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**CITY OF COLUMBIA, SOUTH CAROLINA**

**SECOND SUPPLEMENTAL ORDINANCE NO. 2014-052**

PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF COLUMBIA, SOUTH CAROLINA, SPECIAL OBLIGATION BONDS (HOSPITALITY FEE PLEDGE), IN ONE OR MORE SERIES, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$35,000,000, IN ORDER TO FINANCE THE ACQUISITION, BY CONSTRUCTION OR PURCHASE, OF A MULTI-USE ENTERTAINMENT VENUE AND FACILITIES, EQUIPMENT, APPURTENANCES AND IMPROVEMENTS RELATED THERETO; AUTHORIZING THE MAYOR, THE CITY MANAGER, THE CHIEF FINANCIAL OFFICER AND THE FINANCE DIRECTOR, OR ANY TWO OF THEM ACTING TOGETHER, TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; AND OTHER MATTERS RELATING THERETO.

Enacted: July 15, 2014

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLUMBIA,  
SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

Section 1. Definitions.

The terms in this Section 1 and all words and terms defined in the General Bond Ordinance No. 2011-63 (the "General Bond Ordinance") enacted by the City Council (the "Council") of the City of Columbia, South Carolina (the "City"), on the date hereof (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the Ordinance as the "Ordinance") (except as herein otherwise expressly provided or unless the context otherwise requires) shall for all purposes of this Second Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

"2014 Project" shall mean the acquisition, by construction or purchase, of a multi-use entertainment venue and facilities, equipment, appurtenances and improvements related thereto, subject to Section 9 hereof.

"Beneficial Owner" shall mean any purchaser who acquires beneficial ownership interest in any Initial Bond held by the Depository. In determining any Beneficial Owner the City, the Trustee, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the City, the Trustee, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any New Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

"Bond Purchase Agreement" shall have the meaning given that term in Section 11(b) hereof.

"Bonds of 2012" shall mean the \$14,825,000 original principal amount City of Columbia, South Carolina, Special Obligation Refunding Bonds (Hospitality Fee Pledge), Series 2012, dated February 29, 2012, currently Outstanding as of the date of this Second Supplemental Ordinance in the principal amount of \$12,820,000.

"Book-Entry Form" or "Book-Entry System" shall mean with respect to the New Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the New Bonds may be transferred only through a book-entry and (b) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical bond certificates "immobilized" in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the New Bonds, when subject to the Book-Entry System.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" shall have the meaning given that term in Section 14 hereof.

“Custodian” shall mean the bank, depository or trust company selected by the City as custodian of the Series Construction Fund.

“Depository” shall mean any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the New Bonds, and to effect transfers of the New Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited-purpose trust company), New York, New York.

“First Supplemental Ordinance” shall mean shall mean Ordinance No. 2011-62 enacted by the Council on August 30, 2011.

“General Bond Ordinance” shall mean Ordinance No. 2011-63 duly enacted by the Council on August 30, 2011, authorizing the issuance from time to time of Bonds.

“Initial Bonds” shall mean the New Bonds initially issued in Book-Entry Form as provided in Section 4 hereof.

“Interest Payment Date” shall mean any February 1 and August 1 of each year, commencing August 1, 2014, or such other date as selected by the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, pursuant to Section 11 hereof.

“Letter of Credit” shall mean, subject to Section 8 hereof, a letter of credit (if any) issued by a bank or other financial institution satisfactory to the City simultaneously with the issuance of the New Bonds, to satisfy all or a portion of the Series Reserve Fund Requirement.

“New Bonds” shall mean the City of Columbia, South Carolina, Special Obligation Bonds (Hospitality Fee Pledge), issuable in one or more series, in the aggregate principal amount of not exceeding \$35,000,000 authorized to be issued hereunder.

“Paying Agent” shall mean Regions Bank, as Paying Agent for the New Bonds.

“Principal Payment Date” shall have the meaning given to such term in Section 3(a).

“Registrar” shall mean Regions Bank, as Registrar for the New Bonds.

“Second Supplemental Ordinance” shall mean this Second Supplemental Ordinance No. 2014-052 of the Council of the City enacted on the date hereof.

“Series Construction Fund” shall mean one or more Funds established pursuant to Section 9 hereof into which a portion of the proceeds of a Series of the New Bonds will be deposited and from which such proceeds will be disbursed to pay the Costs of Acquisition and Construction of the 2014 Project and any Costs of Issuance applicable to such Series of New Bonds. Pursuant to Section 9,

each Series Construction Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Debt Service Fund” shall mean one or more Funds established pursuant to Section 7 hereof to provide for the payment of the principal of and interest on the Series of the New Bonds related thereto. Pursuant to Section 7, each Series Debt Service Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Debt Service Reserve Fund” shall mean one or more Funds, if any, established pursuant to Section 8 hereof (a) to insure the timely payment of the principal and interest on the New Bonds related thereto; and (b) to provide for the redemption of the Series of the New Bonds related thereto. Pursuant to Section 8, each Series Debt Service Reserve Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Reserve Fund Requirement” shall mean the amount, if any, established pursuant to Section 8 hereof.

“Surety Bond” shall mean a debt service reserve fund policy (if any) issued by a bond insurer satisfactory to the City simultaneously with the issuance of the New Bonds, to satisfy all or a portion of the Series Reserve Fund Requirement.

“Trustee” shall mean Regions Bank, as Trustee for the Bonds.

“Underwriter” shall mean the firm or firms designated to serve as underwriter for the New Bonds, as selected by the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, pursuant to Section 11 hereof.

## Section 2. Certain Findings and Determinations.

The City hereby finds and determines:

(a) The Ordinance, the Bond Act and the Hospitality Fee Act authorize the City to issue Bonds in order to finance the Costs of Acquisition and Construction of Projects (as defined in the General Bond Ordinance). This Second Supplemental Ordinance supplements the Ordinance, constitutes and is a "Supplemental Ordinance" within the meaning of such quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance.

(b) The New Bonds constitute and are "Bonds" within the meaning of the quoted word as defined and used in the Ordinance.

(c) The Hospitality Fees pledged under the Ordinance are not presently encumbered by any lien and charge thereon or pledge thereof, other than: (i) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the First Supplemental Ordinance for the payment and security of the Bonds of 2012; and (ii) the pledge thereof created by the General Bond

Ordinance and this Second Supplemental Ordinance for the payment and security of the New Bonds.

(d) There does not exist an Event of Default (as defined in the General Bond Ordinance), nor does there exist any condition which, after the passage of time or the giving of notice, or both, would constitute such Event of Default.

(e) The estimated Costs of Acquisition and Construction of the 2014 Project (excluding any interest coming due on the New Bonds or Costs of Issuance) is approximately \$35,000,000, of which not more than \$29,000,000 is expected to be financed with the proceeds of the New Bonds and the remainder (no less than \$6,000,000) is expected to be financed by Hardball Capital, LLC (“Hardball”), the proposed owner and operator of the minor league baseball team that would play its home games in the 2014 Project (the “Team”).

(f) Article III of the General Bond Ordinance provides that one or more Series of Bonds may be issued for such purposes as may be permitted by the Hospitality Fee Act upon compliance with certain provisions of the General Bond Ordinance for the purposes of paying the Costs of Acquisition and Construction of one or more Projects authorized to be financed under the Hospitality Fee Act. Bonds issued upon compliance with Section 3.2 and Section 3.3 of the General Bond Ordinance shall be issued on a parity as to the Net Revenues of the System in all respects *inter sese*.

(g) Subject to Section 8 hereof, if a Series Debt Service Reserve Fund is established hereunder with respect to a Series of the New Bonds, it shall secure only such Series of New Bonds, and the Series Reserve Fund Requirement (if any) will be satisfied through the deposit of cash into the Series Debt Service Reserve Fund or with the provision of a Letter of Credit or Surety Bond or any combination of the foregoing, in each case for the benefit of the holders of the New Bonds.

(h) A vibrant tourism industry fosters and enhances the economic growth and well being of a community and its residents. Tourism has been and continues to be a major industry for the City. The City, through its Convention and Visitors Bureau, as well as surrounding counties and municipalities and community businesses, have taken various steps to promote tourism to the City and surrounding areas and to the City's facilities and attractions. Moreover, as the City's tourism industry expands, the City must make provisions to increase municipal services and facilities in order to accommodate the needs of tourists and to attract additional tourism. Tourists enjoy and utilize the special benefits which the City provides.

(i) On July 31, 2013, the City entered into a Development Agreement with Hughes Development Corporation (“Hughes”) whereby Hughes will acquire and revitalize all or a portion of the 183-acre tract of land generally known as the Bull Street campus (the “Bull Street Campus”), situated in the heart of the City, the main entrance to which is marked by the intersection of Elmwood Avenue and Bull Street. The preliminary plan for the Bull Street Campus includes the substantial re-use of many of the historic structures on the property along with residential dwelling units, and approximately 1.7 million square feet of retail, hotel, commercial and office areas. The plan also includes church locations, recreational spaces, hiking and biking trails, preserved and open spaces and community facilities. An economic impact

study commissioned by the Greater Columbia Chamber of Commerce (the “Chamber Study”) projects that the Bull Street development could have an anticipated impact on the City of approximately \$1.2 billion per year and could assist with the creation and support of up to 6,100 jobs directly related to the project and another 3,900 jobs indirectly related to the project.

(j) The Chamber Study also concluded that “Columbia could further enhance and speed up these impacts occurring by including a minor league baseball park in the development plan.” The Chamber Study noted the effect that minor league ballparks have had in similar-sized cities throughout the country and stated that Columbia “may even be at a competitive disadvantage with other South Carolina cities in terms of attractive places to live since it does not have a minor league team.”

(k) The Chamber Study noted that there were several cities within and outside South Carolina (e.g., Charleston, Myrtle Beach, Greenville, Durham, NC and Ft. Wayne, IN) in which “minor league baseball is thriving and stimulating additional development” and provided additional support in the form of statistics and quoted statements from elected officials, developers, economic development and baseball professionals and the local news media, concerning the economic, development and community benefits of Greenville’s Fluor Field.

