shall be a multiple of 1/8th or 1/20th of one per centum (1%);
- and
- (d) any premium offered must be paid in cash as a part of the purchase price.

For the purpose of determining lowest net interest cost, the aggregate of interest on all Bonds from their original issue date until their respective maturities, less any sum named by way of premium, shall be determined on each bid and the smallest amount to be paid by the County shall reflect lowest net interest cost.

Section 3.16. Tax Exemption in South Carolina. Both the Principal Installment and interest on said Bonds shall be exempt from all State, County, Municipal, School District, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

Section 3.17. Order of Tax Levy to Pay Principal and Interest of Bonds.

(a) For the payment of the Principal Installment and interest on the Bonds as the same respectively mature and for the creation of such sinking fund as may be necessary therefor, the full faith, credit and taxing power of the County are hereby irrevocably pledged, and there shall be levied annually by the County Auditor and collected by the County Treasurer, in the same manner as county taxes are levied and collected, a tax on all taxable property in the County, sufficient to pay the Principal Installment and interest on such Bonds as they respectively mature, and to create such sinking fund as may be necessary therefor. There are also pledged to secure the Bonds the Net Proceeds.

(b) The levy of *ad valorem* property taxes for payment of debt service on the Bonds shall be reduced in a given year in an amount which is equal to the aggregate value as of September 1 of that year of all securities and uninvested cash in the Capital Projects Debt Service Fund, the Reserve Fund and the Restricted Fund plus that amount which is equal to the average of the two most recent deposit of Net Proceeds received by the County Treasurer from the State (the "Levy Reduction Amount"). The County

Treasurer shall notify the County Auditor no later than September 7 of each year in accordance with this paragraph and Section 6.03 of this Ordinance of the value of the Reduction Amount. The County Auditor shall reduce the levy of *ad valorem* property taxes for payment of debt service on the Bonds accordingly. No adjustment of the *ad valorem* property tax levy shall be undertaken at any time during which the collection of the CPST has been suspended or terminated by a court of competent jurisdiction.

Section 3.18. Notice to Auditor and Treasurer to Levy Tax. The County Auditor and County Treasurer shall each be notified of each issue of Bonds and directed to levy and collect, upon all taxable property in the County an annual tax sufficient to meet the payment of the Principal Installment and interest on said Bonds, as the same respectively mature, subject to the provisions in Section 3.17(b) above, and, as to the initial Series issued hereunder, to create the Capital Project Bond Debt Service Fund, the Reserve Fund and the Restricted Fund.

Section 3.19. Bonds Issued in Book-Entry Only Form.

(a) Notwithstanding any provision of this Ordinance to the contrary, the Bonds will initially be issued under the DTC Book-Entry-Only System in fully registered form, registered in the name of Cede & Co. as the registered owner and securities depository nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as initial securities depository for the Bonds. Notwithstanding anything to the contrary herein, so long as the Bonds are being held under a book-entry system of a securities depository, transfers of beneficial ownership of the Bonds will be effected pursuant to rules and procedures established by such securities depository. DTC and any successor securities depositories are hereinafter referred to as the “Securities Depository.” Cede & Co. and successor securities depository nominees are hereinafter referred to as the “Securities Depository Nominee.”

(b) Notwithstanding any other provision of this Ordinance, as long as a book-entry system is in effect for the Bonds, the Securities Depository Nominee will be recognized as the holder of the Bonds for the purposes of (i) paying the principal and interest on such Bonds, (ii) giving any notice permitted or required to be given to Bondholders under this ordinance, (iii) registering the transfer of Bonds, and (iv) requesting any consent or other action to be taken by the holders of such Bonds, and for all other purposes whatsoever, and the County shall not be affected by any notice to the contrary.

(c) The County shall not have any responsibility or obligation to any participant, any beneficial owner or any other person claiming a beneficial ownership in any Bonds which are registered to a Securities Depository Nominee under or through the Securities Depository with respect to any action taken by the Securities Depository as holder of such Bonds.

(d) The County shall pay all principal of and interest on Bonds issued under a book-entry system only to the Securities Depository or the Securities Depository Nominee, as the case may be, for such Bonds, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the principal of and interest on such Bonds.

(e) In the event that the Securities Depository for the Bonds discontinues providing its services, the County shall either engage the services of another Securities Depository or arrange with a Registrar and Paying Agent for the delivery of physical certificates.

(f) In connection with any notice or other communication to be provided to the Holders of Bonds by the County or by the Registrar and Paying Agent with respect to any consent or other action to be taken by the Holders of Bonds, the County or the Registrar and Paying Agent, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository Nominee notice of such record date not less than 15 days in advance of such record date to the extent possible.

(g) The closing of the Bonds may be accomplished under DTC's "FAST" procedures, in which circumstance delivery of the Bonds at closing shall be made to the Paying Agent for the Bonds.

(h) For as long as the Bonds are being held under a book-entry system of a securities depository, the County shall remit to the Paying Agent and Registrar by 1:00 p.m. New York Time on each Bond Payment Date funds for all principal and interest payments due thereupon, or at such earlier time as required by the Paying Agent and Registrar to guarantee that DTC or successor Securities Depository will receive payment in same-day funds by 2:30 p.m. New York time on such Bond Payment Date. In addition, automated payment details receipt shall be provided by the Paying Agent by 12:00 noon New York time of each Bond Payment Date for interest payments and by 2:30 p.m. New York time for redemption and corporate action payments.

Section 3.20. Form of Bonds. The form of the Bonds, and registration provisions to be endorsed thereon shall be substantially as set forth in Exhibit "B" attached hereto and made a part of this Ordinance.

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ARTICLE IV

PURCHASE OF BONDS

Section 4.01. Bonds Not Subject to Redemption. The Bonds shall not be subject to redemption prior to their stated maturities.

