

Mayor Elise Partin	Mayor Pro-Tem James E. Jenkins	Council Members Phil Carter Ann Bailey-Robinson Tim James	City Manager Tracy Hegler	Assistant City Manager James E. Crosland
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**City of Cayce
Regular Council Meeting
Wednesday, June 16, 2021 at 5:00 p.m.**

**Cayce City Council is currently meeting virtually via Zoom.
Please use one of the following methods to attend the Council Meeting:**

**Virtual Attendance, click
<https://us02web.zoom.us/j/82283114228?pwd=SmpSQi9aMWdwNVh4OGFxZjZ4aWV4UT09>
or
Telephone: 1-929-205-6099
Meeting ID: 822 8311 4228
Passcode: 574401
caycesc.gov**

I. Call to Order

- A. Invocation and Pledge of Allegiance

II. Public Comment Regarding Items on the Agenda

Special Note: Anyone wishing to speak to Council about an item not on the agenda will need to call the City Clerk at 803-550-9557 by 12:00 p.m. the Friday prior to the Council Meeting. Anyone wishing to speak on an item on the Agenda will need to call the City Clerk at 803-550-9557 by 11:00 a.m. the day of the Council Meeting.

III. Presentations

- A. Presentation by Midlands Business Leadership Group (MBLG) on the Midlands Governmental Cooperation Initiative to beautify key gateways around the region, beginning with the Hwy. 302 Airport Corridor

IV. Proclamations and Ordinances

- A. Approval of Proclamation – National League of Cities Small Cities Month
- B. Discussion and Approval of Ordinance 2021-16 Approving the Financing of Sewer System Improvements Through the Borrowing of Not Exceeding Four Million Eighty-Six Thousand Six Hundred Six Dollars (\$4,086,660), Plus Capitalized Interest, if any, from the State Water Pollution Control Revolving Fund, by Agreement with the South Carolina Water Quality Revolving Fund Authority, Pursuant to Title 48, Chapter 5, Code of Laws of South Carolina 1976, as amended, Providing for the Agreement to Make and to Accept a Loan, the Execution and Delivery of a Loan Agreement between the City of Cayce, South Carolina and the South Carolina Water Quality Revolving Fund Authority, the Execution and Delivery of a Promissory Note from the City of Cayce, South Carolina to the South Carolina Water Quality Revolving Fund Authority; and other Matters Relating Thereto – First Reading

V. City Manager's Report

VI. Council Comments

VII. Executive Session

- A. Receipt of legal advice relating to claims and potential claims by and against the City and other matters covered by the attorney-client privilege
- B. Discussions of negotiations incident to proposed contractual relationship with Central Midlands Regional Transit Authority

VIII. Reconvene

IX. Possible Actions by Council in follow up to Executive Session

- A. Possible discussion and approval of Intergovernmental Transit Agreement with the Central Midlands Regional Transit Authority
- B. Other

X. Adjourn

SPECIAL NOTE: Upon request, the City of Cayce will provide this document in whatever form necessary for the physically challenged or impaired.

Mayor Elise Partin	Mayor Pro-Tem James E. Jenkins	Council Members Ann Bailey-Robinson Phil Carter Tim James	City Manager Tracy Hegler	Assistant City Manager James E. Crosland
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PROCLAMATION

WHEREAS, small cities and towns under 50,000 population are the home to millions of Americans and constitute the vast majority of municipalities across the United States; and

WHEREAS, small cities and towns strive to strengthen their communities through the provision of services and programs to improve the quality of life for all citizens; and

WHEREAS, the federal government is an essential partner in the success of small cities and towns, and must be encouraged to continue to support programs and legislation that strengthen small communities; and

WHEREAS, state governments are partners in the success of small cities and towns, and must be encouraged to continue to support key programs and legislation that strengthen communities; and

WHEREAS, organizations, businesses, and citizens are partners in the success of small cities and towns, and must be encouraged to continue to grow their efforts to make small communities a viable choice for people to live in; and

WHEREAS, during these challenging economic times, the need for a renewed intergovernmental partnership to support essential public services is more important than ever to ensure the safety and growth of small town America; and

WHEREAS, the National League of Cities President *and* the Small Cities Council of the National League of Cities have declared June 2021 as Small Cities Month;

THEREFORE, BE IT RESOLVED that I Elise Partin, Mayor of the City of Cayce, South Carolina, along with fellow members of the Cayce City Council, do hereby proclaim June 2021, as Small Cities Month, and encourages President Biden, Congress, state governments, organizations, businesses, and all citizens to recognize this event, and to work together this month and throughout the year to invest in small cities and towns to better the lives of all citizens.

Dated this 16th day of June 2021.

Elise Partin, Mayor

ATTEST:

Mendy C. Corder, CMC, Municipal Clerk

Memorandum

To: Mayor and Council

From: Tracy Hegler, City Manager

Date: June 11, 2021

Subject: First Reading of a 2021 Series Ordinance – Financing Sewer System Improvements

ISSUE

Council action is needed to approve First Reading of a Series Ordinance providing for the financing of sewer system improvements of a loan from the State Water Pollution Control Revolving Fund (the “Fund”) maintained by the SC Water Quality Revolving Fund Authority (the “State Authority”) in an amount not exceeding \$4,086,660 (plus capitalized interest, if any).

DISCUSSION

At its meeting on June 2, 2020, City Council adopted a resolution authorizing an application to the State Authority for a loan from the Fund to finance major improvements and upgrades to the City’s Septage and Grease Facility.

The project includes but is not necessarily limited to structures, equipment, site work, yard piping, valves, mechanical piping, electrical and appurtenances all associated with the following parts of the project: The addition of a second truck receiving bay; removal of septage/oil/grease receiving equipment and controls in existing receiving bay and replacement with new septage/oil/grease receiving equipment and controls; modifications to existing concrete and piping in existing receiving bay to accommodate new equipment; addition of second belt filter press; expansion of existing belt press building; conveyor system for new belt filter press; replacement conveyor system for existing belt filter press; and modifications to existing SCADA system to accommodate new equipment.

Since then, the City has been working with American Engineering on designing the upgrades and contractor bidding. City Council approved a bid award for the project to M.B. Kahn Construction at the June 1, 2021 meeting.