(l) The City engaged Brailsford & Dunlavey (“Brailsford”) to complete a New Ballpark Planning Study dated January 16, 2014 (the “Ballpark Study”) that included, among other exercises, a demand and benefits analysis for a new minor league baseball ballpark of comparable size, configuration and cost as the 2014 Project, to be located in the City and on the Bull Street Campus. The Ballpark Study projected that the new ballpark would initially attract approximately 455,000 visitors (stabilizing at an average annual attendance of approximately 375,000 visitors after the fifth year of operation) to attend 70 baseball games per year. Additionally, other non-baseball attractions, including concerts, festivals, movies, and other special events, will attract approximately 50,000 additional visitors per year. Of approximately 500,000 projected annual visitors, approximately 400,000 are estimated to permanently reside outside of the City boundaries.

(m) The Ballpark Study also considered the potential economic and fiscal benefits of the new ballpark and its users. Of the approximately 500,000 projected annual visitors to the new ballpark (and approximately 400,000 ‘tourists’ within the meaning of the Hospitality Fee Act, as more particularly defined below), these visitors would be expected to spend approximately \$9.2 million (or \$7.4 million, in the case of the approximately 400,000 tourists) per year in the City, including retail, transportation, and food and beverage expenditures. A smaller percentage of the baseball park visitors are projected to create an annual demand for approximately 33,600 hotel room nights, representing an additional \$5.0 million in annual hotel spending.

(n) The above information is consistent with Hardball’s experiences, which presently owns and operates minor league baseball teams other than the Team, including the Ft. Wayne Tincaps (in Ft. Wayne, IN). Based on data collected by Hardball, such as license plate surveys of baseball game attendees parking near the Ft. Wayne stadium and zip codes of ticket purchasers for baseball games and other events, marketing strategies geared to non-permanent

resident populations that are unique to the Columbia market (such as military personnel at Fort Jackson and students at various colleges and universities in Columbia) and its contemplation of community events that would attract large numbers of visitors to the 2014 Project (such as road races, cycling festivals, and exhibition sporting events), Hardball expects the 2014 Project will draw attendance from a significant number of visitors who are considered tourists within the meaning of the Hospitality Fee Act. In addition, Hardball has advised that, based on its experiences in other markets, including but not limited to the accommodations, restaurants and other hospitality-related businesses expected to be used by home and visiting baseball teams, umpires, scouts and other temporary baseball officials, as well as the ticket-purchasing users of similar facilities, the 2014 Project is expected to foster and stimulate economic activity at surrounding businesses by ‘tourists’ within the meaning of the Hospitality Fee Act.

(o) By imposing the Hospitality Fees, the City has provided a method to alleviate the increased financial burden on resources of the City and its citizens in providing services and facilities needed to attract and support tourism. Moneys generated by the Hospitality Fees are or may be used to finance the acquisition, construction and renovation of facilities which will serve and attract visitors and tourists or to provide municipal services which serve visitors and tourists.

(p) The Council has been advised and recognizes that Hospitality Fees and the proceeds of the New Bonds must be used exclusively for tourism-related buildings, tourism-related cultural, recreational or historic facilities, highways, roads, streets and bridges providing access to tourist destinations and water and sewer infrastructure serving tourism-related demand. For purposes of the Hospitality Fee Act, the term ‘tourist’ means “a person who does not reside in but rather enters temporarily, for reasons of recreation or leisure, the jurisdictional boundaries of a municipality for a municipal project”.

(q) In addition, the Council recognizes that the expenditure of public funds must be for a public purpose in accordance with the applicable provisions of the South Carolina Constitution and decisions of the South Carolina Supreme Court. Specifically, the cases of Byrd v. County of Florence, 315 S.E.2d 804 (1984) and Nichols v. The South Carolina Research Authority, 351 S.E.2d 155 (1986), formulate a four-point standard by which undertakings for financing economic development are tested for constitutionality. The City Attorney has reviewed this standard with the members of the City Council. In WDW Properties v. City of Sumter, 535 S.E.2d 631 (2000), the Byrd/Nichols test was applied by the Court to uphold the issuance by JEDA of tax-exempt industrial revenue bonds to finance a portion of the costs of renovation of existing buildings located within the Columbia/Sumter SC Empowerment Zone. In that case, the Court noted that the redevelopment projects were intended to be leased for commercial office and retail space, that the developer expected to create 20 full-time jobs and that “the project would ‘serve as the cornerstone for the revitalization of downtown Sumter and the surrounding communities.’”

(r) The Council proposes to finance the 2014 Project, which venue will be initially operated and managed by Hardball pursuant to a Venue License Agreement dated April 8, 2014, and host approximately 70 annual regular season home minor league baseball games, as well as other events, concerts, receptions and other ticketed events, and approximately 20 annual City

events.

(s) The 2014 Project will be located within the Bull Street Campus, which contains numerous buildings, improvements and other structures which were historically used and dedicated to the treatment of the mentally ill by the South Carolina Department of Mental Health.

(t) Several of the facilities located on the Bull Street Campus were constructed more than 100 years ago, including the Mills Building which was completed in 1828, and the Babcock Building which was constructed in phases between 1857 and 1885, both of which are registered on the National Register for Historic Places and are featured on Historic Columbia Foundation's Eligible Local Landmark List. The Bull Street Campus is of historical and architectural significance for several reasons: the Bull Street Campus is historically significant because it provides an example of the facilities generally available since the mid-1800s for the care and treatment of persons with mental illness in South Carolina; in addition, the Mills Building was designed by and later named in honor of Robert Mills, a renowned architect who was prolific in the design of several public buildings and other significant structures throughout the United States, including the Washington Monument and the White House.

(u) Presently, a substantial number of the structures on the Bull Street Campus are dilapidated and run-down, and their overall appearance is blighted. As more particularly described above, and as described in or contemplated by the Chamber Study and the Ballpark Study, the successful development and operation of the 2014 Project will promote and stimulate private development within the Bull Street Campus, which would in turn eliminate, remove and address the current blighted conditions of the Bull Street Campus and be essential to its successful redevelopment, all of which would enhance the overall quality of the Bull Street Campus and its surrounding areas.

(v) The successful development and operation of the 2014 Project will promote tourism and, as a result thereof and the general redevelopment of the Bull Street Campus, foster and encourage tourists, visitors, residents and businesses to locate in or patronize such facilities or the surrounding area (including tourism-generating facilities in close proximity to the Downtown area, the Congaree Vista Area and the Riverfront area, like the South Carolina State Museum, the EdVenture Children's Museum, the Three Rivers Greenway extension, Granby Riverwalk, Canal Front Park, the proposed Riverfront Park, the Riverbanks Zoo, the Woodrow Wilson Family Home, the Columbia Metropolitan Convention Center and the Colonial Life Arena, or in close proximity to the Bull Street Campus, like the Robert Mills House, the Hampton-Preston Mansion and other nearby historic structures), which enhances the economic viability of the City through the redevelopment of nearby properties, the creation of additional jobs, the infusion of capital investment and increased commercial activity, thereby resulting in additional ad valorem property taxes, hospitality fees and other taxes and fees.

(w) As described in the Chamber Study and other evidentiary findings or statements referenced above, the benefits to the City as a result of the acquisition, renovation, redevelopment and improvement of the 2014 Project are set forth, in part, herein:

(i) the 2014 Project would promote, enhance, speed up and stimulate private development in the Bull Street Campus (the “Bull Street Redevelopment”), which in turn will eliminate, remove and address the current blighted conditions of the Bull Street Campus, all of which would enhance the aesthetic qualities of the surrounding areas;

(ii) the 2014 Project and the Bull Street Redevelopment would promote interest from visitors, tourists and City residents who want to study and/or learn about the architecturally and historically significant buildings located on the Bull Street Campus and other surrounding historic facilities within the City (including the nearby Robert Mills House and the Hampton-Preston Mansion), which may include exhibits, presentations or museum areas located in or near to the Bull Street Campus, and would be promoted and marketed by area tourism businesses and nonprofit organizations in their advertisements, on the Internet, and in materials provided for tours and/or self-guided tours of the City;

(iii) the City and its citizens have invested, and continue to invest, significant funds in and to promote its Downtown area, the Congaree Vista Area, the Riverfront area, and the areas in which other historic structures are located, including the nearby Robert Mills House and the Hampton-Preston Mansion; further, the Bull Street Campus serves as a connection between such areas and, because the main entrance to the Bull Street Campus is located at the intersection of Bull Street/Interstate I-277 and Elmwood Avenue/Interstate I-126, the Bull Street Campus serves as a gateway connector for people visiting and working in the City of Columbia;

(iv) the 2014 Project and the Bull Street Redevelopment would also foster and encourage tourists, visitors, residents and businesses to locate in or patronize such facilities or the surrounding area (including tourism-generating facilities in close proximity to the Downtown area, the Congaree Vista Area and the riverfront area, like the South Carolina State Museum, the EdVenture Children’s Museum, the Three Rivers Greenway extension, Granby Riverwalk, Canal Front Park, the proposed Riverfront Park, the Columbia Metropolitan Convention Center and the Colonial Life Arena, or in close proximity to the Bull Street Campus, like the Robert Mills House, the Hampton-Preston Mansion and other nearby historic structures), which enhances the economic viability of the City (including particularly the Congaree Vista Area and the area surrounding these facilities) through the redevelopment of nearby properties, the imposition and collection of additional *ad valorem* property taxes and increased commercial activity that would generate additional sales taxes and personal property taxes, hospitality fees, accommodations fees, tourism development fees, business license fees and other fees, as well as additional jobs and capital investment; and

(v) the historic and architectural characteristics of several facilities located on the Bull Street Campus would be significantly preserved and, like the South Carolina State Museum, Confederate Printing Plant (now Publix), Robert Mills House, the Hampton-Preston Mansion and other nearby historic structures, serve as examples of successful preservation, rehabilitation, redevelopment and re-adaptation, all of which are

recognizable, signature properties that provide a gateway into the City of Columbia, including its Downtown area and the arts and entertainment district known as the Congaree Vista Area.

(x) After taking into consideration information presented to the City (including but not limited to those supporting the findings set forth above), the City Council makes the following additional findings and determinations with respect to the 2014 Project and the Bull Street Redevelopment supported thereby:

(1) The ultimate benefits to the public are multiple: the 2014 Project and the Bull Street Redevelopment would serve to foster tourism and stimulate economic activity on the Bull Street Campus, to increase the number of available jobs, to improve the appearance and enhance the aesthetic character of the Bull Street Campus and surrounding properties, to generate additional revenues (including Hospitality Taxes) and positively impact real property values of surrounding properties, to attract new businesses, to reinvigorate a downtown area that has been classified by the local, state and federal governments as economically distressed and to protect and preserve historically and architecturally significant features and encourage others to undertake historic preservation that would benefit downtown Columbia.