Section 4.02. Purchases of Bonds Outstanding. Purchases of Bonds Outstanding may be made by the County at any time with money available to it from any source. Upon any such purchase the County shall deliver such Bonds to the Registrar for cancellation.

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ARTICLE V

**SALE OF BONDS; APPROVAL
OF OFFICIAL STATEMENT**

Section 5.01. Determination of Time to Receive Bids – Form of Notice of Sale. The Bonds shall be sold at public sale at a price of not less than par and accrued interest, if any, to the date of delivery. Bids for the Bonds shall be received until such time or times and on such date or dates to be selected by the County Administrator. The Bonds shall be advertised for sale in *The Bond Buyer*, a financial journal published in the City of New York and which shall appear at least once, not less than seven (7) days before the date set for said sale. The form of the Notice of Sale shall be substantially as set forth in Exhibit “C” attached hereto and the conditions of sale of the Bonds shall be as set forth in the Notice of Sale; provided, however, that a summary notice of sale may be published in *The Bond Buyer*.

Section 5.02. Award of Bonds. Unless all bids are rejected, the award of the Bonds shall be made by the County Administrator following the receipt of bids as provided in this Ordinance. The County Administrator is further authorized to name the Registrar and Paying Agent of the Bonds as provided in Section 3.05 herein.

Section 5.03. Approval of Official Statement. The County Administrator is hereby authorized to deem a preliminary Official Statement to be “final” within the meaning of Rule 15(c)(2)-(12) of the United States Securities and Exchange Commission as of its date, and hereby authorizes the distribution of such preliminary Official Statement, when so deemed final, to prospective bidders. Council further authorizes and approves the distribution and delivery of a final Official Statement by the successful bidder in connection with the reoffering and sale of the Bonds by the successful bidder.

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ARTICLE VI

DISPOSITION OF PROCEEDS OF SALE OF BONDS; DEBT SERVICE FUND

Section 6.01. Deposit of Proceeds. Upon the delivery of the first Series of Bonds issued hereunder, the County Treasurer shall establish the Capital Project Bond Proceeds Fund, the Reserve Fund and the Restricted Fund. The proceeds derived from the sale of the Bonds shall be paid to the County Treasurer and shall be expended and made use of by the County as follows:

(a) Any accrued interest shall be applied to the payment of the first installment of interest to become due on the Bonds.

(b) Any premium shall be applied to the payment of the first installment of principal of the Bonds.

(c) The principal of the Bonds shall be placed into the Capital Project Bond Proceeds Fund and applied to defray the Costs of the Improvements, to pay the principal of and interest on the Note, and to pay costs of issuance of the Bonds. Pending the expenditure of the proceeds of the Bonds for such purposes, the same shall be invested in Authorized Investments. Investment earnings derived from Bond proceeds shall be applied to defray Costs of the Improvements.

(d) The final four items shown on Exhibit "A" hereto shall be funded only at such time as all other Bond Proceeds Recipients have received all amounts due them according to "Exhibit "A"" or, as to a given Improvement, such lesser amount as may be required to complete the same. To the extent funds remain available thereafter, either from unexpended Bond proceeds, investment earnings or as provided in Section 6.02(d) of this Ordinance, the final four items will be fully funded in the order shown on Exhibit "A".

(e) Once all Improvements have been funded to the extent shown on Exhibit "A" (or, in any case, such lesser amount as shall be sufficient to complete a given Improvement), funds which remain available shall be applied to complete projects then not completed in the order of priority shown on Exhibit "A", beginning with item 1.

(f) If any balance remains, it shall be held by the County Treasurer, South Carolina, in a special fund and used to effect the retirement of the Bonds authorized by this Resolution.

Provided, that neither the purchaser nor any Holder of the Bonds or any Notes shall be liable for the proper application of the proceeds thereof.

Section 6.02. Capital Project Bond Debt Service Fund; Reserve and Restricted Funds.

(a) Except as provided in Sections 6.02(b) and 6.02(c) herein, all Net Proceeds received by the County shall be deposited into the Capital Project Bond Debt Service Fund established hereby and held by the County Treasurer. Pending expenditure, amounts on deposit in the Capital Project Bond Debt Service Fund shall be invested by the County Treasurer in Authorized Investments. All investment earnings derived from the Capital Project Bond Debt Service Fund shall be credited thereto and held therein until all Bonds have been paid, or upon order of the Council, applied to pay costs of Improvements in accordance with Section 6.01(d).

(b) At any time at which the balance in the Capital Project Bond Debt Service Fund exceeds the total principal and interest due on Bonds in the next following thirteen months, all monies in excess of

such amount shall be transferred to the Reserve Fund established hereby and held by the County Treasurer. Amounts in the Reserve Fund shall be invested by the County Treasurer in Authorized Investments. At any time at which the balance in the Capital Project Debt Service Fund is less than the maximum permitted balance therefor as provided in this Section 6.02(b), the difference shall be transferred from the Reserve Fund to the Capital Project Bond Debt Service Fund.

(c) At any time at which the balance in the Reserve Fund exceeds ten percent of the aggregate par amount of the Bonds as issued, all monies in excess of such amount shall be transferred to the Restricted Fund established hereby and held by the County Treasurer. Amounts in the Restricted Fund shall be invested in Authorized Investments, and, as advised by Bond Counsel, restricted as to yield so as to preserve the tax-exempt status of the Bonds. At any time at which the balance in the Reserve Fund is less than the maximum permitted balance therefor as provided in this Section 6.02(c), the difference shall be transferred from the Restricted Fund to the Reserve Fund.

(d) The maximum balances permitted to be held in the Capital Project Debt Service Fund and the Reserve Fund may be adjusted by the County Treasurer at any time when, in the opinion of Bond Counsel, such adjustment is necessary to preserve the tax-exempt status of interest on the Bonds, or, without threatening such status, will be in the best interests of the County.

(e) At such time as the County has collected sufficient Net Proceeds to pay all remaining Principal Installments of and interest on the Bonds or has defeased the Bonds, any remaining funds may be applied in accordance with Sections 6.01(d) and 6.01(e) or for any lawful purpose.