RECOMMENDATION

Staff recommends that Council give First Reading of the Series Ordinance to authorize the loan from the Fund in an amount not exceeding \$4,086,660.00 (plus capitalized interest, if any) to fund the required sewer system improvements.

**A SERIES ORDINANCE
2021-16**

APPROVING THE FINANCING OF SEWER SYSTEM IMPROVEMENTS THROUGH THE BORROWING OF NOT EXCEEDING FOUR MILLION EIGHTY-SIX THOUSAND SIX HUNDRED SIXTY DOLLARS (\$4,086,660), PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE CITY OF CAYCE, SOUTH CAROLINA AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM THE CITY OF CAYCE, SOUTH CAROLINA TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

CITY OF CAYCE, SOUTH CAROLINA

Enacted: July 14, 2021

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EXHIBIT A – FORM OF LOAN AGREEMENT A-1

STATE OF SOUTH CAROLINA)
COUNTY OF LEXINGTON)
CITY OF CAYCE)

A SERIES ORDINANCE 2021-16

APPROVING THE FINANCING OF SEWER SYSTEM IMPROVEMENTS THROUGH THE BORROWING OF NOT EXCEEDING FOUR MILLION EIGHTY-SIX THOUSAND SIX HUNDRED SIXTY DOLLARS (\$4,086,660), PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE CITY OF CAYCE, SOUTH CAROLINA AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM THE CITY OF CAYCE, SOUTH CAROLINA TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAYCE, IN A MEETING DULY ASSEMBLED, AS FOLLOWS:

ARTICLE I - FINDINGS OF FACT

Section 1.1 Findings of Fact. Incident to the enactment of this series ordinance (this “2021 Series Ordinance”), the City Council of the City of Cayce (the “City Council”), the governing body of the City of Cayce, South Carolina (the “City”), has made the following findings:

- (a) The City is a municipality incorporated under the laws of the State of South Carolina (the “State”) and empowered by the provisions of Title 48, Chapter 5, Code of Laws of South Carolina 1976, as amended (the “Act”) to: (i) undertake a wastewater treatment and disposal project as defined and approved pursuant to the Federal Clean Water Act, 33 U.S.C. §§1381 *et seq.*; (ii) make application for and to receive assistance from the South Carolina Water Quality Revolving Fund Authority (the “State Authority”); (iii) comply with regulations relating to the receipt and disposition of money from the State Water Pollution Control Revolving Fund (the “Fund”) created by the Act; (iv) apply for and receive state grants; (v) enter into loan agreements; and (vi) comply with all terms and conditions of any loan agreement.

(b) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, permits the incurrence of debt for the purpose of financing facilities for the furnishing of water and wastewater treatment services and permits the securing of such indebtedness with a pledge of the revenues of the System from which such revenues are derived.

(c) The City Council has determined that, in order for the City to adequately serve its customers, it is necessary to undertake certain improvements to its sewer system. The project consists of improvements to the sewer system of the City, including upgrades and improvements to the City's septage receiving station (the "**Project**"). The Project will be a part of and will constitute a portion of the water and sewer system of the City (the "**System**").

(d) On June 2, 2020, the City Council adopted a resolution authorizing an application to the State Authority for a loan from the Fund (the "**Loan**").

(e) On June 2, 2021, the State Authority, upon review of the City's loan application, conditionally approved the Loan.

(f) The Loan is to be made and secured pursuant to a loan agreement between the City and the State Authority (the "**Loan Agreement**"), the form of which is attached hereto as **Exhibit A** and a promissory note executed and delivered by the City, registered in the name of the State Authority (the "**Note**"), the form of which is attached as Appendix E to the Loan Agreement. Pursuant to the Loan Agreement, the City will agree to use the proceeds of the Loan only to pay the actual eligible costs of the Project, and, if deemed prudent by the City, capitalized interest on the Note pursuant to the terms of the Loan Agreement; the City will also agree to pay to the State Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan. To secure its obligations, the City will grant to the State Authority a pledge of, and a lien upon the Net Revenues of the System (as defined in the Bond Ordinance, which term is defined below). Upon any failure of the City to make any payments to the State Authority pursuant to the Loan Agreement or the Note, the State Authority shall require the State Treasurer to pay to the State Authority, subject to provisions of the Act, such amount from the State appropriations to which the City may be or become entitled as may be necessary to provide for the payment of all amounts due with respect to the Note.

(g) The City Council is adopting this 2021 Series Ordinance in order to:

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

(ii) evidence the approval of the Project and the Loan by the City Council; and

(iii) authorize the execution and delivery by, and on behalf of, the City of such other agreements and certificates and the taking of such other action by the City and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of this 2021 Series Ordinance.

(h) The City is authorized, pursuant to an ordinance enacted by the City Council on February 2, 2016, entitled, “AN ORDINANCE COLLAPSING AND TERMINATING AN AMENDED AND RESTATED INDENTURE OF TRUST IN ORDER TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CAYCE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO” (the “**Bond Ordinance**”), to enact this 2021 Series Ordinance as a Series Ordinance thereunder and to issue the Note as a Series of Bonds thereunder. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Bond Ordinance.

(i) The Note will not be junior to any other revenue-secured debt of City and will be issued on parity with the following indebtedness (collectively, the “**Outstanding Bonds**”)¹:

(i) the outstanding installments of the City’s originally issued \$20,535,000 Water and Sewer System Refunding Revenue Bonds, Series 2020 dated July 21, 2020;

(ii) the outstanding installments of the originally issued not exceeding \$24,560,378, plus capitalized interest, if any, Water and Sewer System Improvement Revenue Bond, Series 2017 (State Drinking Water Revolving Loan Fund, Loan Number 3-075-16-3210003-02), dated February 9, 2017;

(iii) the outstanding installments of the City’s originally issued \$4,500,000 Water and Sewer System Refunding Revenue Bonds, Series 2016B dated March 29, 2016;

(iv) the outstanding installments of the City’s originally issued \$8,470,000 Water and Sewer System Refunding Revenue Bonds, Series 2016A (Taxable) dated March 29, 2016; and

(v) the outstanding installments of the City’s originally issued \$1,650,000 Water and Sewer System Revenue Bond, Series 2002 dated September 1, 2002.

