

FIFTH SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION APPROVING THE FINANCING OF THE IMPROVEMENT, CONSTRUCTION, AND EQUIPPING OF CERTAIN SEWER COLLECTION AND TRANSPORTATION FACILITIES IN THE JAMES ISLAND PUBLIC SERVICE DISTRICT THROUGH THE BORROWING OF NOT EXCEEDING ONE MILLION SEVEN HUNDRED NINETY-THREE THOUSAND ONE HUNDRED TWENTY-EIGHT AND 00/100 DOLLARS (\$1,793,128.00), AND CAPITALISED 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 OF THE 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 JAMES ISLAND PUBLIC SERVICE DISTRICT AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM THE JAMES ISLAND PUBLIC SERVICE DISTRICT TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE JAMES ISLAND PUBLIC SERVICE DISTRICT COMMISSION IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

SECTION 1.1 **Findings of Fact.** As an incident to the adoption of this Fifth Supplemental Resolution, the James Island Public Service District Commission (the "Commission"), the governing body of the James Island Public Service District (the "District"), has made the following findings:

1. The Commission is the governing body of the District, which is a special purpose district created pursuant to Act No. 498 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1961, as amended ("Act 498"), and empowered by the provisions of Title 48, Chapter 5 of the Code of Laws of South Carolina 1976, as amended (the "Act"), (i) to undertake a wastewater treatment and disposal project as defined and approved pursuant to the Federal Clean Water Act, 33 U.S.C.A. subsection 1381 *et seq.*; (ii) to make application for and to receive assistance; (iii) to comply with regulations relating to the receipt and disposition of money of the South Carolina Water Pollution Control Revolving Fund created by the Act; (iv) to apply for and receive state grants; (v) to enter into loan agreements; and (vi) to comply with all terms and conditions of any loan agreement.

2. Pursuant to Act 498 and the Act, the Commission operates and maintains a system of sewer and sewage disposal (the "System") within the District. The Project (as defined below) will be part of the System.

3. As a means of raising the funds needed from time to time for improving the System, the District is empowered by the provisions of the Revenue Bond Refinancing Act of 1937 (Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended), as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended, and in compliance with Article X, Section 14, paragraph 10 of the South Carolina Constitution, to incur indebtedness and issue revenue bonds payable both as to interest and principal from revenues to be derived from the operation of the System, and to secure such indebtedness with a pledge of such revenues. The Project (as defined below) will be part of the System.

4 The Commission previously adopted a General Bond Resolution on April 18, 1989 (the "1989 Resolution"), which provided for the issuance of revenue bonds thereunder secured by a lien on the revenues derived from the System. The District previously issued and there is now outstanding under the terms of the 1989 Resolution its (i) Sewer System Revenue Bond, Series 1992 (the "Series 1992 Bond"), and (ii) Sewer System Revenue Bond, Series 1996 (the "Series 1996 Bond;" the Series 1992 Bond and the Series 1996 Bond are collectively referred to as the "Prior Lien Bonds").

5. The Commission subsequently adopted a General Bond Resolution on August 11, 2014 (the "General Bond Resolution"), which provides for the issuance of revenue bonds (the "Bonds") thereunder secured by a lien on the revenues derived from the System. The General Bond Resolution further provides that on and after the date of issuance of the initial series of bonds to be issued under the General Bond Resolution, the District shall not issue any "Prior Lien Bonds," "Bonds," "Special Facilities Bonds," or any other "Indebtedness" (as such terms are defined in the 1989 Resolution), on a parity lien basis with the Prior Lien Bonds. The intention of this action is that at the time that the Prior Lien Bonds are no longer outstanding (within the meaning of the 1989 Resolution), the Outstanding Parity Bonds (as defined below) and any other Bonds issued pursuant to the General Bond Resolution shall then have an irrevocable and nonexclusive first lien on the "Net Earnings" as such term is defined in the General Bond Resolution.

6. There are currently outstanding under the General Bond Resolution the following Bonds: the State Water Pollution Control Revolving Fund Loan of 2009 (the "SRF 2009 Loan"); the State Water Pollution Control Revolving Fund Loan of 2011A (the "SRF 2011A Loan"); the State Water Pollution Control Revolving Fund Loan of 2011B (the "SRF 2011B Loan"); the State Water Pollution Control Revolving Fund Loan of 2013 (the "SRF 2013 Loan"); the State Water Pollution Control Revolving Fund Loan of 2014B (the "SRF 2014B Loan") the State Water Pollution Control Revolving Fund Loan of 2016 (the "SRF 2016 Loan") and the State Water Pollution Control Revolving Fund Loan of 2019 (the "SRF 2019 Loan") (the SRF 2009 Loan, the SRF 2011A Loan, the SRF 2011B Loan, the SRF 2013 Loan, the SRF 2014B Loan, the SRF 2016 Loan, and the SRF 2019 are collectively referred to herein as the "Outstanding Parity Bonds").