Section 6.03. Disbursements From Capital Project Bond Proceeds Fund. Amounts required to pay costs of issuance of the Bonds shall be disbursed from the Capital Project Bond Proceeds Fund upon requisition of the County Administrator. Amounts required to pay principal of and interest on the Note shall be disbursed from the Capital Project Bond Proceeds Fund at or prior to the maturity of the Note, as determined by the County Administrator. Amounts required to pay Costs of Improvements shall be disbursed upon delivery to the County Treasurer of the following documents:

(a) A requisition (upon which the County may conclusively rely and shall be protected in relying thereon) setting forth (i) the name and address of the person to whom the disbursement is due and payable; (ii) the total amount of the requested disbursement; (iii) a statement that the total disbursement therein requested is for an obligation properly incurred with respect to an Improvement that is the responsibility of the Bond Proceeds Recipient which submitted the requisition, and that the obligation has not been the basis of any previous requisition; (iv) the nature of the obligation for which the disbursement is requested; and (v) a copy of the bill or statement of account for each obligation for which disbursement is requested.

(b) Written approval by the Newberry County Administrator of the requisition described in (a) above.

(c) A certificate of the Bond Proceeds Recipient covenanting to comply with Article VIII hereof relating to the maintenance of the tax-exempt status of the Bonds.

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ARTICLE VII

DEFEASANCE OF BONDS

Section 7.01. Discharge of Ordinance – Where and How Bonds Are Deemed to Have Been Paid and Defeased.

(a) If all of the Bonds issued pursuant to this Ordinance and all interest thereon shall have been paid and discharged, then the obligations of the County under this Ordinance and all other rights granted hereby shall cease and determine. The Bonds shall be deemed to have been paid and discharged within the meaning of this Article under any of the following circumstances, viz:

(i) If the Paying Agent shall hold, at the stated maturities of the Bonds, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of the Principal Installment and interest thereof; or

(ii) If default in the payment of the principal of the Bonds or the interest thereon shall have occurred on any Bond Payment Date, and thereafter tender of payment shall have been made, and at such time as the Paying Agent shall hold in trust and irrevocably appropriated thereto sufficient moneys for the payment thereof to the date of the tender of payment; or

(iii) If the County shall have deposited with the Paying Agent in an irrevocable trust moneys which shall be sufficient, or Government Obligations, the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited with said Paying Agent at the same time, shall be sufficient to pay when due the Principal Installment and interest due and to become due on the Bonds on and prior to their maturity dates.

Neither the Government Obligations nor moneys deposited with the Paying Agent pursuant to this Section nor the principal or interest payments thereon shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal Installment and interest on said Bonds; provided that any cash received from such principal or interest payments on Government Obligations deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal Installment, and interest to become due on said Bonds on and prior to the maturity date, and interest earned from such reinvestments not required for the payment of the Principal Installment and interest may be paid over to the County, as received by the Paying Agent, free and clear of any trust, lien or pledge.

(b) In addition to the above requirements of paragraphs (i), (ii), and (iii) in order for this Ordinance to be discharged, all other fees, expenses and charges of the Paying Agent have been paid in full at that time.

(c) Notwithstanding the satisfaction and discharge of this Ordinance, the Paying Agent shall continue to be obligated to hold in trust any moneys or investments then held by the Paying Agent for the payment of the principal of, premium, if any, and interest on, the Bonds, to pay to the owners of Bonds the funds so held by the Paying Agent as and when payment becomes due.

(d) Any release under this Section shall be without prejudice to the rights of the Paying Agent to be paid reasonable compensation for all services rendered under this Ordinance and all

reasonable expenses, charges, and other disbursements and those of their respective attorneys, agents, and employees, incurred on and about the performance of the powers and duties under this Ordinance.

(e) Any moneys which at any time shall be deposited with the Paying Agent by or on behalf of the County for the purpose of paying and discharging any Bonds shall be and are hereby assigned, transferred, and set over to the Paying Agent in trust for the respective holders of the Bonds, and the moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. If, through lapse of time or otherwise, the holders of such Bonds shall no longer be entitled to enforce payment of their obligations, then, in that event, it shall be the duty of the Paying Agent to transfer the funds to the County.

(f) In the event any Bonds are not to be redeemed within the sixty (60) days next succeeding the date the deposit described by Section 7.01(a)(iii) is made, the County shall give the Registrar irrevocable instructions to mail, as soon as practicable by registered or certified mail, a notice to the owners of the Bonds at the addresses shown on the registry books that (i) the deposit described by subparagraph (a)(iii) of this Section 7.01 has been made with the Paying Agent and (ii) the Bonds are deemed to have been paid in accordance with this Section.

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ARTICLE VIII

CONCERNING THE FIDUCIARIES

Section 8.01. Fiduciary; Appointment and Acceptance of Duties. A financial institution chosen pursuant to Section 5.02 hereof to act as Paying Agent and Registrar hereunder shall accept the duties and trusts imposed upon it by this Ordinance and shall agree in writing to perform such trusts but only upon the terms and conditions set forth in this Article VIII. Similarly, each financial institution appointed as a successor Registrar or as a successor Paying Agent shall signify its acceptance of the duties and trusts imposed by this Ordinance by a written acceptance.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the County and no Fiduciary assumes any responsibility for the correctness of the same except in respect of the authentication certificate of the Registrar endorsed on the Bonds. No Fiduciary makes any representations as to the validity or sufficiency of this Ordinance or of any Bonds or as to the security afforded by this Ordinance, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

Section 8.03. Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary, upon receipt of any notice, resolution, request, consent order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Ordinance, shall examine such instrument to determine whether it conforms to the requirements of this Ordinance and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the County, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Ordinance in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter to be proved or established prior to taking or suffering any action under this Ordinance, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Ordinance upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable.