(j) In accordance with Section 4.01(B) of the Bond Ordinance, the City Council hereby determines that the issuance of the Note as a Series of Bonds is necessary to provide funds to be used and expended for the purpose of expanding, adding and improving the System, which purposes are permitted by Sections 4.01(A)(1) of the Bond Ordinance. The City Council further specifies and determines as follows:

(i) the period of usefulness of the System is not less than thirty (30) years;

(ii) the Date of Issue of the Note shall be the date that the Note is executed and delivered as provided in Section 3.1 of this 2021 Series Ordinance;

¹ The City also has outstanding its originally issued \$8,000,000 Tax Increment Revenue Bonds, Series 2017, dated August 1, 2017 (the “**TIF Bonds**”), which are secured by a junior lien pledge of the Net Revenues of the System. The TIF Bonds constitute a Junior Lien Bond (as defined in the Bond Ordinance) and are subordinate and inferior in all respects to the pledge of the Net Revenues securing the Outstanding Bonds, the Note and any additional Series of Bonds (as defined in the Bond Ordinance) issued on a parity therewith under the Bond Ordinance.

(iii) the principal amount of the Note shall not exceed Four Million Eighty-Six Thousand Six Hundred Sixty Dollars (\$4,086,660), plus capitalized interest, if any, the exact principal amount to be determined at the final disbursement of the Loan by the State Authority;

(iv) the Bond Payment Dates for the Note, and the dates of maturity and the amounts thereof, shall be as set forth in the Loan Agreement;

(v) the Note is to be issued for the purpose of providing funds to defray all or a portion of the costs of the Project;

(vi) the Note shall be designated “Water and Sewer System Improvement Revenue Bond, Series 2021 of the City of Cayce, South Carolina;” however such series designation may be subject to adjustment depending on the actual year of issuance of the Note in accordance with Section 4.5 herein;

(vii) the Note shall be sold to the State Authority in accordance with the Act;

(viii) the Note shall bear interest at the rate set forth in the Loan Agreement;

(ix) the Note shall be issued as a single Term Bond, payable by way of equal, amortized payments of principal and interest as set forth in the Loan Agreement;

(x) the Redemption Prices and dates applicable to the Note shall be as set forth in the Loan Agreement and the Note;

(xi) the Trustee (as defined in Section 2.3 herein) shall serve as Trustee, Paying Agent and Registrar for the Note;

(xii) the Note, the form of which is attached as Appendix E to the Loan Agreement, shall be issued as a single bond in the denomination of the principal amount thereof;

(xiii) the Note shall not be issued in book-entry form as permitted by Section 4.20 of the Bond Ordinance;

(xiv) the Reserve Requirement for the Note shall be as set forth in Section 3.2 hereof;

(xv) the proceeds of the Note shall be applied as set forth in the Loan Agreement;

(xvi) the 2021 Debt Service Account shall be established as a Debt Service Fund Account within the Debt Service Fund under the Bond Ordinance and the 2021 Debt Service Reserve Fund shall be established as a Debt Service Reserve Fund under the Bond Ordinance;

(xvii) because the State Authority will hold the proceeds of the Note until such time as they are requisitioned for costs, no construction fund shall be established and therefor no capitalized interest account or cost of issuance account shall be established therein;

(xviii) the City has not been notified of the occurrence of any Event of Default under the Bond Ordinance, nor is it aware of any such occurrence; and

(xix) none of the Outstanding Bonds have a Reserve Requirement.

[END OF ARTICLE I]

ARTICLE II – AUTHORIZATION OF THE LOAN AND ESTABLISHMENT OF FUNDS

Section 2.1 Authorization of Loan. The City Council hereby authorizes the City’s acceptance of the Loan from the State Authority in an amount not exceeding \$4,086,660 plus capitalized interest, if any, pursuant to and in accordance with the provisions of the Loan Agreement.

Section 2.2 Repayment of Loan by City. The City Council hereby authorizes the repayment of the Loan by the City to the State Authority from the Net Revenues of the System, or if said revenues are not sufficient, from state appropriations as the City may become entitled to, pursuant to and in accordance with the provisions of the Loan Agreement and the Note.

Section 2.3 Establishment of Funds. There shall be established by an Authorized Officer (as defined in the Bond Ordinance) the 2021 Debt Service Account. The 2021 Debt Service Account shall be established within the Debt Service Fund, which is held by U.S. Bank National Association, as Trustee (the “*Trustee*”), and maintained in accordance with the provisions of the Bond Ordinance and the Loan Agreement.

As provided by Section 7.05(B)(2) of the Bond Ordinance, there shall also be established by an Authorized Officer a 2021 Debt Service Reserve Fund, to be kept in the custody and control of the Trustee and maintained in accordance with the provisions of the Bond Ordinance and the Loan Agreement.

[END OF ARTICLE II]

**ARTICLE III - LOAN AGREEMENT AND NOTE; FUNDING THE 2021 DEBT
SERVICE RESERVE FUND**

Section 3.1 Authorization of Loan Agreement and the Note. The Loan Agreement, in substantially the form attached hereto as **Exhibit A**, and the Note, in substantially the form attached to the Loan Agreement as Appendix E, with such changes as the Mayor of the City (the “*Mayor*”) (her execution to be conclusive evidence of such approval), are hereby approved. The execution and delivery of the Loan Agreement and the Note on behalf of the City are hereby authorized and directed. The Loan Agreement and the Note shall be dated as of the Date of Issue, which is expected to be July 30, 2021; however, such Date of Issue may be subject to change in the sole discretion of the Mayor. The Loan Agreement and the Note shall be executed on behalf of the City by the Mayor, or in her absence or unavailability (for any reason), the City Manager, and attested by the Municipal Clerk of the City, or in her absence or unavailability (for any reason), the Treasurer.

In the absence or unavailability of the Mayor, the City Manager is authorized to undertake all actions and approvals granted to the Mayor. In the absence or unavailability of the Municipal Clerk, the Treasurer is authorized to undertake all actions and approvals granted to the Municipal Clerk.

Section 3.2 Provision for Funding of the 2021 Debt Service Reserve Fund. The Treasurer is hereby authorized to cause the satisfaction of the 2021 Reserve Requirement (as defined in the Loan Agreement) by funding the 2021 Debt Service Reserve Fund with cash or cash equivalents as authorized by the Bond Ordinance and as further provided for in the Loan Agreement. If required to be funded, the City, acting through the Trustee, will maintain the 2021 Reserve Requirement in accordance with the provisions of the Bond Ordinance and the Loan Agreement.