7. In the General Bond Resolution, the Commission reserved the right to issue additional Bonds on a parity with the Outstanding Parity Bonds; the Commission has established that the Loan (as hereinafter defined) authorized hereunder, as evidenced by the Loan Agreement and the Note (as each such term is defined below), shall constitute a Bond under the General Bond

Resolution and shall be on a parity with the lien securing the Outstanding Parity Bonds and other parity Bonds that may be issued under the General Bond Resolution in the future.

8. Because of the growth in the number of residences and commercial establishments within the District's service area, the Commission has determined that it is necessary to upgrade and expand the System by means of the construction and installation of the Pump Station 2 upgrade and conversion project (the "Project"). The Commission has caused an estimate to be made of the cost of the Project and the amount thereof is approximately \$1,793,128.

9. On July 22, 2019, the Commission adopted a resolution authorising application to the South Carolina Water Quality Revolving Fund Authority (the "State Authority") for a loan from the State Water Pollution Control Revolving Fund created by the Act (the "Loan"), to provide for the financing of the Project.

10. On August 6, 2019, the State Authority upon review of the District's loan application conditionally approved the Loan.

11. The funds are to be loaned and secured pursuant to a loan agreement (the "Loan Agreement") between the District and the State Authority, and a promissory note executed and delivered by the District registered in the name of the State Authority (the "Note"). The Commission have determined that funding a portion of the costs of the Project by means of the Loan, and the issuance of the Note and terms of the Loan Agreement, are for the best interest of the District. Pursuant to the Loan Agreement, the District will agree to use the Loan proceeds only to pay the actual eligible costs of the Project, and the District will agree to pay to the State Authority, but only from the sources therein provided, 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 District will grant to the State Authority a pledge of, and lien upon, (a) in all respects junior and subordinate to the lien securing the Prior Lien Bonds, and (b) on a parity with the lien securing the Outstanding Parity Bonds, and any additional Bonds to be issued under the General Bond Resolution, that portion of the Revenues of the System which shall remain after paying the Expenses of Operating and Maintaining the System (as such terms are defined in the General Bond Resolution) and all funds and accounts of the District derived from such Revenues. Upon any failure of the District to make any payments due 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 the provisions of the Act, such amount from state appropriations to which the District may be or become entitled as may be necessary to provide for the payment of all amounts due with respect to the Note.

12. The Commission is adopting this Supplemental Resolution in order:

- (i) to authorise the execution and delivery on behalf of the District of the Loan Agreement and the Note;
- (ii) to evidence the approval of the Project and the Loan by the Commission; and
- (iii) to authorise the execution and the delivery by, and on behalf of, the District of such other agreements and certificates and the taking of such other action by the District

and its officers as shall be necessary or desirable in connexion with the financing of the Project in order to carry out the intent of this Supplemental Resolution.

ARTICLE II

THE LOAN

SECTION 2.1 **Authorisation of Loan.** The Commission hereby authorise the District's acceptance of the Loan from the State Authority of not exceeding \$1,793,128 and capitalised interest, if any, pursuant to and in accordance with, the provisions of the Loan Agreement.

SECTION 2.2 **Repayment of Loan by District.** The Commission hereby authorise the repayment of the Loan by the District to the State Authority from Net Earnings or, if the Net Earnings are not sufficient, from state appropriations as the District may become entitled to, pursuant to and in accordance with, the provisions of the Loan Agreement and the Note.

ARTICLE III

LOAN AGREEMENT AND THE NOTE

SECTION 3.1 **Authorisation of Loan Agreement and the Note.** The Loan Agreement and the Note in substantially the forms attached hereto as Exhibits A and B, respectively, with any changes as the executing officers shall approve (their execution to be conclusive evidence of such approval) are hereby approved, and the execution and delivery of the Loan Agreement and the Note, on behalf of the District, are hereby authorised and directed. The Loan Agreement and the Note shall be executed on behalf of the District by the Chairman of the Commission (the "Chairman") and attested by the Secretary of the Commission (the "Secretary").