(c) Except as otherwise expressly provided in this Ordinance, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the County to any Fiduciary shall be sufficiently executed if executed in the name of the County by an Authorized Officer.

Section 8.04. Compensation. The County shall pay to each Fiduciary from time to time reasonable compensation based on the then standard fee schedule of the Fiduciary for all services rendered under this Ordinance, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the

performance of their powers and duties under this Ordinance; provided, however, that any specific agreement between the County and a Fiduciary with respect to the compensation of such Fiduciary shall control the compensation to be paid to such Fiduciary. Subject to the provisions of Section 8.02 hereof, the County further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct.

Section 8.05. Certain Permitted Acts. Any Fiduciary may become the owner or underwriter of any bonds, notes or other obligations of the County or conduct any banking activities with respect to the County, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Ordinance.

Section 8.06. Resignation of Any Fiduciary. Any Fiduciary may at any time resign and be discharged of the duties and obligations created by this Ordinance by giving not less than sixty (60) days' written notice to the County and not less than thirty (30) days' written notice to the Holders of the Bonds as established by the books of registration prior to the next succeeding Bond Payment Date and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the County pursuant to Section 8.08 hereof in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor has been appointed.

Section 8.07. Removal of Fiduciary. Any Fiduciary may be removed at any time by an instrument or concurrent instruments in writing, filed with the County and such Fiduciary, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys in fact duly authorized, excluding any Bonds held by or for the account of the County.

Section 8.08. Appointment of Successor Fiduciaries. In case any Fiduciary hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable or acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the County. Every such Fiduciary appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a stockholders' equity of not less than \$50,000,000 if there be such an institution willing, qualified and able to accept the trusts upon reasonable and customary terms.

If in a proper case no appointment of a successor Fiduciary shall be made by the County pursuant to the foregoing provisions of this Section within forty-five (45) days after any Fiduciary shall have given to the County written notice as provided in Section 8.06 hereof or after a vacancy in the office of such Fiduciary shall have occurred by reason of its removal or inability to act, the former Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor.

Section 8.09. Transfer of Rights and Property to Successor. Any successor Fiduciary appointed under this Ordinance shall execute, acknowledge and deliver to its predecessor, and also to the County, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if originally named in such capacity; but the Fiduciary ceasing to act shall nevertheless, on the written request of the County, or of the successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and

do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Ordinance, and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the County be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the County. Any such successor Fiduciary shall promptly notify the Paying Agent and depositaries, if any, of its appointment as Fiduciary.

Section 8.10. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Ordinance, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 8.11. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Ordinance shall have been authenticated but not delivered, any successor Registrar may adopt the certificate of authentication of any predecessor Registrar so authenticating such Bonds and deliver such Bonds so authenticated. In case any such Bonds shall not have been authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in the name of the successor Registrar, and in all such cases such certificate shall be of full force and effect.

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ARTICLE IX

MISCELLANEOUS

Section 9.01. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of any of the Bonds, or the interest thereon, which remains unclaimed for such period of time, after the date when such Bonds have become due and payable, that the Holder thereof shall no longer be able to enforce the payment thereof, the Paying Agent shall at the written request of the County pay such money to the County as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the County for the payment of such Bonds; provided, however, the Paying Agent shall forward to the County all moneys which remain unclaimed during a period five (5) years from a Bond Payment Date, provided, however, that before being required to make any such payment to the County, the Paying Agent, at the expense of the County, may conduct such investigations as may in the opinion of the Paying Agent be necessary to locate the Holders of those who would take if the Holder shall have died.

Section 9.02. Tax Covenants. Council hereby covenants and agrees that the County will comply with the requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, compliance with which is required in order that interest on the Bonds be and remain excludable from the gross income of the Holders for Federal income tax purposes. Council further covenants to file Internal Revenue Service form 8038-G at the time and in the place required therefor under the Code.

Section 9.03. Ability to Meet Arbitrage Requirement; Private Activity Limitations. Careful consideration has been given to the time in which the expenditure of the proceeds of the bonds will be made, and it has been ascertained from due inquiry of each Bond Proceeds Recipient that all Bond proceeds will be expended within the limitations imposed by the Internal Revenue Code of 1986 as amended (the "Code"); accordingly the Council will be able to certify upon reasonable grounds that the bonds herein provided for are not "arbitrage bonds" within the meaning of Section 148 of the Code.

The Council hereby covenants to comply with all of the restrictions and requirements of the Code as its provisions are applicable to the bonds authorized herein in order that such bonds shall be and remain exempt from federal income taxation. Without limiting the generality of the foregoing, the Council specifically covenants that:

(a) All property provided by the net proceeds of the Bonds will be owned by the Bond Proceeds Recipients in accordance with the rules governing the ownership of property for federal income tax purposes.

(b) The Bond Proceeds Recipients shall not permit the proceeds of the Bonds or any facility financed with the proceeds of the Bonds to be used in any manner that would result in (i) ten percent (10%) or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code, or (ii) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(c) The Bond Proceeds Recipients are not a party to nor will any of them enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bonds that do not conform to the guidelines set forth in Revenue Procedure 97-13, as modified by the

Code or subsequent pronouncements by the Internal Revenue Service, or the County obtains the opinion of Bond Counsel that such arrangement will not adversely affect the tax exemption of the Bonds.

(d) The Bond Proceeds Recipients will not sell or lease any of the Improvements or any other property provided by the Bonds to any person unless the County obtains the opinion of Bond Counsel that such lease or sale will not affect the tax exemption of the Bonds.

(e) The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. No Bond Proceeds Recipient shall be a party to any leases or sales or service contracts with any federal government agency with respect to the Improvements and shall not enter into any such leases or contracts unless the County obtains the opinion of Bond Counsel that such action will not affect the tax exemption of the Bonds.