[END OF ARTICLE III]

ARTICLE IV - MISCELLANEOUS

Section 4.1 Other Instruments and Actions. In order to implement the Loan pursuant to the Loan Agreement and Note and to give full effect to the intent and meaning of this 2021 Series Ordinance and the agreements and actions herein authorized, the Authorized Officers are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as they shall deem necessary or desirable. As used herein, the Authorized Officers are those persons identified in the Bond Ordinance. Additionally, the Treasurer is authorized to cause satisfaction of any such fees or expenses as may be required to close the Note.

Section 4.2 Ordinance a Contract. This 2021 Series Ordinance shall constitute a contract between the City and the State Authority, and shall be enforceable as such against the City.

Section 4.3 Effective Date. This 2021 Series Ordinance shall become effective upon enactment by the City Council.

Section 4.4 Continuing Disclosure. The City covenants to file with the State Authority and with a central repository for availability in the secondary bond market when requested:

- (a) an annual independent audit, within thirty days of City's receipt of the audit; and
- (b) event specific information within thirty (30) days of an event adversely affecting more than five percent of the revenues of the System.
- (c) In the event the City fails to comply with the requirements of this Section 4.4, the only remedy shall be an action of specific performance.

Section 4.5 Certain Changes. Upon the enactment of this 2021 Series Ordinance, it is assumed that the Note will be issued in calendar year 2021 and therefore, this Series Ordinance, the Note and certain funds hereunder have been designated as "2021." If the Note is issued in a year subsequent to 2021, then such designations will be subject to change so as to properly denote and describe the year of issuance for the Note.

[END OF ARTICLE IV]

DONE, RATIFIED AND ENACTED this 14th day of July 2021.

**CITY OF CAYCE, SOUTH
CAROLINA**

(SEAL)

By: _____
Mayor

Attest:

Municipal Clerk
City of Cayce, South Carolina

First Reading: June 16, 2021
Second Reading: July 14, 2021

EXHIBIT A

FORM OF LOAN AGREEMENT

LOAN AGREEMENT

between

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

and

CITY OF CAYCE

Dated

_____, 2021

relating to

Cayce Receiving Station Improvements

South Carolina Water Pollution Control Revolving Fund

Loan Number: X1-237-20-315-14

No. ____ of Two Executed Original Counterparts

6/4/21 Draft

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the "*Agreement*") is entered into as of the ___ day of _____, 2021, between the SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, a public instrumentality of the State of South Carolina (the "*Authority*") and the CITY OF CAYCE, a municipal corporation of the State of South Carolina (the "*Project Sponsor*").

WITNESSETH:

WHEREAS, the Authority is authorized by Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the "*Act*") to administer the South Carolina Water Pollution Control Revolving Fund (the "*Fund*") for the purpose of assisting Project Sponsors (as defined in the Act) in the construction of, among other things, publicly owned treatment works as defined in the Federal Water Pollution Control Act, Chapter 26, Title 33, United States Code, as amended; and

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

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

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

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

WHEREAS, the Project Sponsor proposes to finance the Project with a loan made from the Fund, such loan to be pursuant to, and on a parity with debt previously issued under, an ordinance enacted by the Project Sponsor on February 2, 2016 entitled "A MASTER BOND ORDINANCE COLLAPSING AND TERMINATING AN AMENDED AND RESTATED INDENTURE OF TRUST IN ORDER TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CAYCE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" (the "*Master Bond Ordinance*");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE I

LOAN

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

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

SECTION 1.3. Disbursements.

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

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

1.3.3. When the Project Sponsor has paid the incurred Project costs and is seeking reimbursement for payment of such costs previously paid by the Project Sponsor, or when the Project Sponsor is seeking funds with which to pay incurred Project costs, disbursement from the Fund shall be remitted to the Project Sponsor via a check or an electronic funds transfer based on how the Project Sponsor is set up with the State Treasurer's Office to receive payments.

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

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

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

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

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

1.4.1. The Loan Amount has been determined, in part, upon the basis of the projected cost of the Project as shown in Appendix "A". The Payment Initiation Date shown in Appendix "B" (the "**Payment Initiation Date**") is determined by a combination of factors, including, but not limited to the expected Project schedule shown in Appendix "A". Appendix "B" shows the Repayment Schedule anticipated by the parties on this basis and provides for repayment of the Loan, including interest thereon, in one hundred twenty (120), quarterly payments beginning on the first day of the third month after the month of the Payment Initiation Date. The Loan Amount, the Payment Initiation Date and the Repayment Schedule may be changed but only as provided in the following Section 1.4.2. The Interest Rate is fixed

for the term of the Loan and may not be changed from the rate originally established in Appendix "B" hereof.

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

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

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

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

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

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

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

(ii) a revised Repayment Schedule shall be calculated by the Authority based on the final Loan Amount, the interest rate set forth in Appendix "B" and payment in one hundred twenty (120) quarterly installments beginning on the first day of the third month after the month of the Payment Initiation Date; and

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II
REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

COVENANTS

SECTION 3.1. Contract Award, Construction Inspection and Completion.

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

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

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

3.1.4 The Project Sponsor shall pay all costs to complete the Project not covered by the Loan and commits itself to complete the construction of the operable treatment works and to complete the treatment system of which this Project is a part.

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

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

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

SECTION 3.5. Accounting and Auditing.

3.5.1. Accounting. The Project Sponsor shall account for the Project and System in accordance with generally accepted accounting principles (GAAP), including financial, statistical, property, and supporting documentation. All accounting records shall be kept using GAAP accounting, and applying all relevant Government Accounting Standards Board (GASB) pronouncements, including GASB Statement No. 34 relating to the reporting of infrastructure assets. When applicable, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989 shall be applied unless those pronouncements conflict with or contradict subsequent GASB pronouncements.

3.5.2. Audit. Within six (6) months of the end of each fiscal year of the Project Sponsor, the Project Sponsor shall tender to the Authority an annual financial audit by a certified public accountant. The conduct of the audit and the audit shall be in accordance with Generally Accepted Auditing Standards as defined in Government Auditing Standards, Comptroller General of the United States, December 1, 2011, and revisions, updates or successors thereto.

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

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

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

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

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

(D) All money received by the Project Sponsor as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by

the Project Sponsor from insurance policies covering the Project may, to the extent necessary, be applied to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the Depreciation and Contingent Fund.