ARTICLE IV

MISCELLANEOUS

SECTION 4.1 **General Bond Resolution.**

As supplemented by this Supplemental Resolution, the General Bond Resolution (the General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions being defined in the General Bond Resolution as the "Resolution") shall remain in full force and effect and shall govern the issuance of the Note.

SECTION 4.2 **Certain Findings and Determinations.**

The Commission find and determine:

(a) This Supplemental Resolution supplements the Resolution, constitutes and is a “Supplemental Resolution” within the meaning of the quoted term as defined and used in the General Bond Resolution, and is adopted under and pursuant to the Resolution.

(b) The Note constitutes and is a “Bond” within the meaning of the quoted word as defined and used in the General Bond Resolution.

(c) Neither the Revenues nor the System are encumbered by any lien or charge thereon or pledge thereof, other than the lien and charge thereon and the pledge thereof created by the General Bond Resolution for payment and security of the Bonds under the General Bond Resolution and the pledge thereof under the 1989 Resolution for the payment and security of the Prior Lien Bonds.

(d) The only Bonds outstanding under the General Bond Resolution are the Outstanding Parity Bonds.

(e) There does not exist an Event of Default in the payment of the principal of or interest on any Bonds or Subordinate Obligations (as defined in the General Bond Resolution) now Outstanding.

(f) The period of usefulness of the System is over 30 years.

(g) The date of issue of the Note shall be its date of delivery to the State Authority.

(h) The principal amount of the Note shall be determined by the Chairman, but shall not exceed \$1,793,128 and capitalised interest, if any.

(i) The estimate of the Costs of Acquisition and Construction of the Project is set forth in the Loan Agreement.

(j) The title and designation of the Note and manner of numbering and lettering and the denomination of the Note shall be as set forth in the Loan Agreement.

(k) The interest rate on the Note shall be as set forth in the Loan Agreement.

(l) The payment dates on the Note shall be as set forth in the Loan Agreement.

(m) The redemption or prepayment prices and dates shall be as set forth in the Loan Agreement.

(n) The Registrar (as defined in the General Bond Resolution) for the Note shall be U.S. Bank National Association (the “Trustee”). The Note may be transferred as provided in the Loan Agreement.

(o) The Note shall not be subject to mandatory redemption or sinking fund instalment payments. Payment of the Note shall be as set forth in the Loan Agreement.

(p) Under current conditions, the Debt Service Reserve Fund Requirement for the Note will be \$-0-. Under certain circumstances described in the Loan Agreement, the Debt Service Reserve Fund Requirement shall increase as provided in the Loan Agreement and the Debt Service Fund and Debt Service Reserve Fund Agreement with the Trustee (the "Debt Service Fund and Debt Service Reserve Fund Agreement").

(q) Proceeds of the Note shall be disbursed and applied as set forth in the Loan Agreement.

(r) The Commission expect that Net Earnings of the System for the twelve-month period ended June 30, 2018, is not less than the sum of (x) one hundred twenty percent (120%) of the Maximum Debt Service (as defined in the General Bond Resolution) for any subsequent fiscal year of the District of (1) Bonds Outstanding and (2) the Note, and (y) one hundred percent (100%) of the debt service requirements due on the Prior Lien Bonds during the current fiscal year of the District.

(s) The Trustee shall serve as Paying Agent (as defined in the General Bond Resolution) for the Note.

SECTION 4.3 **Other Instruments and Actions.**

In order to implement the Loan pursuant to the Loan Agreement and the Note and to give full effect to the intent and meaning of this Supplemental Resolution and the agreements and actions herein authorised, the Chairman, Secretary, and the Interim District Manager are hereby authorised to execute and deliver such certificates, showings, instruments, and agreements and to take any further action, as such officers shall deem necessary or desirable, including, but not limited to, the Debt Service Fund and Debt Service Reserve Fund Agreement.

SECTION 4.4 **Supplemental Resolution a Contract.**

This Supplemental Resolution shall be a contract between the District and the State Authority, and shall be enforceable as such against the District.

SECTION 4.5 **Continuing Disclosure.** The Commission covenants to file with the State Authority:

(a) An annual independent audit, within thirty days of the Commission's receipt and approval of the audit; and

(b) Event specific information within thirty days of an event adversely affecting more than five percent of revenues of the System or the District's tax base.

SECTION 4.6 **General Bond Resolution as Modified to Remain in full Force and Effect.**

As supplemented herein, the General Bond Resolution remains in full force and effect and shall govern the issuance of the Note.

SECTION 4.7 **Effective Date.**

This Resolution shall become effective upon its adoption by the Commission.