The County covenants that it will cause and require to the extent recommended by Bond Counsel each Bond Proceeds Recipient to execute a certificate of representations regarding the use of Bond proceeds by that Bond Proceeds Recipient in a manner consistent with this Section 9.03, and shall not allow disbursement of any Bond proceeds to a Bond Proceeds Recipient unless its certificate of representations demonstrates that such Bond Proceeds Recipient will apply Bond proceeds disbursed to it in accordance with the requirements of this Section 9.03.

Section 9.04. Continuing Disclosure.

(a) In accordance with Act No. 442 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1994, the County represents and covenants that it will file with the EMMA System maintained by the Municipal Securities Rulemaking Board or any successor thereto, a copy of its annual independent audit within thirty (30) days of its receipt and acceptance and event-specific information, within thirty (30) days of an event adversely affecting more than five percent (5%) of its revenues or five percent (5%) of its tax base.

(b) Council hereby covenants and agrees that it will comply with the requirements of (i) Rule 15c2-12 promulgated by the Securities and Exchange Commission. In this regard, the Chairman of Council is hereby authorized to execute and deliver on behalf of the County a Disclosure Dissemination Agreement in substantially the form of Exhibit "D" hereto, with such changes as may be approved by the Chairman of Council, his approval to be evidenced by his execution thereof.

Section 9.05. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Ordinance should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Ordinance.

Section 9.06. Successors. Whenever in this Ordinance the County is named or referred to, it shall be deemed to include any entity, which may succeed to the principal functions and powers of the County, and all the covenants and agreements contained in this Ordinance or by or on behalf of the County shall bind and inure to the benefit of said successor whether so expressed or not.

Section 9.07. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Ordinance shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the Bonds, and such provisions are covenants and agreements with such Holders which the County hereby determined to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be

performed on behalf of the County shall be for the equal benefit, protection, and security of the Holders of any and all of the Bonds, all of which shall be of equal rank without preference, priority or distinction of any Bonds over any other Bonds.

Section 9.08. Filing of Copies of Ordinance. Copies of this Ordinance shall be filed in the offices of the Council, the office of the Clerk of Court for Newberry County (as a part of the Transcript of Proceedings) and at the offices of each of the Paying Agent and Registrar.

Section 9.09. Further Action by Offices of County. The proper officers of the County are fully authorized and empowered to take the actions required to implement the provisions of this Ordinance and to furnish such certificates and other proofs as may be required of them.

Section 9.10. Effective Date of Ordinance. This Bond Ordinance shall take effect upon its third reading and shall be forthwith codified in the Code of County Ordinances and indexed under the general heading "Bond Issue -- Not Exceeding \$15,625,000 General Obligation Bonds of Newberry County, South Carolina".

* * * *

DONE IN MEETING DULY ASSEMBLED, this _____ day of _____, 2011.

(SEAL)

Chairman, Newberry County Council

Attest:

Clerk, Newberry County Council

**LIST OF IMPROVEMENTS, AMOUNTS AND
BOND PROCEEDS RECIPIENTS**

<u>No.</u>	<u>Project Description</u>	<u>Cost</u>
1	<i>Piedmont Technical College: Building purchase and renovations.</i>	5,783,100
2	<i>City of Newberry: Replacement of water transmission line.</i>	3,570,000
3	<i>Newberry County Water and Sewer Authority: Upgrades to Lake Murray Water Treatment Plant and water line replacement.</i>	2,747,700
4	<i>Town of Prosperity: Sewer system upgrades, repairs and extensions.</i>	889,000
5	<i>Town of Whitmire: Renovation of Town Annex Building.</i>	489,260
6	<i>Town of Little Mountain: Rocky Branch Creek Trail Head.</i>	163,151
7	<i>Newberry Opera House: Renovations and repairs.</i>	656,991
8	<i>Newberry Council on Aging Senior Center: Renovation and expansion.</i>	1,112,707
9	<i>Town of Prosperity: Railroad Depot relocation and renovations.</i>	124,000
10	<i>Mid-Carolina Commerce Industrial Park: Roads, water and sewer.</i>	930,000
11	<i>Fire Substation: new substation on Highway 176 at Old Whitmire Rd.</i>	571,725
12	<i>Fire Substation: new substation on Belfast Rd. at Brehmer Rd.</i>	216,450
13	<i>Fire Substation: new substation on Leitzsey Rd. at New Hope Rd.</i>	255,450

(FORM OF BOND)

**UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
COUNTY OF NEWBERRY
GENERAL OBLIGATION BOND, SERIES 20__**

No. _____

INTEREST RATE	MATURITY DATE	ISSUE DATE	CUSIP
		_____ 1, 20__	

Registered Holder:

Principal Amount: **DOLLARS**

NEWBERRY COUNTY, SOUTH CAROLINA (the "County"), acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder (named above) or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Bond be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, upon presentation and surrender of this Bond at the Corporate Trust Office of _____ in the City of _____, State of _____ (the "Paying Agent"), and to pay interest on such Principal Amount as hereinafter provided at the annual Interest Rate stated above (calculated on the basis of a three hundred and sixty-day year of twelve (12) thirty-day months), until the obligation of the County with respect to the payment of such Principal Amount shall be discharged.

This Bond shall bear interest from the April 1 or the October 1 to which interest has been paid next preceding the authentication date thereof, unless the authentication date thereof is a April 1 or a October 1, in which case, from such authentication date, or from the April 1 or the October 1 to which interest has last been paid, or if dated prior to _____, then from the original issue date of such Bonds. The interest to be paid on any April 1 or October 1 shall be paid to the Person in whose name such Bond is registered at the close of business on the Record Date next preceding such April 1 or October 1. Interest on this Bond is payable on April 1 and October 1 of each year beginning _____, at which time interest for _____ () months will be due. The interest so payable on any April 1 or October 1 shall be payable to the person in whose name this Bond is registered at the close of business on the fifteenth day of the March or on the fifteenth day of the September next preceding such April 1 or October 1.