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

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

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

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

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

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

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

The Project Sponsor further covenants and agrees that it shall at all times establish and maintain in effect rates and charges for the services provided by, or made available by, the Project and the System which, together with other income, are reasonably expected to yield annual Net Earnings, as defined in the Master Bond Ordinance, in any fiscal year equal to the greater of (i) one hundred ten percent (110%) of the annual principal and interest on all debt paid from or secured by revenues of the System; or (ii) such other percentage of the annual principal and interest on all debt secured by revenues of the System as the Project Sponsor shall have covenanted that its Net Earnings would meet with respect to other outstanding indebtedness of the System.

SECTION 3.10. Review of Rates. The Project Sponsor covenants that, so long as any amount remains unpaid on the Note, it will review the adequacy of its rates and charges to comply with the requirements of this Agreement promptly upon any material changes in circumstances, but not less

frequently than once in each fiscal year of the Project Sponsor. The Project Sponsor shall submit any adjustments to its rates and charges to the Authority immediately upon adoption.

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

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

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

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

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

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

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

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

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

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

ARTICLE IV
ESTABLISHMENT OF FUNDS AND
DISPOSITION OF REVENUES

SECTION 4.1. Establishment of Gross Revenue Fund, 2021 Debt Service Fund Account, Operation and Maintenance Fund, and Depreciation and Contingent Fund. Beginning on the first day of the month following the delivery of the Note, except with respect to the 2021 Debt Service Fund Account, and continuing until all amounts due with respect to the Note have been paid in full, the following funds shall be established and maintained:

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

4.1.2. Beginning in the month of the Payment Initiation Date, the Project Sponsor shall provide for the establishment of a Series 2021 Debt Service Fund Account (the "**2021 Debt Service Account**") within the Debt Service Fund established pursuant to the Master Bond Ordinance as a means of providing for the payment of the principal and interest on the Note as the same shall fall due. Moneys in the 2021 Debt Service Account shall be used solely to pay the principal of and interest on the Note, and for no other purpose.

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

4.1.4. The Project Sponsor shall establish a Depreciation and Contingent Fund in order to provide a reasonable reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions of the System. Money in this fund shall be used solely for the purpose of restoring depreciated or obsolete items of the System; for improvements, betterments and extensions to the System, other than for those things which are reasonably necessary to maintain the System in good repair and working order; to defray the cost of unforeseen contingencies and extraordinary repairs to the System; to prevent defaults in the Note, Parity Debt (as defined in Section 4.3.2) and Junior Lien Bonds (as defined in the Master Bond Ordinance); and for optional redemption of the Note, Parity Debt, or Junior Lien Bonds.

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

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

4.2.1. Based on the Project Sponsor's receipt of a long-term underlying rating on the System and/or any Parity Debt in at least the "A" category from S&P or Moody's respectively, and from each, if both S&P and Moody's issued ratings, and the submission of such with its Loan application to the Authority, the Debt Service Reserve Fund requirement with respect to the Note (the "**Reserve Requirement**") shall initially equal zero and shall continue to be zero subject to provisions of the following Section 4.2.2. At such time as the Reserve Requirement is greater than zero as provided in Section 4.2.2, the Project Sponsor shall fund a Series 2021 Debt Service Reserve Fund (the "**Debt Service Reserve Fund**") to provide a reserve for payment of principal of and interest on the Note.

4.2.2. (a) The Reserve Requirement shall continue to be zero if the Project Sponsor fully complies with all requirements of Section 3.6 herein for submitting S&P/Moody's ratings/affirmations/credit reports and for immediately providing any other rating agency actions related to the System and/or any Parity Debt, and all such ratings are maintained in at least the "A" category.

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

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

4.2.3. The Debt Service Reserve Fund is intended to insure the timely payment of the principal of and interest on the Note. Money in the Debt Service Reserve Fund shall be used only to prevent a default in the payment of the Note, by reason of the fact that money in the 2021 Debt Service Account is insufficient for such purposes.

4.2.4. Prior to the delivery of this Agreement to the Authority, the Project Sponsor shall deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.1, funds in an amount, or investments permitted by Section 4.4.3 having a value, equal to the Reserve Requirement. In the event that the Reserve Requirement shall increase due to an increase in the Loan Amount pursuant to Section 1.4.2(c), the Project Sponsor shall immediately deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be funded pursuant to Section 4.2.2, funds in an amount equal to such increase in the Reserve Requirement.

SECTION 4.3. Disposition of Revenues. All revenues derived from the operation of the System shall be deposited in the Gross Revenue Fund. Beginning in the month following the delivery of this Agreement with respect to payments pursuant to Sections 4.3.1 and 4.3.3 to 4.3.7, inclusive, and

beginning in the month of the Payment Initiation Date with respect to payments pursuant to Section 4.3.2, withdrawals from the Gross Revenue Fund shall be made on or before the last Business Day (as defined in the Master Bond Ordinance) prior to the end of each month in the following order of priority:

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

4.3.2. The monthly fraction of the next payment of principal and interest to become due on the Note on the next succeeding payment date shall be deposited in the 2021 Debt Service Account. Simultaneously with making the monthly deposit in the 2021 Debt Service Account required by this Section 4.3.2, the Project Sponsor shall deposit in the Debt Service Fund (a) the monthly fraction of the next payment of principal and interest to become due on the Project Sponsor's September 11, 2002 promissory note to the Authority from the Fund relating to loan number 1-084-02-315-10 (the "**2002 Revenue Bond**"); (b) the monthly fraction of the next payment of principal and interest to become due on the Project Sponsor's Water and Sewer System Refunding Revenue Bonds (Taxable), Series 2016A (the "**2016A Revenue Bonds**"); (c) the monthly fraction of the next payment of principal and interest to become due on the Project Sponsor's Water and Sewer System Refunding Revenue Bonds, Series 2016B (the "**2016B Revenue Bonds**"); (d) the monthly fraction of the next payment of principal and interest to become due on the Project Sponsor's February 9, 2017 promissory note to the Authority from the South Carolina Drinking Water Revolving Fund relating to loan number 3-075-16-3210003-02 (the "**2017 Revenue Bond**"); (e) the monthly fraction of the next payment of principal and interest to become due on the Project Sponsor's Water and Sewer System Refunding Revenue Bonds, Series 2020 (the "**2020 Revenue Bonds**"); (f) the monthly fraction or fractions of the next payment or payments due with respect to any obligations of the Project Sponsor (the "**Obligations**") secured by a pledge of revenues on a parity with the pledge securing the Note, the 2002 Revenue Bond, the 2016A Revenue Bonds, the 2016B Revenue Bonds, the 2017 Revenue Bond, and the 2020 Revenue Bonds. The 2002 Revenue Bond, the 2016A Revenue Bonds, the 2016B Revenue Bonds, the 2017 Revenue Bond, the 2020 Revenue Bonds and the Obligations are hereinafter sometimes referred to as "**Parity Debt**". In the event amounts available for payments into the 2021 Debt Service Account and other debt service accounts in the Debt Service Fund with respect to the Note and all Parity Debt are not sufficient to make all payments then required to be made, such available amounts shall be deposited into the 2021 Debt Service Account and other debt service accounts in the Debt Service Fund on a pro rata basis.