(2) The public will be the primary beneficiary of the 2014 Project and the Bull Street Redevelopment, although Hardball and one or more developers of the Bull Street Redevelopment will also benefit through the City's investment in the 2014 Project.

(3) The 2014 Project and the Bull Street Redevelopment are not so speculative as to violate the public purpose doctrine based on the success of similar entertainment facilities that have been developed, such as other minor league baseball stadiums in South Carolina constructed and/or supported by public investments (including those located in Charleston, Greenville and Myrtle Beach), and similar historic properties that have been redeveloped, such as the South Carolina State Museum, the Confederate Printing Plant (now Publix), the 701 Whaley Arts Center and the Palmetto Compress Building and Warehouse, all of which serve as examples of successful preservation, rehabilitation, redevelopment and re-adaptation, and the likelihood that (A) the Bull Street Campus will continue to decline in the absence of private development thereof, which requires public investments in infrastructure; and (B) any redevelopment of the Bull Street Campus will require significant amounts of infrastructure to be constructed and installed therein.

(4) The public interest is likely to be served to a substantial degree through the generation of tourist-related revenues and the creation of jobs, the improvement and enhancement of the appearance and aesthetic character of downtown Columbia, the reinvigoration of the Bull Street Campus and surrounding areas, the preservation of historical and architecturally significant features and the benefits, both tangible and intangible, that should result from that reinvigoration as they relate to the 2014 Project.

(y) The City proposes to issue the New Bonds, in one or more Series (as defined in the General Bond Ordinance), for one or more of the principal purposes: (1) funding a portion of the Costs of Acquisition and Construction of the 2014 Project, subject to Section 9 hereof, (2) funding the Series Debt Service Reserve Fund (if any) in an amount equal to the Series Reserve Fund Requirement (if any) through the deposit of cash, the provision of a Letter of Credit or Surety Bond or any combination thereof, (3) paying interest coming due on all or a portion of the New Bonds, and (4) paying the costs of issuing the New Bonds.

(z) It is necessary and in the best interest of the City to authorize the issuance of the New Bonds in the aggregate principal amount of not exceeding \$35,000,000 in accordance with the Bond Act, the Hospitality Fee Act, the Ordinance and this Second Supplemental Ordinance for the purposes set forth above.

### Section 3. Authorization of New Bonds.

(a) There is hereby authorized to be issued one or more Series of Bonds designated "City of Columbia, South Carolina, Special Obligation Bonds (Hospitality Fee Pledge), Series (year)" (the "New Bonds"), including such further words, numbers or letters as may be necessary or desirable to identify individual series thereof, the purposes thereof, or the taxable status thereof, in the aggregate principal amount of not exceeding \$35,000,000. The proceeds of the New Bonds shall be used for the purposes set forth in Section 2(y) hereof.

Unless otherwise determined by the City Manager pursuant to Section 11 hereof, the New Bonds shall mature on February 1 in each of the years (the "Principal Payment Dates") and in the principal amounts, and bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), as determined by the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, pursuant to Section 11 hereof.

(b) Such of the New Bonds as the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, shall determine pursuant to Section 11 hereof shall be subject to mandatory redemption at a redemption price equal to the principal amount of the New Bonds to be redeemed, together with interest accrued from the date of redemption, in the years and in the amounts determined by the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, pursuant to Section 11 hereof.

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the City may (i) deliver to the Trustee for cancellation New Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such New Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each New Bond so delivered or previously purchased or redeemed shall be credited by the Trustee, at one hundred percent (100%) of the principal amount thereof, to the obligation of the City on those respective

mandatory redemption obligations in chronological order or such other manner as directed in writing by the City to the Trustee, and the principal amount of the New Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

(c) The Trustee, without further authorization or direction from the City, shall give notice of all mandatory redemptions within the time periods and in the manner specified in Article V of the General Bond Ordinance.

(d) The New Bonds shall originally be dated the date of delivery of the New Bonds, or such other date as the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, shall determine pursuant to Section 11 hereof, and shall be issued as fully registered Bonds in denominations of \$5,000 and integral multiples thereof, or in such other denominations determined by the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, pursuant to Section 11 hereof. The New Bonds shall be numbered and lettered in such a fashion as to maintain a proper record thereof.

(e) Principal of and redemption premium, if any, on the New Bonds shall be payable at the designated corporate trust office of the Paying Agent. Interest on the New Bonds shall be payable on each Interest Payment Date, in each case to the Holders as of the immediately preceding Record Date, such interest to be paid by the Paying Agent by check or draft mailed to each Holder at the address as it appears on the Books of Registry maintained at the designated corporate trust office of the Paying Agent, and in the case of a Holder of \$1,000,000 or more in principal amount of New Bonds, by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder. Payment of the principal of and interest on such New Bonds may be payable to the Holder thereof without presentation and surrender of such New Bonds.

(f) The New Bonds shall be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the series, numbers, denominations, maturities, dates, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this Second Supplemental Ordinance. The New Bonds shall be executed in the name and on behalf of the City by the manual or facsimile signatures of the Mayor and City Clerk.

(g) A copy of the approving opinion to be rendered on the New Bonds shall be printed on the back of such New Bonds, preceding the same a certificate shall appear, which shall be signed on behalf of the City by a facsimile signature of the City Clerk. Such certificate shall be in the form substantially as follows:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the respective approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, the originals of which were manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and copies of which are on file with the City.

THE CITY OF COLUMBIA, SOUTH CAROLINA

By: \_\_\_\_\_  
City Clerk

Section 4. Book-Entry System; Recording and Transfer of Ownership of the New Bonds.

The Initial Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Initial Bonds shall be made only through the Depository and its participants in accordance with rules specified by the Depository. Such beneficial ownership must be of \$5,000 principal amount of Initial Bonds of the same Series and maturity or any integral multiple of \$5,000.

The Initial Bonds will be issued in fully-registered form, as a single bond representing the entire principal amount of each Series of the New Bonds or one New Bond for each of the maturities of each Series of the New Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Initial Bonds becomes due, the City shall transmit or cause the Paying Agent to transmit to the Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Initial Bonds so registered for all purposes of this Second Supplemental Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Owners of the New Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to the Depository in accordance with the provisions of the General Bond Ordinance.

The Depository is expected to maintain records of the positions of Participants in the Initial Bonds, and the Participants and persons acting through Participants are expected to maintain records

of the Beneficial Owners in the Initial Bonds. The City, the Trustee, the Registrar and the Paying Agent make no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the City, the Trustee, the Registrar and the Paying Agent shall have no responsibility for any such maintenance of records or transfer of payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

The City, the Trustee, the Paying Agent and the Registrar may treat the Depository (or its nominee), with respect to the Initial Bonds, or the registered owner thereof, with respect to New Bonds which are not Initial Bonds, as the sole and exclusive owner of the New Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the New Bonds, giving any notice permitted or required to be given to Bondholders under the General Bond Ordinance or this Second Supplemental Ordinance, registering the transfer of the New Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The City, the Trustee, the Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the New Bonds under or through the Depository or any Participant, or any other person which is not shown on the Books of Registry of the City maintained by the Registrar as being a Bondholder, with respect to: the accuracy of any records maintained by the Depository or any Participant or the maintenance of any records; the payment by the Depository or any Participant of any amount in respect of the principal of, interest or premium, if any, on the New Bonds; the sending of any transaction statements; the delivery or timeliness of delivery by the Depository or any Participant of any notice which is permitted or required to be given to Bondholders thereunder; the selection of Bondholders to receive payments upon any partial redemption of the New Bonds; or any consent given or other actions taken by the Depository as a Bondholder.

If (a) the Depository determines not to continue to act as securities depository for the New Bonds, and gives reasonable notice to the Registrar or the City, or (b) the City has advised the Depository of the City's determination that the Depository is incapable of discharging its duties, then the City shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the City or the Registrar of the Initial Bonds together with an assignment duly executed by the Depository, the City shall execute and deliver to the successor depository, the New Bonds of the same principal amount, interest rate and maturity. If the City is unable to retain a qualified successor to the Depository, or the City has determined that it is in its best interest not to continue the Book-Entry System of transfer or that interests of the Beneficial Owners of the New Bonds might be adversely affected if the Book-Entry System of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the New Bonds by mailing an appropriate notice to the Depository, upon receipt by the City of the Initial Bonds together with an assignment duly executed by the Depository, the City shall execute, authenticate and deliver to the Depository Participants the New Bonds in fully-registered form, in authorized denomination; provided, however, that the discontinuation of the Book-Entry System of registration and transfer with respect to the New Bonds or the replacement of the Depository or any successor depository shall be subject to the applicable rules

and procedures of the Depository or such successor depository on file or otherwise approved by the Securities and Exchange Commission.

Section 5. Optional Redemption of New Bonds.

Such of the New Bonds as may be determined by the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, pursuant to Section 11 hereof shall be subject to redemption prior to maturity, at the option of the City, in whole or in part at any time in such order of their maturities as the City shall determine and by lot within a maturity, at the respective redemption prices with respect to each New Bond, expressed as a percentage of principal amount of the New Bonds to be redeemed, as shall be determined by the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, pursuant to Section 11 hereof, together, in each such case, with the interest accrued on such principal amount to the date fixed for redemption.

Section 6. Payment of the New Bonds.

The New Bonds, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Hospitality Fees of the City in accordance with the provisions of the Ordinance and this Second Supplemental Ordinance. The New Bonds shall be secured by a pledge of Hospitality Fees on a parity with the pledge of Hospitality Fees securing the payment of the Bonds of 2012 and other Bonds issued in compliance with the provisions of the General Bond Ordinance.

The New Bonds do not constitute an indebtedness of the City within any State constitutional provisions (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation. The New Bonds shall not be a debt of the City, nor a charge, lien or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts or revenues thereof, other than the aforesaid Hospitality Fees of the City. No recourse shall be had for the payment of the New Bonds or the interest thereon against the general fund of the City, nor shall the credit or taxing power of the City be deemed to be pledged thereto. The full faith, credit and taxing powers of the City are not pledged to the payment of the principal of or interest on the New Bonds.

Section 7. Establishment of Series Debt Service Fund and Series Capitalized Interest Account.