Interest hereon shall be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Bond is registered at the address shown on

the registration books. The principal of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; provided, however, that payment of the interest on this Bond shall be effected by check or draft as set forth above. This Bond is not subject to redemption prior to maturity.

This Bond is one of an issue of Bonds in the aggregate principal amount of _____ (\$ _____) of like tenor, except as to number, rate of interest and date of maturity, issued pursuant to and in accordance with the Constitution and Statutes of the State of South Carolina, including particularly the provisions of Title 4, Chapter 15, Code of Laws of South Carolina, 1976, as amended, as amended and supplemented by Title 11, Chapter 27, Code of Laws of South Carolina, 1976, as amended, and as amended and supplemented by Title 4 Chapter 10, Article 3, Code of Laws of South Carolina, 1976, as amended (collectively, the "County Bond Act"), and an Ordinance duly adopted by the County Council of the County (the "Ordinance").

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinance. Certified copies of the Ordinance are on file in the office of the Registrar, in the office of the Paying Agent and in the office of the Clerk of Court of Newberry County, South Carolina.

For the prompt payment hereof, both principal and interest, as the same shall become due, the full faith, credit and taxing power of the County are irrevocably pledged. The Net Proceeds, as defined in the Ordinance, are also irrevocably pledged to secure this Bond.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate and transfer taxes, but the interest hereon may be includable for franchise fees and taxes.

The Bonds are issueable only as fully registered Bonds without coupons in the denomination of \$5,000 or any multiple thereof not exceeding the principal amount of the Bonds maturing in such year. The Bonds are not subject to redemption prior to their respective maturities.

The Bonds are being issued by means of a book-entry system with no physical distribution of Bond certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Ordinance), is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The County, the Registrar and the Paying Agent will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of and interest on, this Bond, notices and voting. Transfer of principal and interest to Participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal and interest to beneficial owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such beneficial owners. The County will not be responsible or liable for such transfers of payments or for maintaining, supervision or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its Participants or persons acting through such Participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of and interest on, this

Bond shall be made in accordance with existing arrangements between the Paying Agent or its successors under the Ordinance and the Securities Depository.

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

For every exchange or transfer of the Bonds, the County, the Paying Agent, or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Statutes of the State of South Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the County, does not exceed any limit prescribed by such Constitution or Statutes, and that provision has been made for the allocation, on an annual basis, of sufficient tax revenues to provide for the punctual payment of the principal of and interest on this Bond and the issue of Bonds of which this Bond is one.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, Newberry County, South Carolina, has caused this Bond to be signed in its name by the manual signature of the Chairman of the Newberry County Council and its corporate seal to be hereon reproduced and attested to by the manual signature of the Clerk to the Newberry County Council.

NEWBERRY COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
Chairman, Newberry County Council

Attest:

Clerk, Newberry County Council

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Ordinance.

REGISTRAR

By: _____
Authorized Officer

Authentication Date:

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

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the entireties

_____ Custodian _____
(Cust) (Minor)

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

under Uniform Gifts to Minors Act _____
(state)

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

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

(Signature must be guaranteed by a participant in the Securities Transfer Agents Medallion Program (STAMP))

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

OFFICIAL NOTICE OF SALE

**\$ _____
GENERAL OBLIGATION BONDS, SERIES 20__
NEWBERRY COUNTY, SOUTH CAROLINA**

Time and Place of Sale: **NOTICE IS HEREBY GIVEN** that sealed proposals, addressed to the undersigned, will be received by the County Council, the governing body of Newberry County, South Carolina (the "County"), until _____ (local time) on

_____, _____, 2011

(the "Sale Date") at which time said proposals will be publicly opened in the **Office of the Newberry County Treasurer, Newberry County Courthouse Annex, Newberry, South Carolina** for the purchase of \$ _____ **GENERAL OBLIGATION BONDS, SERIES 2011, OF NEWBERRY COUNTY, SOUTH CAROLINA** (the "Bonds").

Details of the Bonds: The Bonds will be issued initially under the DTC book-entry only system in the form of single, fully registered bonds in the aggregate principal amount maturing in each year, registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Bonds will be dated as of _____, 20__; will be numbered from R 1 upward; and will mature serially in successive annual installments, on April 1 in each of the years and in the principal amounts as follows:

[Maturity Schedule Inserted Here]

SAID BONDS will bear interest from _____, 20__, at a rate or rates to be named by the bidder, payable on April 1 and October 1 of each year (the "Bond Payment Dates") commencing _____.

Registrar and Paying Agent: Initially, a financial institution designated by the County shall act as Paying Agent and Registrar. So long as the Bonds remain outstanding in book-entry form with DTC, all payments of principal and interest with respect to the Bonds shall be through the facilities of DTC.

Bid Requirements: Bidders are invited to name the rate or rates of interest which the Bonds are to bear, and unless all bids are rejected, they will be awarded to the bidder offering to purchase them at the lowest net interest cost to the County at a price of not less than par and accrued interest to the date of delivery. Bidders may name any number of rates of interest, in any variations selected by the bidder except that:

- (a) all Bonds of the same maturity shall bear the same rate of interest;
- (b) no rate of interest shall be more than two per centum (2%) higher than the lowest rate of interest named;
- (c) each interest rate named shall be a multiple of one-twentieth (1/20th) or one-eighth (1/8) of one per centum (1%); and

(d) any sum named by way of premium shall be paid in cash as a part of the purchase price.

Interest cost will be determined by deducting premium, if any, from the aggregate of interest on the Bonds from _____, 2011, until their respective maturities. Bidders are requested to present tabulations showing aggregate interest cost in dollars and cents, but such tabulations are not required and will not be regarded as a part of the bid. The right is reserved to reject all proposals, and to waive technicalities, but no auction sale will be conducted.

Proposals may be delivered by hand or by mail or by facsimile transmission to (803) ____-____, but no proposal shall be considered which is not actually received by the County at the place, date and time appointed. The County shall not be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. No agent or employee of the County will undertake to receive proposals by means of oral communication.