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

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

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

(d) Nothing in this Section 4.3.3 (a), (b) or (c) shall preclude the Project Sponsor from fully funding the Reserve Requirement in a more timely fashion than so prescribed.

4.3.4. If, in any month, for any reason, the Project Sponsor shall fail to pay all or any part of the money it has herein agreed to pay into said 2021 Debt Service Account or Debt Service Reserve Fund, the amount of any such deficiency shall be added to and shall become a part of the amount due and payable into said 2021 Debt Service Account or Debt Service Reserve Fund in the next succeeding month.

4.3.5. Provision shall then be made for the payment of interest and any fees or penalties on amounts advanced by the provider of any surety bond, line of credit, letter of credit or insurance policy as contemplated in Section 7.05(D) of the Master Bond Ordinance.

4.3.6. Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Note and Parity Debt in the order of priority contemplated by the proceedings authorizing their issuance.

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

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

SECTION 4.4. Concerning the 2021 Debt Service Account and the Debt Service Reserve Fund.

The 2021 Debt Service Account created pursuant to Section 4.1.2 hereof and the Debt Service Reserve Fund created pursuant to Section 4.2 hereof, shall be established with a bank whose deposits are insured by the Federal Deposit Insurance Corporation (the "*Trustee*") chosen by the Project Sponsor with the written approval of the Authority. The 2021 Debt Service Account and the Debt Service Reserve Fund, if required to be funded, shall be held and administered by the Trustee in accordance with the provisions of the Master Bond Ordinance and the following provisions of this Section 4.4. The Trustee shall

acknowledge and accept its duties and responsibilities with respect to the 2021 Debt Service Account and the Debt Service Reserve Fund, if funded, in one or more written instruments delivered to the Authority with this Agreement.

4.4.1. The Trustee shall notify the Authority in writing of the date of the establishment of the 2021 Debt Service Account and the Debt Service Reserve Fund, and the initial amount deposited in each, as required. If the Project Sponsor fails to deposit the amount required by this Agreement in either fund at the time required for such deposit, the Trustee, no later than the fifth day after the date on which such deposit is to be made, shall provide written notification to the Project Sponsor, with a copy to the Authority, of the amount required for deposit into the 2021 Debt Service Account or the Debt Service Reserve Fund pursuant to the provisions of this Agreement. If the Reserve Requirement is greater than zero, the Trustee shall also verify balances in the Debt Service Reserve Fund, as requested by the Authority, but no less often than semiannually during any period of monthly deposits and no less often than annually when the full Reserve Requirement is met and maintained.

4.4.2. From sums deposited in the 2021 Debt Service Account by the Project Sponsor, the Trustee shall transmit to the Authority an electronic funds transfer or a check made payable to "Office of Local Government - SRF" in the amount, and at the times, required by the Agreement and Note. If insufficient sums exist in the 2021 Debt Service Account for any payment then due and the Reserve Requirement is zero, the Trustee shall immediately notify the Project Sponsor of the amount to be transmitted to the Trustee for the payment then due. If insufficient sums exist in the 2021 Debt Service Account for any payment then due and the Reserve Requirement is greater than zero, the Trustee shall transfer the amount needed for payment from the Debt Service Reserve Fund and the Trustee shall notify the Project Sponsor of the amounts required to be deposited in the Debt Service Reserve Fund in order to replenish such a withdrawal and have on deposit therein the amount required by this Agreement. A copy of any such notice shall be provided to the Authority by the Trustee.

4.4.3. Pending disbursement pursuant to this Section 4.4, any money in the Debt Service Reserve Fund shall be invested and reinvested in Authorized Investments, as defined in the Master Bond Ordinance. Subject to the remaining provisions of this Section 4.4.3, the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement, such excess shall, at the direction of the Project Sponsor, either be used to effect partial prepayment of the Note, or shall be removed from the Debt Service Reserve Fund and transferred into the 2021 Debt Service Account or the Gross Revenue Fund.

4.4.4. Upon payment in full of all amounts due with respect to the Note, which payment shall be evidenced to the Trustee in writing by the Authority, the Trustee shall pay over all amounts remaining in the 2021 Debt Service Account and the Debt Service Reserve Fund, if funded, to the Project Sponsor upon the receipt of written directions from the Project Sponsor and the Trustee shall thereafter have no further responsibilities under this Agreement.

ARTICLE V
EVENTS OF DEFAULT

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

(A) The Project Sponsor fails to comply with any of the covenants, terms and conditions made in this Agreement or the Master Bond Ordinance as provided at Section 13.01 therein;

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

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

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

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

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

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

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

ARTICLE VI

REMEDIES

SECTION 6.1. Acceleration. Upon the occurrence of an Event of Default the principal balance of the Note may be declared immediately due and payable in the manner prescribed by and in accordance with the terms of the Master Bond Ordinance; and such amount and all interest accrued thereon shall become and be immediately due and payable, anything in the Note or in this Agreement to the contrary notwithstanding. In such event, there shall be due and payable on the Note an amount equal to the total principal amount disbursed on the Note, plus all interest accrued thereon and which will accrue thereon to the date of payment.