In accordance with Section 6.6 of the General Bond Ordinance, the Series Debt Service Fund is hereby directed to be established by the Trustee on the date of the original delivery of the New Bonds for the benefit of the Holders of the New Bonds; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for the payment of debt service on such Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the "Series Debt

Service Fund” with respect to the related Series of New Bonds.

At the direction of the Mayor, City Manager, Chief Financial Officer and Finance Director, or any two of them acting together, pursuant to Section 11(a), there may be established a Series Capitalized Interest Account in the Series Debt Service Fund, into which is deposited a portion of the proceeds of any Series of the New Bonds to provide for all or a portion of the payment of the interest due and payable on such Series of the Bonds; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for such Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the “Series Capitalized Interest Account” with respect to the related Series of New Bonds.

Moneys held for the credit of the Series Debt Service Fund and the Series Capitalized Interest Account (if any) therein, may be invested in Permitted Investments. Unless otherwise determined by the City Manager, Chief Financial Officer or Finance Director, investment earnings on the moneys on deposit in the Series Capitalized Interest Account (if any) shall remain therein. Amounts on deposit in the Series Capitalized Interest Account (if any) shall be transferred to the Series Debt Service Fund pursuant to Section 6.6 of the General Bond Ordinance.

Section 8. Establishment of the Series Reserve Fund Requirement and Series Debt Service Reserve Fund.

In accordance with Section 6.7 of the Ordinance, the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, may determine whether it is necessary or desirable to establish a Series Debt Service Reserve Fund for the benefit of the Holders of one or more Series of New Bonds (if any) and the amount of the applicable Series Reserve Fund Requirement, and, if so, such Series Debt Service Reserve Fund shall be established on the date of the original delivery of such Series of New Bonds and held by the Trustee, all as provided in the Ordinance; provided, however, that (1) upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established (if at all) for each Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the “Series Debt Service Reserve Fund” with respect to the related Series of New Bonds; and (2) in the event of any full or partial defeasance of a Series of New Bonds under Article X of the Ordinance, then the Series Reserve Fund Requirement established for such Series of New Bonds shall be recalculated based on the then Outstanding principal amount of such Series. If the Series Debt Service Reserve Fund is established, the Series Reserve Fund Requirement initially will be satisfied by the City by the deposit of cash into the Series Debt Service Reserve Fund, with the provision of a Letter of Credit or Surety Bond or any combination of the foregoing, in each case for the benefit of the Holders of the New Bonds.

Section 9. Series Construction Fund.

There is hereby created and established the Series Construction Fund, which fund shall be held by the Custodian; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for such Series of New Bonds, with such

additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the "Series Construction Fund" with respect to the related Series of New Bonds. The Series Construction Fund established for a particular Series of New Bonds shall be accounted for as a single fund, however the moneys on deposit therein may be held by one or more banks or other financial institutions designated by the City. The moneys on deposit in the Series Construction Fund shall be used and applied to pay a portion of the Costs of Acquisition and Construction of the 2014 Project and all Costs of Issuance incidental to the issuance and sale of the New Bonds; provided, however, that (1) not more than \$29,000,000 of the proceeds of the New Bonds may be deposited to the Series Construction Fund to be used for Costs of Acquisition and Construction of the 2014 Project, and (2) upon completion of the 2014 Project, as initially defined herein, City Council shall be entitled to amend the definition of "2014 Project" to include any other Project (as defined in the General Bond Ordinance) and use any remaining amounts on deposit in the Series Construction Fund to finance the Costs of Acquisition and Construction thereof.

Moneys held for the credit of the Series Construction Fund shall be invested to the fullest extent practicable and reasonable, in Permitted Investments, maturing at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from such Fund.

Withdrawals from the Series Construction Fund shall be made in the manner withdrawals from other funds of the City are made.

If, after the payment in full of all Costs of Acquisition and Construction of the 2014 Project and Costs of Issuance, or after adequate provision has been made for such payment, any moneys remain in the Series Construction Fund which are not necessary for such purposes, such excess (1) may be transferred to the related Series Capitalized Interest Account to be used to pay interest coming due on all or a portion of the New Bonds, and (2) shall be transferred to the related Series Debt Service Fund and shall be used only for the payment of the principal of and interest on the related Series of New Bonds or, in the alternative, to acquire Outstanding New Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof.

#### Section 10. Designation of Trustee, Registrar and Paying Agent.

Pursuant to the Ordinance, the Trustee is Regions Bank. The Council hereby designates Regions Bank as Registrar and Paying Agent for the New Bonds. The Registrar and Paying Agent shall signify their acceptances of their respective duties upon delivery of the New Bonds.

#### Section 11. Sale and Issuance of New Bonds.

(a) The Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, are hereby authorized and empowered to undertake any one or more of the following actions: (a) determine the original issue dates of each Series of the New Bonds; (b) determine the aggregate principal amount of the New Bonds, if less than authorized by this Second Supplemental Ordinance, and each Series thereof (including the portions thereof to be issued on a taxable or tax-exempt basis), and authorized denominations thereof; (c) determine the

principal amount of each maturity of each Series of the New Bonds; (d) determine the Interest Payment Dates, including the initial Interest Payment Dates, and the Principal Payment Dates for each Series of the New Bonds; (e) determine the optional redemption dates and terms of redemption of each Series of the New Bonds; (f) determine the interest rates for each Series of the New Bonds; (g) determine the New Bonds to be subject to mandatory and optional redemption; (h) determine the redemption prices of the New Bonds subject to optional redemption; (i) determine whether the Series Debt Service Reserve Fund will be established and funded with regard to each Series of New Bonds and, if so, the amount of the applicable Series Reserve Fund Requirement; (j) determine whether each Series of the New Bonds will be sold in a public or private offering or offered through a private placement transaction, and the firm or firms which will serve as the Underwriter(s) or purchaser(s), as the case may be, in connection therewith; (k) determine any original issue discount or original issue premium at which each Series of the New Bonds will be sold, or whether any Underwriter's discount or other fee will be paid to the purchasers of the New Bonds; and (l) agree to any other terms, provisions and matters necessary or advisable to effect the issuance of each Series of the New Bonds.

(b) Each Series of the New Bonds shall either be sold publicly, following a private sale to the Underwriter, or directly to one or more purchasers in a private offering or private placement transaction (as selected by the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, pursuant to Section 11(a) hereof). In connection with a public offering, the City hereby finds and determines that the hereinafter-defined Bond Purchase Agreement to be dated the date of its execution, submitted by the Underwriter for the purchase of all or a portion (if any) of each Series of the New Bonds is fair and reasonable and in the best interest of the City; that, if executed, the New Bonds contemplated by the Bond Purchase Agreement shall be sold to the Underwriter upon the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations therein set forth, and that all conditions precedent to or concurrent with the acceptance of the Bond Purchase Agreement by the City will be met prior to the City's execution thereof. The Mayor and the City Manager, or either of them acting alone, are hereby authorized and directed to execute and deliver a Bond Purchase Agreement relating to each Series of the New Bonds (each, a "Bond Purchase Agreement"), in substantially the form attached hereto as Exhibit B, with such modifications as the Mayor and the City Manager, or either of them acting alone, approves, his execution and delivery of the Bond Purchase Agreement constituting conclusive evidence of approval of the matters therein contained; together with such amendments and modifications to the Bond Purchase Agreement as the Mayor and the City Manager, or either of them acting alone, shall negotiate and approve, his execution and delivery of such amendments or modifications constituting conclusive evidence of approval of the matters therein contained. Notwithstanding the foregoing, the Mayor and the City Manager, or either of them acting alone, are hereby authorized to take all actions, including the preparation and dissemination of requests for proposals and the preparation, publication and/or distribution of information, offering documents or private placement memoranda (which may be in the respective forms of the Bond Purchase Agreement and/or hereinafter defined Preliminary Official Statement, as applicable, together with such amendments and modifications as may be approved by the Mayor and the City Manager, or either of them acting alone), all relating to the City, each Series of the New Bonds and the Hospitality Fees, to solicit interest and receive offers from financial institutions and institutional investors to purchase one or more Series of the New Bonds in a private offering,

and to accept such offer which is in the best interest of the City and execute such documents as may be necessary in connection therewith.

(c) The Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, are hereby authorized and directed to prepare a Preliminary Official Statement, relating to a public offering of each Series of the New Bonds, in substantially the form attached hereto as Exhibit C, with such modifications as the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, approves (each, a "Preliminary Official Statement"); and to take such actions necessary to "deem final" the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(d) The Council hereby authorizes the Final Official Statement of the City to be dated on or about the date of the execution and delivery of the Bond Purchase Agreement, relating to each Series of the Bonds substantially in the form of the Preliminary Official Statement, with such modifications as the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, approves; the Mayor and the City Manager, or either of them acting alone, are hereby authorized and directed to execute copies of the Final Official Statement and deliver the same to the Underwriter, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the Council hereby authorizes the use of the Preliminary Official Statement and Final Official Statement and the information contained therein in connection with the public offering and sale of each Series of the New Bonds by the Underwriter.

(e) A copy of this Second Supplemental Ordinance shall be filed with the minutes of the meeting at which this Second Supplemental Ordinance was enacted.

(f) The Council hereby authorizes and directs all of the officers and employees of the City to carry out or cause to be carried out all obligations of the City hereunder and to perform such other actions as they shall consider necessary or advisable, with the advice of counsel, in connection with the issuance, sale and delivery of the New Bonds, the selection of the Underwriter(s) or purchaser(s) of the New Bonds, as the case may be, the acquisition or acceptance by donation of the land upon which the 2014 Project will be located and the construction of the 2014 Project.

(g) The Council hereby authorizes the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, to: negotiate the terms of investment agreements, forward delivery agreements, repurchase agreements and other agreements in connection with the New Bonds, and to prepare and solicit bids for providers of such agreements and the Council hereby authorizes the Mayor and the City Manager, or either of them acting alone, to execute, in the name and on behalf of the City, and deliver any of the above-described agreements and written confirmations or other documents related or contemplated thereby as may be necessary in connection therewith.