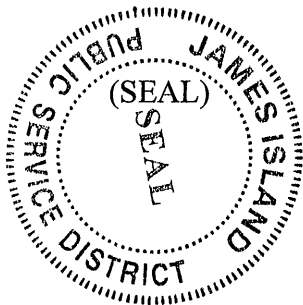
**JAMES ISLAND PUBLIC SERVICE DISTRICT
IN CHARLESTON COUNTY, SOUTH CAROLINA
STATE WATER POLLUTION CONTROL REVOLVING FUND LOAN
SEWER SYSTEM REVENUE BOND, SERIES 2019B**

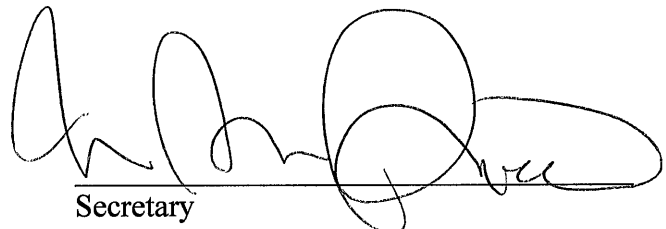
CERTIFICATE TO SUPPLEMENTAL RESOLUTION

I, the undersigned Secretary of the James Island Public Service District Commission (the "Commission"), DO HEREBY CERTIFY, that attached hereto is a true, correct, and verbatim copy of a Supplemental Resolution adopted by the Commission at a meeting of the Commission held on October 28, 2019, at which meeting a quorum of the Commission was present and remained present throughout and which meeting was open to the public.

The Supplemental Resolution has been recorded in the Commission's records of proceedings and remains in my custody as Secretary of the Commission, and the Supplemental Resolution remains in full force and effect and has not been amended, modified, or repealed.

WITNESS my Hand and the Seal of the James Island Public Service District, this 28th day of October, A.D. 2019.




Secretary
James Island Public Service District
Commission

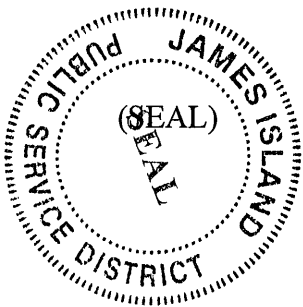
STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

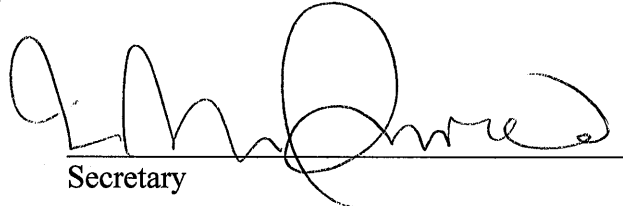
I, the undersigned, Secretary of the James Island Public Service District Commission (the "Commission"), DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct, and verbatim copy of a Resolution adopted by the Commission. The Resolution was adopted at a public meeting of the Commission held on October 28, 2019. At the meeting, a quorum of Commission was present and remaining present throughout the meeting.

The Resolution is now in full force and effect.

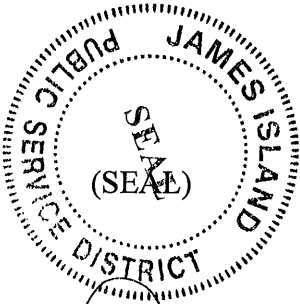
IN WITNESS WHEREOF, I have hereunto set my Hand and Seal of the James Island Public Service District, this 28th day of October, 2019.

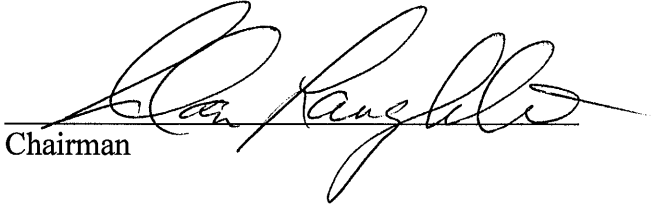


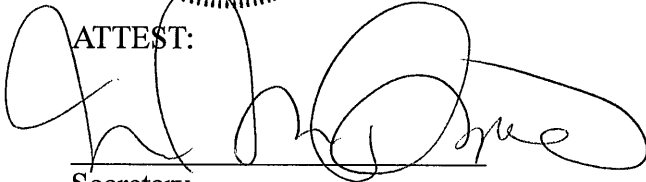

Secretary

ADOPTED THIS 28th day of October, 2019.

**JAMES ISLAND PUBLIC
SERVICE DISTRICT COMMISSION**




Chairman

ATTEST:

Secretary