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

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

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

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

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

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

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

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

ARTICLE VII

SECURITY

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

SECTION 7.2. Additional Security. Upon any failure of the Project Sponsor to make any payment to the Authority in accordance with the provisions of the Note and this Agreement, the Authority shall, without further action, require the State Treasurer to pay to the Authority, subject to the provisions of the Act, the amount of state appropriations as the Project Sponsor may become entitled to until all delinquent payments under the Note have been paid.

ARTICLE VIII

SPECIAL REVOLVING FUND PROVISIONS

SECTION 8.1. Compliance. The Project Sponsor agrees that no date reflected in this Agreement, or in the project completion schedule, or extension of any such date, shall modify any compliance date established in a National Pollutant Discharge Elimination System permit (the "*NPDES Permit*"). It is the Project Sponsor's obligation to request any required modification of applicable permit terms or other enforceable requirements.

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

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

(B) Pursuant to requirements of the Federal Water Pollution Control Act, as amended on June 10, 2014 (the "*Federal Act*"), the Project Sponsor shall comply with the Davis-Bacon Act and certify that all laborers and mechanics employed by prime contractors and subcontractors are paid wages at rates not less than those listed on the prevailing wage rate contained in the Project's contract documents and that all applicable provisions of the Davis-Bacon Act have been met. The Project Sponsor shall require the prime contractor to comply with the Davis-Bacon Act. See Attachment #1.

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

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

(E) Pursuant to requirements of Section 603(d)(1)(E) of the Federal Act, the Project Sponsor of a project involving the repair, replacement or expansion of a publicly owned treatment works shall develop and implement a fiscal sustainability plan ("*FSP*") or certify that it has developed and implemented such a plan. Sponsors with an existing and implemented FSP shall certify to that effect before the loan closing date. Sponsors developing an FSP must submit a certification that an FSP has been developed, and will be implemented, by the date of the final loan disbursement.

ARTICLE IX

GENERAL CONDITIONS

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

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

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

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

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

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

If to the Authority:

City of Cayce
1800 12th Street
Cayce, South Carolina 29033-2935

Attention: City Manager

South Carolina Water Quality Revolving Fund
Authority
c/o Office of Local Government - SRF
South Carolina Rural Infrastructure Authority
1201 Main Street, Suite 1600
Columbia, South Carolina 29201
Attention: Patricia A. Comp

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

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

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

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

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

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

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

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

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

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

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

SECTION 9.17. Severability. If any provision of this Agreement, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent

jurisdiction, any remaining provisions of this Agreement shall survive and be applied, and together with the invalid or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

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

CITY OF CAYCE, SOUTH CAROLINA

(SEAL)

By: _____

Name: _____

Title: _____

Attest:

Its _____

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

By: _____

Bonnie Ammons, Director,
Office of Local Government,
South Carolina Rural Infrastructure Authority

SCOPE OF WORK

Project Sponsor: City of Cayce

Project Name: Cayce Receiving Station Improvements

Loan Number: X1-237-20-315-14

Construction of an additional septage/grease receiving bay and improvements to the existing receiving bay including the addition of a second belt filter press, conveyor systems, polymer feed equipment, piping and appurtenances. Also construction of a new septage/grease holding tank, pump station with related piping, valves, electrical and control systems and all other appurtenances.

PROJECT BUDGET

Project Sponsor: City of Cayce

Project Name: Cayce Receiving Station Improvements

Loan Number: X1-237-20-315-14

<u>ITEM</u>	<u>CWSRF LOAN</u>		<u>TOTAL ELIGIBLE COSTS</u>
	<u>20 years</u>	<u>30 years</u>	
Planning and Design Engineering	\$ 322,500		\$ 322,500
Legal and Appraisal Fees	35,000		35,000
Construction	2,211,100	1,029,500	3,240,600
Construction Contingency	221,110	102,950	324,600
Construction Inspection and Engineering	<u>164,500</u>	<u> </u>	<u>164,500</u>
Total	\$2,954,210	\$1,132,450	\$4,086,660

SUBJECT TO REVISION PRIOR TO CLOSING

PROJECT SCHEDULE

Project Sponsor: City of Cayce
Project Name: Cayce Receiving Station Improvements
Loan Number: X1-237-20-315-14

<u>ACTION</u>	<u>DATE</u>
Bid Opening	May 13, 2021
Contract Execution	August 16, 2021
Notice to Proceed	August 16, 2021
Start of Construction	August 31, 2021
DHEC Permit to Operate	September 25, 2022

SUBJECT TO REVISION PRIOR TO CLOSING

REPAYMENT SCHEDULE

Project Sponsor: City of Cayce

Project Name: Cayce Receiving Station Improvements

Loan Number: X1-237-20-315-14

Loan Amount: \$ 4,086,660

Payment Initiation Date: October 1, 2022

Terms: \$2,954,210 at 1.80% for 20 years
\$1,132,450 at 2.20% for 30 years

First Payment Due Date: January 1, 2023

- (1) Prior to the Payment Initiation Date, amounts disbursed shall bear interest from the date of the Authority's check for each disbursement and accrued interest only shall be due on the Payment Initiation Date.
- (2) Repayment of the principal and interest shall be due in 120 installments, commencing on the first day of the third month after the month of the Payment Initiation Date and continuing quarterly on the first day of each third month thereafter.
- (3) Repayment shall be in 79 equal installments in the amount of Fifty-Six Thousand Nine Hundred Seventy-One and 13/100 Dollars (\$56,971.13) each, followed by one installment in the amount of Fifty-Six Thousand Nine Hundred Seventy-One and 45/100 Dollars (\$56,971.45), followed by 39 equal installments in the amount of Twelve Thousand Nine Hundred Sixteen and 44/100 (\$12,916.44), and one final installment in the amount of Twelve Thousand Nine Hundred Fifteen and 62/100 Dollars (\$12,915.62).

SUBJECT TO REVISION PRIOR TO CLOSING

LOAN CLOSING FEE

Project Sponsor: City of Cayce

Project Name: Cayce Receiving Station Improvements

Loan Number: X1-237-20-315-14

Loan Amount: \$4,086,660

.35% Loan Closing Fee: 14,303

The Loan Closing Fee identified above shall be due and paid at the time of delivery of the Loan Agreement, Note and other required Loan closing documents. Such fee is not reimbursable through the Loan.