(h) The Council hereby ratifies, confirms and approves the actions of the Mayor, the City Manager, the Chief Financial Officer and the Finance Director heretofore undertaken with regard to applications for bond insurance, Surety Bonds, Letters of Credit, other credit

enhancements, and liquidity arrangements relating to the New Bonds from municipal bond insurance companies or other financial institutions and further authorizes and empowers the Mayor and the City Manager, or either of them acting alone, to enter into, execute and deliver on behalf of the City, such loan, insurance, reimbursement or guaranty agreements as shall be necessary and advisable, with advice of counsel, in connection with the transactions and other matters referred to herein; provided, however, that the representations and covenants contained in such agreements may be incorporated in this Second Supplemental Ordinance as if fully set forth herein.

#### Section 12. Disposition of Proceeds of New Bonds and Certain Other Moneys.

The proceeds derived from the sale of the New Bonds, net of any original issue discount or premium (or both), any Underwriter's discount or fees payable to the purchaser thereof, shall be deposited with (or at the order of) the Trustee or the Custodian, as applicable, and used for the following purposes:

(a) If the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, determines that a Series Debt Service Reserve Fund shall be established for a Series of New Bonds and the Series Reserve Fund Requirement shall be funded with a portion of the proceeds of a Series of the New Bonds, there shall be deposited with the Trustee for deposit into such Series Debt Service Reserve Fund an amount equal to the applicable Series Reserve Fund Requirement.

(b) If the Mayor, the City Manager, the Chief Financial Officer and the Finance Director, or any two of them acting together, determines that a Series Capitalized Interest Account shall be established for a Series of New Bonds, there shall be deposited with the Trustee for deposit into such Series Capitalized Interest Account an amount sufficient to pay interest coming due on such Series of the New Bonds as so determined.

(c) The remainder of the proceeds of any Series of the New Bonds shall be deposited into the Series Construction Fund established in Section 9 hereof to pay Costs of Acquisition and Construction for the 2014 Project and Costs of Issuance for such Series of New Bonds.

The respective amounts specified in this Section 12 shall be determined by the City upon delivery of any Series of the New Bonds.

#### Section 13. Federal Tax Covenant.

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

and to that end the City hereby shall:

- (a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Tax-Exempt Bonds are Outstanding;
- (b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and
- (c) make such reports of such information at the times and places required by the Code.

The Mayor, City Manager, the Chief Financial Officer and the Finance Director of the City, or any two of them acting together, are hereby authorized to adopt written procedures to ensure the City's compliance with federal tax matters relating to the New Bonds.

#### Section 14. Continuing Disclosure.

(a) The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Disclosure Dissemination Agent Agreement in the form attached hereto as Exhibit D (the "Continuing Disclosure Agreement") with such changes as may be approved by the Mayor and City Manager, or either of them acting alone, upon advice of counsel. Notwithstanding any other provision of the Ordinance or this Second Supplemental Ordinance, failure of the City to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default under the Ordinance or this Second Supplemental Ordinance, and no liability for damages shall attach therefor. The sole remedy for such failure to comply shall be that any New Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with their obligations under this paragraph. The Continuing Disclosure Agreement shall be executed by the Mayor and the City Manager, or either of them acting alone, prior to the delivery of the New Bonds.

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

- (i) An annual independent audit, within 30 days of the City's receipt of the audit; and
- (ii) Event-specific information within 30 days of an event adversely affecting more than 5% percent of Hospitality Fees or the City's tax base.

The only remedy for failure by the City to comply with the covenant of this Section 15 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an "Event of Default" under the Ordinance or this Second Supplemental Ordinance. The

Trustee shall have no responsibility to monitor the City's compliance with this covenant. The City specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85, without the consent of the Trustee or any Holder of any New Bonds.

Section 15. Further Actions.

The Mayor, the City Manager, the Chief Financial Officer, the Finance Director and the City Clerk are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance of the New Bonds pursuant to the Bond Purchase Agreement and to carry out the intentions of this Second Supplemental Ordinance.

Section 16. Headings.

The headings and titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Second Supplemental Ordinance.

Section 17. Notices.

All notices, certificates or other communications hereunder or under the Ordinance shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows:

If to the City:

City of Columbia  
1737 Main Street  
Columbia, South Carolina 29217-0147  
Attention: City Manager

If to the Paying Agent, the Registrar or the Trustee:

Regions Bank  
Second Floor  
1010 Gervais Street  
Columbia, South Carolina 29201  
Attention: Corporate Trust Services

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

Section 18. Repeal of Inconsistent Ordinances and Resolutions.

All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this Second Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 19. Severability.

If any sections, phrase, sentence or portion of this Second Supplemental Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not attest the validity of the remaining portions thereof.

Section 20. Effective Date.

This Second Supplemental Ordinance shall be effective upon its enactment by the City Council for the City of Columbia, South Carolina.

[Signature page follows]

Enacted by the City Council of the City of Columbia, South Carolina, this 15<sup>th</sup> day of July, 2014.

CITY COUNCIL OF THE CITY OF COLUMBIA,  
SOUTH CAROLINA

By:   
\_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Clerk

Date of First Reading:        June 24, 2014

Date of Second Reading:     July 15, 2014

[Signature page]

FORM OF NEW BOND

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

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CITY OF COLUMBIA  
SPECIAL OBLIGATION BONDS  
(HOSPITALITY FEE PLEDGE), SERIES \_\_\_\_\_

No. R- \_\_\_\_\_

Interest Rate                      Maturity Date                      Issue Date                      CUSIP

Registered Holder:                      Cede & Co.

Principal Amount:

THE CITY OF COLUMBIA, SOUTH CAROLINA (the "City") a public body corporate and politic and a political subdivision of the State of South Carolina (the "State"), created and existing by virtue of the laws of the State, acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Owner named above or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Bond be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, upon presentation and surrender hereof at the corporate trust office of Regions Bank in Columbia, South Carolina, as trustee (the "Trustee"), and to pay interest on such Principal Amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve (12) 30-day months), until the obligation of the City with respect to the payment of such Principal Amount shall be discharged. Interest on this Bond shall be payable in semiannual installments on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year beginning \_\_\_\_\_, 20\_\_ (each, an "Interest Payment Date"), until maturity or earlier redemption. All payments shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month (each, a "Record Date") preceding each Interest Payment Date or Principal Payment Date (as defined in the hereinafter defined Ordinances). The payments shall be payable by check or draft mailed at the times provided herein to the person in whose name this Bond is registered at the address shown on the registration books of the City held by Regions Bank, as registrar (the "Registrar"), or, in the case of a Registered Holder of \$1,000,000 or more in principal amount of this Bond, by wire transfer to on account within the continental United States upon the timely receipt of a written request of such Registered Holder. The payments are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17 AND CHAPTER 1, ARTICLE 7, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED (COLLECTIVELY, THE "ACT"); THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (EXCEPT ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUE DERIVED OTHER THAN A TAX OR LICENSE) OR STATUTORY LIMITATION. THE CITY IS NOT OBLIGATED TO PAY ANY OF THE BONDS OR THE INTEREST THEREON EXCEPT FROM HOSPITALITY FEES (AS DEFINED IN THE ORDINANCES). THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL CREDIT NOR TAXING POWERS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

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

This Bond is one of an issue of bonds of the City in the aggregate principal amount of \_\_\_\_\_ Million Dollars (\$\_\_\_\_\_) (the "Bonds") of like tenor, except as to number, rate of interest, date of maturity and redemption provides, issued pursuant to and in accordance with the Constitution and statutes of the State, including particularly the Act, General Bond Ordinance No. 2011-63 duly enacted by the City Council of the City (the "Council") on August 30, 2011 (the "General Bond Ordinance"), and Second Supplemental Ordinance No. 2014-052 duly enacted by the Council on \_\_\_\_\_, 2014 (the "Second Supplemental Ordinance") (the General Bond Ordinance and the Second Supplemental Ordinance are herein collectively referred to as the "Ordinances") for the purpose of providing moneys, to (i) Project (ii) [satisfy the Series Reserve Fund Requirement (if any) with respect to the Bonds], and (iii) pay all costs of issuing the Bonds.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances. Certified copies of the Ordinances are on file in the office of the Trustee and in the office of the Clerk of Court for Beaufort County, South Carolina.

The Ordinances contain provisions defining terms, set forth the revenues pledged for the payment of the principal of and interest on this Bond and the Bonds of other series herewith which may hereafter be issued on a parity herewith under the Ordinances; set forth the nature, extent and manner of enforcement of the security of this Bond and of such pledge, and the rights and remedies of the Holder hereof with respect thereto; set forth the terms and conditions upon which and the extent to which the Ordinances may be altered, modified and amended; set forth the terms and conditions upon which this Bond is issued upon which other bonds may be hereinafter issued payable as to principal, premium, if any, and interest on a parity with this Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the City thereunder; and set forth the terms and conditions upon which the pledge made in the Ordinances for the security of this Bond and upon which the covenants, agreements and other obligations of the City made therein may be discharged at or prior to the maturity or redemption of this Bond with provisions for the payment thereof in the manner set forth in the Ordinances. Reference is hereby made to the Ordinances to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Act and the Ordinances shall be a contract with the holder of this Bond.

This Bond and the series of Bonds of which it is one and the interest thereon are special obligations of the City and are secured by and payable solely from, and secured equally and ratably by a pledge of and lien upon, the Hospitality Fees imposed and collected by the City, which pledge ranks on a parity with the pledge thereof securing the Bonds of 2012 (as defined in the Second Supplemental Ordinance) and any other Series of Bonds (as defined in the General Bond Ordinance) issued under the General Bond Ordinance. **The General Bond Ordinance authorizes the issuance of additional bonds on a parity with the Bonds, the Bonds of 2012 and any Series of Bonds (as defined in the General Bond Ordinance) which, when issued in accordance with the provisions of the General Bond Ordinance, will rank equally and be on a parity herewith.**

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

This Bond is transferable, as provided in the Ordinances, only upon the registration books of the City kept for that purpose and maintained by the Registrar, by the Holder hereof in person or by his duly authorized attorney, upon (a) surrender of this Bond and an assignment with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder hereof or his duly authorized attorney and (b) payment of the charges, if any, prescribed in the Ordinances. Thereupon a new Bond of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Ordinances. The City, the Trustee and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of this Bond, the City or the Trustee or Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

This Bond and the series of Bonds of which it is one maturing on or prior to \_\_\_\_\_ 1, \_\_\_\_\_, shall not be subject to redemption prior to their stated maturities. This Bond and the series of Bonds of which it is one maturing on or after February 1, \_\_\_\_\_, shall be subject to redemption prior to maturity, at the option of the City, on and after February 1, \_\_\_\_\_, in whole or in part at any time in such order of their maturities as the City shall determine and by lot within a maturity, at the redemption prices with respect to each Bond, expressed as a percentage of the principal amount to be redeemed, as set forth below, together, in each such case, with the interest accrued on such principal amount to the date fixed for redemption:

Period During Which Redeemed  
(both dates inclusive)

Redemption Prices

If less than all of the Bonds of the series of which this Bond is one of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected by lot by the Registrar. In the event this Bond is redeemable, as aforesaid, and shall be called for redemption, notice of the redemption hereof, describing this Bond and specifying the redemption date and the premium payable upon such redemption, shall be given by the Registrar by first class mail, postage prepaid, to the registered owner

thereof not less than thirty (30) days and not more than sixty (60) days prior to the redemption date at the last address appearing upon the registration books of the City. If this Bond be redeemable and shall have been duly called for redemption and notice of the redemption hereof mailed as aforesaid, and if on or before the date fixed for such redemption, payment hereof shall be duly made or provided for, interest hereon shall cease to accrue from and after the redemption date hereof.