Electronic bids must be submitted to Parity Competitive Bidding System ("Parity"). No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by Parity shall constitute the official time with respect to all bids submitted.

If any provisions of this Official Notice of Sale conflict with information provided by Parity as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about Parity may be obtained from Parity, 1359 Broadway, 2nd Floor, New York, NY 10018, telephone (212) 849-5021.

Written bids must be submitted on the Bid Form included with the Preliminary Official Statement or on a reasonable facsimile thereof. Electronic bids must be submitted to Parity. Both written bids and electronic bids must be unconditional and received by the District and/or Parity, respectively, before the time stated above. The District is not liable for any costs incurred in the preparation, delivery, acceptance or rejection of any bid, including, without limitation, the providing of a bid security deposit.

Bids will be accepted or rejected by ____ p.m. (local time) on the day of the sale.

No proposal for the purchase of less than all of the Bonds, or, at a price less than par (and accrued interest to the date of delivery,) will be considered.

Award of Bonds on NIC Basis: The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest net interest cost to the County, such interest cost to be determined by computing the total dollar interest cost from the date of the Bonds to the respective maturity dates and deducting therefrom the amount of the premium offered, if any, over and above the principal amount. The County reserves the right to reject any and all bids or to waive irregularities in any bid. It is expected that the County will award the sale of the Bonds and notify the successful bidder(s) not later than ____ p.m. (local time) on the sale date.

If, after final computation of the proposals, the County determines in its sole discretion that it is necessary to adjust debt service requirements of the Bonds in one or more years, it reserves the right to decrease or increase the principal amount of the Bonds of any maturity (all calculations to be rounded to the nearest \$5,000) by not exceeding 10%. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. The total purchase price of the Bonds will be increased or decreased in the direct proportion that the adjustment bears to the aggregate principal amount of the Bonds specified herein; and the Bonds of each maturity, as adjusted, will bear interest at the same rate and must have the same reoffering yield as are specified by the successful bidder for the Bonds of that maturity. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest net interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph. The principal amount of the Bonds will not in any event exceed \$15,625,000.

Good Faith Deposit : By 12:00 p.m., Eastern (Standard/Daylight) Time, on the date following the Sale Date, the sum of \$150,000 shall be wired to the Treasurer of Newberry County, South Carolina as a good faith deposit in the manner specified by the County on the Sale Date. The County reserves the right to revoke its award of the Bonds upon the failure of the successful bidder for the Bonds to comply with this paragraph. The County shall be subject to no expenses, penalties or claims for damages of any kind in the event it revokes the award of the Bonds as provided in this paragraph.

Municipal Bond Insurance. If a bidder for the Bonds desires to have the Bonds insured, the bidder shall specify in its bid whether bond insurance will be purchased and the premium of such bond insurance must be paid at or prior to closing by the successful bidder.

Bid Form: Each bid shall be enclosed in a sealed envelope and marked **“PROPOSAL FOR \$ _____ GENERAL OBLIGATION BONDS, SERIES 2011 OF NEWBERRY COUNTY, SOUTH CAROLINA”** and should be directed to the undersigned at the address in the first paragraph hereof. Each bid shall be conditioned in accordance with this Notice of Sale.

Purpose: The Bonds are issued for the purpose of providing funds to construct certain improvements within the County as approved by a referendum held on November 2, 2004 pursuant to the Capital Project Sales Tax Act, Sections 4-10-300 *et seq.*, Code of Laws of South Carolina, 1976, as amended (the “Sales Tax Act”).

Security: The Bonds shall constitute binding general obligations of the County and the full faith, credit, resources and taxing power of the County are irrevocably pledged for the payment of the Bonds. The Bonds are additionally secured by amounts paid to the County from a special one-percent capital project sales tax imposed in Newberry County pursuant to the Sales Tax Act (excluding investment earnings derived therefrom) and a referendum held in the County on November 2, 2010.

Legal Opinion: Purchasers will be furnished with the Bonds and an opinion on their validity by Haynsworth Sinkler Boyd, P.A., Attorneys at Law, Columbia, South Carolina, Bond Counsel, a copy of which will be attached to each Bond and with the usual closing proofs, which will include (a) a certificate that there is no litigation threatened or pending to restrain the issuance or sale of said Bonds, and (b) certificates establishing that the Bonds are not “arbitrage” bonds, within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations issued thereunder as in effect on the occasion of the delivery of the Bonds.

Certificate as to Issue Price and Yield: Within forty-eight (48) hours after the award of the Bonds, the successful bidder shall submit to the County a certificate, in form and substance satisfactory to Bond Counsel, specifying for each maturity the expected bona fide reoffering price of the Bonds of each maturity, as of the date of the award of the Bonds, and the “yield” on the Bonds calculated in accordance with Section 148 of the Internal Revenue Code of 1986, as amended. Prior to delivery of the Bonds, the successful bidder must submit to the County a certificate, in form and substance satisfactory to Bond

Counsel, stating that a bona fide offering of the Bonds was made to the public at the prices indicated in the first certificate, and identifying the amounts, maturities, and prices at which any Bonds were actually sold to institutions or other investors at a discount from the offering prices to the public. For purposes of this paragraph, sales of Bonds to other securities brokers or dealers will not be counted as sales to the public.

Delivery: The Bonds will be delivered to DTC on or about _____, 2011, against payment in federal or other immediately available funds. The certificates and other documents relating to the Bonds will be delivered to the Purchasers on the date of delivery of the Bonds. The Bonds will be delivered within thirty (30) days of the date of sale, in New York, New York, at the expense of the County, or at such other place as may be agreed upon with the Purchasers at the expense of the Purchaser. The balance of the purchase price then due (including the amount of accrued interest) must be paid in Federal funds or other immediately available funds.