Project Sponsor: City of Cayce

Loan Number: X1-237-20-315-14

PROCUREMENT REQUIREMENTS

Recycled Funds

- I. Prior to construction contract award, the Project Sponsor shall:
 - A. Advertise the Project for a minimum of thirty (30) days in advance of bid opening using at least one of the following methods:
 - 1. Local newspapers of general circulation.
 - 2. Statewide or regional newspapers of general circulation.
 - 3. The South Carolina Business Opportunities (SCBO).
 - B. Modify bid documents only by written addenda, which require prior Department approval.
 - C. Hold a public bid opening.
 - D. Utilize competitive sealed construction bids.
 - E. Require at least a five percent (5%) bid bond or certified check.
 - F. Require one hundred percent (100%) payment and performance bonds.
 - G. Require the contractor, during construction, to provide fire, extended coverage, vandalism and malicious mischief insurance equal to the actual value of the insured property.
 - H. Follow, and require the prime contractor to follow, Davis-Bacon and Related Acts provisions.
 - I. Follow, and require the prime contractor to follow, American Iron and Steel Provisions.
 - J. If other funding sources are included which have stricter bidding requirements or if applicable Federal, State or local laws or ordinances have stricter requirements, these stricter requirements govern.
 - K. After bid opening, provide the Department with the following:
 - 1. Project Construction Summary For Recycled Projects (DHEC Form #1295).
 - 2. A certified copy of the advertisement with date(s) of publication.
 - 3. Detailed bid tabulation certified by Project Sponsor's engineer.
 - 4. Proposal of successful bidder(s).
 - 5. Bid bond with associated Power of Attorney.
 - 6. Engineer's award recommendation of low bidder(s) to Project Sponsor. If the award is recommended to other than the low bidder(s), provide justification for decision.
 - 7. Certified copy of Project Sponsor's tentative award resolution listing the proposed contractor(s) and contractor amount(s).
 - 8. Davis-Bacon wage rate(s) used in bidding the project.
 - 9. A copy of the proposed prime contractor's Bidders American Iron and Steel Certification (DHEC Form 2556).
 - 10. Certification Regarding Debarment, Suspension and Other Responsibility Matters (DHEC Form #3590) from the proposed prime contractor(s) and all subcontractors whose contract amount is expected to exceed \$25,000.

11. Project Inspection Designation Form (DHEC Form #2324), with all required attachments, indicating the selected method of providing continuous inspection during construction.
 - L. Receive Department approval to award the construction contract(s).
- II. Subsequent to construction contract award, the Project Sponsor shall submit the following to the Department as proof of compliance with procurement requirements:
- A. Executed contract documents.
 - B. Notice to Proceed.
 - C. Monthly Construction Inspection Reports.
 - D. Davis-Bacon Certification (DHEC Form #2557) with each draw request.
 - E. American Iron and Steel Certification (DHEC Form #0962) with each draw request.
- III. Subsequent to contract award, the Project Sponsor shall submit the following, for Department review and approval, on any proposed change orders:
- A. Need for the change.
 - B. Clear description of the change.
 - C. Cost and pricing data.
 - D. Documentation of negotiation.
 - E. For claims, information showing the claim did not result from the Project Sponsor's or contractor's mismanagement.

SPECIAL CONDITIONS

Project Sponsor: City of Cayce
Project Name: Cayce Receiving Station Improvements
Loan Number: X1-237-20-315-14

None.

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON

**PROMISSORY NOTE TO SOUTH CAROLINA
WATER QUALITY REVOLVING FUND AUTHORITY FOR
SOUTH CAROLINA WATER POLLUTION CONTROL
REVOLVING FUND LOAN**

CITY OF CAYCE, SOUTH CAROLINA
WATER AND SEWER SYSTEM IMPROVEMENT REVENUE BOND, SERIES 2021

FOR VALUE RECEIVED, the City of Cayce (the "*Project Sponsor*") promises to pay to the order of the South Carolina Water Quality Revolving Fund Authority (the "*Authority*") the principal sum owing from time to time by the Project Sponsor pursuant to, and in accordance with, the Loan Agreement (the "*Agreement*"), the terms of which are incorporated herein by reference, between the Project Sponsor and the Authority relating to Loan Number X1-237-20-315-14, Cayce Receiving Station Improvements, principal sum, rate of interest and amount and due date of payments thereunder being set forth in Appendix "B" to the Agreement. The records of the Authority with respect to the date and amount of payments on this Note shall be conclusive as to such matters. Interest shall be computed on a three hundred sixty-five-day year basis and compounded annually; the principal of this Note and any installment thereof shall bear interest until paid in full.

Time is of the essence of this Note.

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

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

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

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

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

The failure of the Project Sponsor to make any payment of principal or interest or both shall not constitute a default until thirty (30) days following the due date but the Authority shall have no obligation to give the Project Sponsor notice of any failure to make such payments. Upon any such payment default, the Authority shall immediately avail itself of the provisions of Section 7.2 of the Agreement relating to additional security for payment of amounts due on this Note.

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

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

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

IN WITNESS WHEREOF, the Project Sponsor has caused this Note to be executed under its seal and to be registered in the name of the South Carolina Water Quality Revolving Fund Authority as of this _____ day of _____, 2021.

CITY OF CAYCE, SOUTH CAROLINA

[SEAL]

By: _____

Typed Name: _____

Title: _____

Attest:

Its _____

CERTIFICATE OF AUTHENTICATION

This Promissory Note is the obligation issued pursuant to the Project Sponsor's Master Bond Ordinance enacted on February 2, 2016, as authorized by the Project Sponsor's Series Ordinance enacted on _____, 2021.

U.S. BANK NATIONAL ASSOCIATION, TRUSTEE

By: _____, Authorized Officer

Typed Name: _____

**Davis-Bacon Wage Rates Required Under Federal Clean Water Act
For Subrecipients (Project Sponsors)**

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

Under the Federal Clean Water Act, as amended on June 10, 2014, DB prevailing wage requirements were permanently applied to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations

- (a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.
- (i) While the solicitation remains open, the subrecipient shall monitor <http://beta.sam.gov/> weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.
- (ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The subrecipient shall monitor <http://beta.sam.gov/> on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.
- (b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from <http://beta.sam.gov/> into the ordering instrument.
- (c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.
- (d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract Provisions

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

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

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

5. Compliance Verification

- (a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.
- (b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
- (c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
- (d) The subrecipient shall periodically review contractors and subcontractor's use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.
- (e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.