The Bonds of the series of which this Bond is one maturing in the year \_\_\_\_\_ shall be retired by sinking fund installments which shall be accumulated in the Series Debt Service Fund (as defined in the Second Supplemental Ordinance) in amounts sufficient to redeem on February 1 of each year, at a redemption price equal to the principal amount of the Bond or Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, the principal amount of such Bonds specified for each of the years shown below:

Year	Principal Amount

The Bonds of the series of which this Bond is one maturing in the year \_\_\_\_\_ shall be retired by sinking fund installments which shall be accumulated in the Series Debt Service Fund in amounts sufficient to redeem on February 1 of each year, at a redemption price equal to the principal amount of the Bond or Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, the principal amount of such Bonds specified for each of the years shown below:

Year	Principal Amount

At its option, to be exercised on or before the sixtieth (60<sup>th</sup>) day prior to any mandatory redemption date, the City may (i) deliver to the Registrar for cancellation, Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Registrar and not theretofore applied as a credit against any mandatory redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registrar, at one hundred 100 percent (100%) of the principal amount thereof, to the obligation of the City on those respective mandatory redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

If less than all the Bonds of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected at random by the Trustee. In the event any of the Bonds or portions thereof are called for redemption, the Trustee shall give notice, in the name of the City, of redemption of Bonds by first-class mail, postage prepaid, to the Holder thereof as shown on the Books of Registry of the City not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for the redemption thereof. If this Bond be redeemable and shall have been duly called for redemption and notice of the redemption hereof mailed as aforesaid, and if on or before the date fixed for such redemption, payment thereof shall be duly made or provided for, interest hereon shall cease or accrue from and after the redemption date hereof.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by such Constitution or statutes.

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

IN WITNESS WHEREOF, THE CITY OF COLUMBIA, SOUTH CAROLINA has caused this Bond to be signed by the manual or facsimile signature of its Mayor, its corporate seal to be reproduced hereon and the same to be attested by the manual or facsimile signature of its City Clerk.

THE CITY OF COLUMBIA,  
SOUTH CAROLINA

By: \_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

By: \_\_\_\_\_  
City Clerk

**FORM OF CERTIFICATE OF AUTHENTICATION**

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

Regions Bank, as Trustee

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

IT IS HEREBY CERTIFIED that the following are true and correct copies of the respective approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, the originals of which were manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and copies of which are on file with the City.

THE CITY OF COLUMBIA, SOUTH CAROLINA

By: \_\_\_\_\_  
City Clerk

**FORM OF ASSIGNMENT**

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

\_\_\_\_\_  
(please print or type name and address of Transferee and Social Security or other identifying number of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

STAMP Language

Signature Guaranteed: \_\_\_\_\_

NOTICE: Signature(s) must be guaranteed  
By an institution which is a participant in the  
Securities Transfer Agent Medallion Program  
(STAMP) or similar program.

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

**FORM OF BOND PURCHASE AGREEMENT**

[§]  
CITY OF COLUMBIA, SOUTH CAROLINA  
SPECIAL OBLIGATION BONDS  
(HOSPITALITY FEE PLEDGE)  
SERIES 2014  
PURCHASE CONTRACT

[], 2014

The Honorable Mayor and Members of City Council  
City of Columbia  
1737 Main Street  
Columbia, South Carolina 29201

The undersigned, [], on behalf of itself and as representative of [], as the underwriter (“Underwriter”), offers to enter into this Purchase Contract with the City of Columbia, South Carolina (“City”), which, upon the acceptance of this offer and the execution of this Purchase Contract by the City, shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter. This offer is made subject to your acceptance of this Purchase Contract on or before 12:00 p.m. local time, on [], 2014, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to your office at any time prior to the acceptance hereof by you. All terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Preliminary Official Statement (defined below) or the Ordinance (defined below).

1. **Offer and Sale of Bonds.** Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from the City [§] aggregate principal amount of the City’s Special Obligation Bonds (Hospitality Fee Pledge) Series 2014 (“Bonds”), and the City hereby agrees to sell to the Underwriter all (but not less than all) of the Bonds.

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

2. **Authorization and Purpose.** The Bonds shall be authorized and issued pursuant to the following: (i) Title 6, Chapters 1, 17, and 21 Code of Laws of South Carolina 1976, as amended (“Enabling Act”); (ii) the General Bond Ordinance No. 2011-63 enacted by the City Council of the City (“City Council”) on August 30, 2011 (“Bond Ordinance”), as supplemented, including as supplemented particularly by the Second Supplemental Ordinance No. 2014-[], enacted by the City Council on [], 2014 (together with “Bond Ordinance,” as so supplemented, “Ordinance”).

Proceeds of the Bonds will be used, as applicable, to (i) finance the acquisition, by construction or purchase, of a multi-use entertainment venue and facilities, equipment, appurtenances and improvements related thereto (collectively, “2014 Projects”); (ii) fund the Series 2014 Debt Service Reserve Fund in an amount equal to the 2014 Reserve Fund Requirement (as such terms are defined in the Preliminary Official Statement); and (iii) pay the cost of issuance of the Bonds. The Bonds shall mature on such dates and in such principal amounts, shall bear interest at such rates, shall be reoffered at the prices and yields and shall be subject to optional redemption, all as set forth in Exhibit A attached hereto and made a part hereof. The Depository Trust Company (“DTC”) shall act as securities depository for the Bonds, which shall be issued in book-entry form.

Payment of the Bonds will be secured by a pledge of the local hospitality tax imposed by the City on the sale of prepared meals and beverages (“Hospitality Fees”).

3. **Official Statement.** The City has previously provided to the Underwriter copies of the Preliminary Official Statement with respect to the Bonds dated [], 2014 (“Preliminary Official Statement”). As of its date, the Preliminary Official Statement has been “deemed final” by the City for purposes of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934 (“1934 Act”), except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery dates of the Bonds. Within seven business days of the date hereof and, in any event, in sufficient time to accompany confirmations requesting payment from customers, the City agrees to supply to the Underwriter a final Official Statement executed by the City (“Official Statement”) and in a sufficient quantity to comply with Rule 15c2-12(b)(1) and the rules of the Municipal Securities Rulemaking Board (“MSRB”). The City hereby consents to and ratifies the use by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds. The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the final Official Statement pursuant to the rules of the MSRB and that any supplement or amendment to the Official Statement also shall be delivered to the initial purchasers of any Bonds.

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

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

(a) The City is a municipal corporation existing under the laws of the State of South Carolina.

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

(c) The City has full power and authority to consummate the transactions contemplated by this Purchase Contract, the Bonds, the Ordinance, the Official Statement and as otherwise set forth herein.

(d) The City has duly approved and authorized the distribution and use of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement; the City has delivered the Preliminary Official Statement to the Underwriter, and the City deems the Preliminary Official Statement to be final for the purposes of Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission (“SEC”), except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery dates of the Bonds; the Official Statement will be a final official statement as such term is defined in Rule 15c2-12(b)(1), as of its date; and nothing has come to the City’s attention which would lead it to believe that (i) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery date of the Bonds, the information contained in the Preliminary Official Statement is not true and correct in all material respects or contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made in the Preliminary Official Statement, in light of the circumstances

under which they were made, misleading; and (ii) the information to be contained in the Official Statement will not be true and correct in all material respects or will contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, misleading (excluding from (i) and (ii), above, the information relating to DTC and its affiliates and the book-entry only system of registration and transfer and related information under the caption "THE 2014 BONDS – Book-Entry-Only System"; the information relating to the Underwriter under the caption "MISCELLANEOUS – Underwriting" and the stabilizing language on the inside front cover).

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

(f) The Bonds, when issued, delivered and paid for as herein and in the Ordinance provided, will have been duly authorized, executed, issued and delivered and will constitute limited obligations of the City entitled to the benefits and security of the Ordinance. The Bonds and the interest thereon do not constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the South Carolina Constitution (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing indebtedness payable solely from a revenue-producing project not involving revenues from any tax or license) or the laws of the State of South Carolina and are payable by the City solely from the Hospitality Fees.

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

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

(i) The execution and delivery by the City of the Official Statement, this Purchase Contract and the other documents contemplated hereby and by the Official Statement, and the enactment of the Ordinance

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

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

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

(l) If, between the date of this Purchase Contract and the Termination of the Disclosure Period (hereinafter defined), any event shall occur to the knowledge of the undersigned which could reasonably cause or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than the information relating to DTC and its affiliates and the book-entry only system of registration and transfer and related information under the caption "THE 2014 BONDS – Book-Entry-Only System"; the information relating to the Underwriter under the caption "MISCELLANEOUS – Underwriting" and the stabilizing language on the inside front cover), the City shall notify the Underwriter thereof, and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its own expense forthwith prepare and furnish to the Underwriter (1) a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will supplement or amend the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading, and (2) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract:

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

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

Underwriter agrees to notify the City in writing as soon as practicable of the "End of the Underwriting Period" for purposes of Rule 15c2-12.

(m) Between the time of the City's acceptance hereof and the Closing, the City will not have executed or issued any bonds or notes or incurred any other obligations for borrowed money, in each case, which are payable from, or secured by a pledge of, the Hospitality Fees on a parity with the pledge thereof securing the Bonds, and there will not have been any adverse change of a material nature in the financial position, method of operation, or personnel of the City; provided, however, that for the avoidance of doubt, the City's issuance of its [\$] Special Obligation Bonds (Hospitality Fee Pledge) Series 2014, on [], 2014, shall not be a violation of this covenant.