Official Statement: The County has prepared a Preliminary Official Statement relating to the Bonds which the County deems, for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), to be final as of its date. The County shall deliver, at closing, a certificate executed by appropriate officials of the County to the effect that as of the date of delivery the information contained in the Official Statement, and any supplement to the Official Statement, relating to the County and the Bonds is true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The County will furnish without cost sufficient copies of the Official Statement to the successful bidder within seven (7) working days after the award of the Bonds to allow it comply with the Rule. The successful bidder must notify the County in writing within two (2) working days of the award of the Bonds of the number of copies of the Official Statement it requires.

Continuing Disclosure: In order to assist bidders in complying with the provisions of the Rule, the County will undertake, pursuant to the Bond Ordinance and a Disclosure Dissemination Agreement, to provide certain annual information reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. The delivery by the County of a fully executed Disclosure Dissemination Agreement by the County dated the date of delivery of the Bonds, is a condition precedent to the delivery of the Bonds as described in the Notice of Sale. Failure by the County to deliver such Disclosure Dissemination Agreement will relieve the successful bidder of its contractual obligation arising from the acceptance of its bid. The Preliminary Official Statement has been deemed final by the County for purposes of paragraph (b)(1) of the Rule but is subject to revision, amendment and completion in the final Official Statement as provided in the Rule.

In accordance with Section 1-11-85 of the Code of Laws of South Carolina, 1976, as amended, the County has covenanted in the Bond Ordinance authorizing the issuance of the Bonds to file for availability in the secondary bond market when requested an annual independent audit, within thirty (30) days of the County's receipt of the audit; and event-specific information, within thirty (30) days of an event adversely affecting more than five percent (5%) of the County's revenue or tax base. The only remedy for failure by the County to comply with this covenant shall be an action for specific performance. Moreover, the County has specifically reserved the right to amend the covenant to reflect any change in Section 1-11-85 without the consent of any bondholder.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall

constitute cause for failure or refusal by the Purchaser thereof to accept delivery of and pay for said Bonds. All expenses of preparation of the Bonds shall be paid by the County, but the CUSIP Bureau charge for the assignment of the numbers shall be paid by the Purchaser of the Bonds.

Additional Information: Persons seeking information should communicate with Wayne Adams, Newberry County Administrator, Newberry, South Carolina, (telephone (803) 321-2100) or Bond Counsel, Theodore B. DuBose, Esquire, Haynsworth Sinkler Boyd, P.A., Columbia, South Carolina (telephone (803) 779-3080).

Wayne Adams
County Administrator
Newberry County, South Carolina

FORM OF DISCLOSURE DISSEMINATION AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of _____, 20__, is executed and delivered by Newberry County, South Carolina (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

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

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Section 2(a) and Section 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

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

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Newberry County Administrator, the senior member of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (i) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

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

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Exhibit A.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 210 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending _____, 20___. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, without reference to the anticipated filing date for the Annual Report.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
1. “Principal and interest payment delinquencies;”
 2. “Non-Payment related defaults, if material;”
 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
 4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
 5. “Substitution of credit or liquidity providers, or their failure to perform;”
 6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
 7. “Modifications to rights of securities holders, if material;”
 8. “Bond calls, if material;”
 9. “Defeasances;”
 10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
 11. “Rating changes;”
 12. “Tender offers;”
 13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
 14. “Merger, consolidation, or acquisition of the obligated person, if material;” and
 15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories

set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”
2. “change in obligated person;”
3. “notice to investors pursuant to bond documents;”
4. “certain communications from the Internal Revenue Service;”
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”
4. “interim/additional financial information/operating data;”
5. “budget;”
6. “investment/debt/financial policy;”
7. “information provided to rating agency, credit/liquidity provider or other third party;”
8. “consultant reports;” and
9. “other financial/operating data.”

- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings: “THE COUNTY-Five Year Summary of General Fund Operations”; “THE BONDS-Additional Security for the Bonds”; “THE COUNTY-Market Value/Assessment Summary of the County”; “THE COUNTY-Exempt Manufacturing Property”; “THE COUNTY-Tax Collections for the County”; “THE COUNTY-Ten Largest Taxpayers”; “THE COUNTY-Millage History”; and “THE COUNTY-General Fund Budget”.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an Obligated Person, which have been previously filed with the Securities and Exchange Commission or available to the public on the MSRB Internet website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the

Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

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

SECTION 7. Voluntary Filings.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

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

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable, until payment in full, for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement

shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

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

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

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

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of New York (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

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

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

NEWBERRY COUNTY, SOUTH CAROLINA
as Issuer

By: _____
Name: _____
Title: _____

EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Newberry County, South Carolina
Obligated Person(s):	_____
Name of Bond Issue:	_____
Date of Issuance:	_____
Date of Official Statement:	_____

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
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CUSIP Number: _____	CUSIP Number: _____
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CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: Newberry County, South Carolina
Obligated Person: _____
Name of Bond Issue: _____
Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Dissemination Agent Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc: Issuer
Obligated Person

STATE OF SOUTH CAROLINA

COUNTY OF NEWBERRY

I, the undersigned, Clerk of the County Council of Newberry County, South Carolina (“County Council”), **DO HEREBY CERTIFY:**

That the foregoing constitutes a true, correct and verbatim copy of an Ordinance which was given three (3) readings on three (3) separate days, with an interval of not less than seven (7) days between the second and third readings. That each of said meetings was duly called, and all members of the County Council were notified of the same; that all/a majority of the membership were notified of each meeting and remained throughout the proceedings incident to the adoption of this Ordinance. Such Ordinance has not been amended, modified or rescinded as of the date hereof. The original of this Ordinance is duly entered in the permanent records of minutes of meetings of the County Council, in my custody as such Clerk..

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of the County, this _____ day of _____, 2011.

(SEAL)

Clerk, County Council of Newberry County,
South Carolina

First Reading: _____, 2011

Second Reading: _____, 2011

Third Reading: _____, 2011