6. **Closing.** At 10:00 a.m., local time, on [], 2014, or at such other time or such other date as shall have been agreed upon by the City and Underwriter, the City will deliver, or cause to be delivered, to the Underwriter the Bonds, in fully registered form, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds to the City in Federal or other immediately available funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Purchase Contract is a further condition to the obligations of the Underwriter hereunder.

Payment and delivery of the Bonds as aforesaid shall be made at the offices of the City, or at such other place as the City and the Underwriter agree upon, provided, however, that the Bonds will be physically delivered to DTC in New York, New York, or pursuant to arrangements with DTC, to Regions Bank, as registrar ("Registrar"), under the terms of a "FAST" closing. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered Bonds in book-entry form, in the form of one certificate per maturity and registered in the name of "Cede & Co." At the direction of the City, the Registrar shall release or authorize the release of the Bonds at the Closing to the Underwriter upon receipt of payment for the Bonds as aforesaid. In addition, the City and the Underwriter agree that there shall be a preliminary closing on [], 2014, or on such other date agreed upon by the City and the Underwriter.

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

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

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

- (i) legislation shall be enacted or be actively considered for enactment by

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

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

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

(iv) any event shall have occurred or shall exist that, in the opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (ii) is not reflected in the Official Statement and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect;

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

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

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

(viii) either of the ratings of the Bonds shall have been downgraded, withdrawn, or becomes the subject of a published negative credit watch, which in the Underwriter's sole opinion, materially adversely affects the market price of the Bonds;

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

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

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

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

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

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

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

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

(i)(A) the unqualified approving opinions of Co-Bond Counsel each dated the date of Closing, addressed to the City in substantially the forms of Appendix "D" of the Official Statement, and (B) supplemental opinions of Co-Bond Counsel, each dated the date of Closing and addressed to the Underwriter, in substantially the forms set forth in

Exhibit B attached hereto;

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

(iii) a specimen of the Bonds;

(iv) an opinion of Teresa A. Knox, Esquire, Counsel to the City, addressed to the City and the Underwriter, dated the date of Closing in substantially the form attached hereto as Exhibit D;

(v) evidence satisfactory to the Underwriter that the Bonds have been rated “[],” with a stable outlook, by Moody’s Investors Service, Inc. (“Moody’s”) and “[],” with a stable outlook, by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“Standard & Poor’s”);

(vi) a certified copy of the Ordinance;

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

(viii) an executed copy of the Disclosure Dissemination Agent Agreement dated the date of Closing, between the City and Digital Assurance Certification, L.L.C.;

(ix) the opinions of Parker Poe Adams & Bernstein LLP and the Starkes Law Firm, LLC, Co-Counsel to the Underwriter, addressed to the Underwriter and dated the date of Closing in substantially the forms attached hereto as Exhibit E; and

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

If the City shall be unable to satisfy the conditions or the obligations contained in this Purchase Contract, or if the obligation of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Contract or, at the election of the City, if the Closing shall not occur by the end of business on [], 2014, or such alternative date as the parties may mutually establish, this Purchase Contract shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder; except that the respective obligations to pay expenses to the extent applicable, as provided in Paragraph 13 hereof, shall continue in full force and effect.

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

8. **Issue Price Certificate.** At the Closing, contemporaneously with the receipt of the Bonds, the Underwriter will deliver to the City a receipt therefor and a certificate as to issue price of the Bonds

confirming their reasonable expectations regarding the representations set forth in Paragraph number 4 hereof and as to such other matters reasonable required in order to enable Co-Bond Counsel to render an opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. **Notices.** Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to [].

16. **Arm's-Length Transaction.** The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the City and the Underwriter, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, (iv) the Underwriter has financial and other interests that differ from those of the City, and (v) the City has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

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

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

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

20. ***No Liability.*** Neither the Mayor or members of the City Council, nor any officer, agent, attorney or employee as such, in his or her individual capacity, past, present or future of the City, either directly or through the City, shall be charged personally by the Underwriter with any liability, or held liable to such Underwriter under any term or provision of this Purchase Contract or because of its execution or contemplated execution, or because of any breach or attempted or alleged breach thereof. It is expressly agreed and understood that the obligations of the City under this Purchase Contract are solely corporate obligations and that no personal liability whatsoever shall attach to, or be incurred by, any past, present or future officer, agent, attorney or employee thereof. All personal liability of any character against every such past, present or future officer, agent, attorney and employee of the City is, by the execution of this Purchase Contract and as a condition of, and as part of the consideration for, the execution of this Purchase Contract, expressly waived and released. The immunity of the past, present or future officers, agents, attorneys and employees of the City under the provision contained in this Section shall survive the termination of this Purchase Contract.

***[ONE SIGNATURE PAGE FOLLOWS]  
[REMAINDER OF PAGE INTENTIONALLY BLANK]***

*[SIGNATURE PAGE TO PURCHASE CONTRACT]*

Very truly yours,

By: [], on behalf of itself and as representative of []

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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

CITY OF COLUMBIA, SOUTH CAROLINA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT A**

The Bonds shall mature on the dates and bear interest at the rates and shall be reoffered at the prices as set forth below:

**MATURITY SCHEDULE**

\$[] Serial Bonds

<u>MATURITY</u> <u>(FEB. 1)</u>	<u>AMOUNT(\$)</u>	<u>INTEREST</u> <u>RATE(%)</u>	<u>YIELD(%)</u>	<u>MATURITY</u> <u>(FEB. 1)</u>	<u>AMOUNT(\$)</u>	<u>INTEREST</u> <u>RATE(%)</u>	<u>YIELD(%)</u>
2026				2036			
2027				2037			
2028				2038			
2029				2039			
2030				2040			
2031				2041			
2032				2042			
2033				2043			
2034				2044			
2035							

**Redemption**

*Optional Redemption*

The Bonds maturing on or after February 1, 20[], are subject to redemption prior to maturity on or after February 1, 20[], at the option of the City, as a whole or in part at any time in such order of their maturities as the City shall determine at the redemption price equal to 100% of the principal amount of the Bonds being redeemed together with accrued interest to the date fixed for redemption.

*Mandatory Redemption*

The Bonds maturing on February 1, 20[], shall be subject to mandatory sinking fund redemption commencing February 1, 20[], and will be redeemed (to the extent not previously redeemed) at 100% of the principal amount of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on February 1, of each of the following years in the respective principal amounts for each year specified below:

[to be updated after pricing]

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the City may (i) deliver to the Registrar for cancellation Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Registrar and not theretofore applied as a credit against any mandatory redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the

**EXHIBIT B  
DRAFT**

Registrar, at one hundred percent (100%) of the principal amount thereof, to the obligation of the City on those respective mandatory redemption obligations in such order as the City may direct the Registrar in writing, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

*[REMAINDER OF PAGE INTENTIONALLY BLANK]*

## EXHIBIT B

### Forms of Supplemental Bond Counsel Opinions

[], 2014

[Undwriter]  
[]

Re: [\$] Special Obligation Bonds (Hospitality Fee Pledge) Series 2014, of the City of Columbia, South Carolina

We have acted as bond counsel in connection with the issuance by the City of Columbia, South Carolina ("City") of its [\$] original principal amount Special Obligation Bonds (Hospitality Fee Pledge) Series 2014 ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(i)(B) of the Purchase Contract dated [], 2014 ("Purchase Contract") between the City and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

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

In connection therewith, we have examined:

1. Title 6, Chapters 1, 17, and 21, of the Code of Laws of South Carolina, 1976, as amended.
2. The Purchase Contract.
3. The Official Statement dated [], 2014 ("Official Statement"), relating to the Bonds; provided, however, that we have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version.
4. The General Bond Ordinance No. 2011-63 enacted by City Council ("City Council") of the City on August 30, 2011 ("General Ordinance"), as supplemented, including as supplemented particularly by the Second Supplemental Ordinance No. 2014-[], enacted by the City Council on [], 2014 (collectively, the "Ordinance").
5. The Disclosure Dissemination Agent Agreement dated the date hereof between the City and Digital Assurance Certification, L.L.C. ("Disclosure Agreement").

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

1. The Purchase Contract and the Disclosure Agreement, respectively, have been duly authorized, executed and delivered by the City.
2. The Official Statement has been duly authorized, approved and delivered by the City.

3. We have considered the information contained in the Official Statement under the headings entitled: "THE 2014 BONDS" (other than the information under "Book-Entry-Only System"); "SECURITY FOR THE 2014 BONDS"; and in Appendix C of the Official Statement entitled "Summary of Certain Provisions of the Ordinance" and, based upon our review, we are of the opinion that the statements or summaries under such headings (except the information therein related to The Depository Trust Company and its affiliates and the book-entry only system of registration and transfer and related information under the caption "THE 2014 BONDS—Book-Entry-Only System," as to which we express no opinion) are, to the extent indicated therein, accurate statements or summaries of the matters set forth or documents referred to therein, and fairly present the information purported to be shown, and the information under the heading "TAX EXEMPTION AND OTHER TAX MATTERS" is true and correct in all material respects.

4. The Ordinance and the Bonds conform as the form and tenor with the terms and provisions thereof as set out in the Official Statement.

5. All conditions precedent to the delivery of the Bonds contained in the Ordinance have been fulfilled.

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

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

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

Yours very truly,

McNAIR LAW FIRM, P.A.

[], 2014

[Underwriter]

[]

Re: [\$] Special Obligation Bonds (Hospitality Fee Pledge) Series 2014,  
of the City of Columbia, South Carolina

We have acted as bond counsel in connection with the issuance by the City of Columbia, South Carolina ("City") of its [\$] original principal amount Special Obligation Bonds (Hospitality Fee Pledge) Series 2014 ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(i)(B) of the Purchase Contract dated [], 2014 ("Purchase Contract") between the City and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

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

In connection therewith, we have examined:

1. Title 6, Chapters 1, 17, and 21 of the Code of Laws of South Carolina, 1976, as amended.
2. The Purchase Contract.
3. The Official Statement dated [] 2014 ("Official Statement"), relating to the Bonds; provided, however, that we have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version.
4. The General Bond Ordinance No. 2011-63 enacted by City Council ("City Council") of the City on August 30, 2011 ("General Ordinance"), as supplemented, including as supplemented particularly by the Second Supplemental Ordinance No. 2014-[], enacted by the City Council on [], 2014 (collectively, the "Ordinance").
5. The Disclosure Dissemination Agent Agreement dated the date hereof between the City and Digital Assurance Certification, L.L.C. ("Disclosure Agreement").

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

1. The Purchase Contract and the Disclosure Agreement, respectively, have been duly authorized, executed and delivered by the City.
2. The Official Statement has been duly authorized, approved and delivered by the City.
3. We have considered the information contained in the Official Statement under the headings entitled: "THE 2014 BONDS" (other than the information under "Book-Entry-Only System"); "SECURITY FOR THE 2014 BONDS"; and in Appendix C of the Official Statement entitled "Summary

of Certain Provisions of the Ordinance” and, based upon our review, we are of the opinion that the statements or summaries under such headings (except the information therein related to The Depository Trust Company and its affiliates and the book-entry-only system of registration and transfer and related information under the caption “THE 2014 BONDS—Book-Entry-Only System,” as to which we express no opinion) are, to the extent indicated therein, accurate statements or summaries of the matters set forth or documents referred to therein, and fairly present the information purported to be shown.

4. The Ordinance and the Bonds conform as the form and tenor with the terms and provisions thereof as set out in the Official Statement.

5. All conditions precedent to the delivery of the Bonds contained in the Ordinance have been fulfilled.

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

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

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

Yours very truly,

Johnson, Toal & Battiste, P.A.

**EXHIBIT C**

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

Pursuant to Section 7(e)(ii) of the Purchase Contract dated [], 2014 ("Purchase Contract"), between the City of Columbia, South Carolina ("City") and [], on behalf of itself and as representative of [], as underwriter ("Underwriter"), the undersigned authorized representative of the City hereby certifies as follows:

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

2. There is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the City's knowledge, threatened in writing against or directly affecting the City contesting the due organization and valid existence of the City or wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect (A) the transactions contemplated by the Purchase Contract or the Official Statement dated [], 2014 ("Official Statement"), relating to the [\$] City of Columbia, South Carolina Special Obligation Bonds (Hospitality Fee Pledge) Series 2014 ("Bonds"), or the validity, due authorization and execution of the Purchase Contract, the Disclosure Dissemination Agent Agreement dated [], 2014, between the City and Digital Assurance Certification, L.L.C., or any agreement or instrument to which the City is a party or which is used or contemplated for use in the consummation of the transactions contemplated by the Purchase Contract or by the Official Statement, (B) the federal tax-exempt status of the interest component on the Bonds, (C) the exemption of the interest component on the Bonds from taxation as described in Paragraph 5(j) of the Purchase Contract, (D) the organization, existence or powers of the City or the title of the Mayor or any of the members of the City Council or any officers of the City except as set forth in the Official Statement, or (E) the business, properties or assets or the condition, financial or otherwise, of the City.

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

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

IN WITNESS WHEREOF, the undersigned has executed this Certificate in the name and on behalf of the City as of [], 2014.

CITY OF COLUMBIA, SOUTH CAROLINA

By: \_\_\_\_\_  
City Manager

**EXHIBIT D**

[Form of Opinion of the City Attorney]

[], 2014

[Underwriter]

[]

City of Columbia  
Columbia, South Carolina

***Re:   [\$] Special Obligation Bonds (Hospitality Fee Pledge) Series 2014 of the City of Columbia, South Carolina***

As counsel to the City of Columbia, South Carolina, a municipal corporation and political subdivision created pursuant to the laws of the State of South Carolina (“City”), I have considered the validity of the City’s [\$] original principal amount Special Obligation Bonds (Hospitality Fee Pledge) Series 2014 (“Bonds”). This opinion is being delivered to you pursuant to paragraph 7(e)(iv) of the Purchase Contract dated [], 2014 (“Purchase Contract”) between the City and you as the underwriter (“Underwriter”). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

In connection therewith, I have examined:

1. Title 6, Chapters 1, 17, and 21, of the Code of Laws of South Carolina, 1976, as amended;
2. The Purchase Contract;
3. The Official Statement dated [], 2014 (“Official Statement”), relating to the Bonds, provided, however, that I have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version;
4. The General Bond Ordinance No. 2011-63 enacted by City Council (“City Council”) of the City on August 30, 2011 (“General Ordinance”), as supplemented, including as supplemented particularly by the Second Supplemental Ordinance No. 2014-[], enacted by the City Council on [], 2014 (collectively, the “Ordinance”);
5. The Disclosure Dissemination Agent Agreement dated the date hereof between the City and Digital Assurance Certification, L.L.C. (“Disclosure Agreement” and with the Purchase Contract, “City Agreements”); and
6. Such other documents and instruments and proceedings of the City as I have deemed relevant.

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

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

1. The City is a political subdivision validly existing under the Constitution and laws of the State of South Carolina, and has all requisite power and authority (i) to enact and implement the Ordinance and to issue, sell and deliver the Bonds and (ii) to conduct its business as currently being conducted and as proposed to be conducted and as described in the Official Statement and to carry out the transactions contemplated by the Purchase Contract and the Official Statement.

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

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

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

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

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

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

Very truly yours,

Teresa A. Knox  
City Attorney

**EXHIBIT E**

Form of Underwriter's Counsel Opinion

[], 2014

[Underwriter]

[]

**[§]  
City of Columbia, South Carolina  
Special Obligation Bonds  
(Hospitality Fee Pledge)  
Series 2014**

Ladies and Gentlemen:

We have acted as counsel to [], as the underwriter ("Underwriter"), in connection with the purchase of the referenced bonds ("Bonds") pursuant to a Purchase Contract, dated [], 2014 ("Purchase Contract"), between the Underwriter and the City of Columbia, South Carolina ("City"). This opinion is delivered to you pursuant to Section 7(e)(ix) of the Purchase Contract. Each capitalized term not otherwise defined in this letter has the meaning assigned to that term in the Purchase Contract.

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

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

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

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

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

Very truly yours,

**PARKER POE ADAMS & BERNSTEIN LLP**

[], 2014

[Underwriter]  
[]

***Re: [§]City of Columbia, South Carolina, Special Obligation Bonds (Hospitality Fee Pledge)  
Series 2014***

Ladies and Gentlemen:

We have acted as counsel to [Underwriter] as the underwriter (“Underwriter”), in connection with the purchase of the above referenced bonds (“Bonds”) pursuant to a Purchase Contract, dated [], 2014 (“Purchase Contract”), between the Underwriter and the City of Columbia, South Carolina (“City”). This opinion is delivered to you pursuant to Section 7(e)(ix) of the Purchase Contract. Each capitalized term not otherwise defined in this Letter has the meaning assigned to that term in the Purchase Contract.

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

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

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

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

Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinions expressed above are rendered solely for your benefit in connection with the issuance of the Bonds. These opinions may neither be relied on by you for any other purpose nor be furnished to, used,

circulated, quoted or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinions expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

**STARKES LAW FIRM**

**FORM OF PRELIMINARY OFFICIAL STATEMENT**

DAC Bond<sup>®</sup>

## PRELIMINARY OFFICIAL STATEMENT DATED [], 2014

NEW ISSUE  
BOOK-ENTRY-ONLYRATINGS:  
Moody's: []  
Standard & Poor's: []  
(see "RATINGS")

*In the opinion of McNair Law Firm, P.A., Co-Bond Counsel, assuming continued compliance by the City with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the 2014 Bonds is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions. Interest on the 2014 Bonds is not an item of tax preference in computing the alternative minimum tax on individuals and corporations. However, interest on the 2014 Bonds is included in adjusted current earnings when calculating the corporate alternative minimum tax on certain corporations. The 2014 Bonds and the interest thereon will also be exempt from all State, county, municipal, school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.*



\$[\*]  
CITY OF COLUMBIA, SOUTH CAROLINA  
SPECIAL OBLIGATION BONDS  
(HOSPITALITY FEE PLEDGE)  
SERIES 2014

Dated: Delivery Date

Due: February 1, as shown on inside cover

The City of Columbia, South Carolina ("City"), Special Obligation Bonds (Hospitality Fee Pledge) Series 2014 ("2014 Bonds"), are issuable in fully-registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal, redemption premium, if any, and interest on the 2014 Bonds will be made. Individual purchases will be made in book-entry-only form, in denominations of \$5,000 or any integral multiple thereof. So long as Cede & Co., as partnership nominee of DTC, is the registered owner of the 2014 Bonds, references herein to holders or registered owners of the 2014 Bonds means Cede & Co., and shall not mean the beneficial owners of the 2014 Bonds. Interest on the 2014 Bonds shall be payable on each February 1 and August 1 commencing February 1, 2015, until maturity or prior redemption. Principal on the 2014 Bonds will be payable in the years and amounts shown on the inside cover hereof. All capitalized terms used on this cover, and not otherwise defined, are defined herein.

The 2014 Bonds are being issued under the authority of the Constitution and laws of the State, including Title 6, Chapters 1, 17 and 21, Code of Laws of South Carolina 1976, as amended, and the General Bond Ordinance No. 2011-63, enacted by the City Council, the governing body of the City ("City Council"), on August 30, 2011, as supplemented, including as supplemented particularly by the Second Supplemental Ordinance No. 2014-[], enacted by the City Council on [], 2014.

The 2014 Bonds are being issued for the purposes of (i) financing the acquisition, by construction or purchase, of a multi-use entertainment venue and facilities, equipment, appurtenances and improvements related thereto (collectively "2014 Projects"); (ii) funding the Series 2014 Debt Service Reserve Fund in an amount equal to the 2014 Reserve Fund Requirement (as such terms are defined herein); and (iii) paying the cost of issuance of the 2014 Bonds.

The 2014 Bonds, including the interest thereon, are payable solely from and secured by a pledge of the Hospitality Fees (defined herein).

**THE 2014 BONDS WILL BE SUBJECT TO OPTIONAL [AND MANDATORY] REDEMPTION PRIOR TO MATURITY AS DESCRIBED HEREIN.**

**THE 2014 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. THE 2014 BONDS SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, ON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE HOSPITALITY FEES PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE 2014 BONDS OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2014 BONDS.**

The 2014 Bonds are offered when, as and if issued and delivered by the City, subject to the final approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, Co-Bond Counsel. Certain legal matters will be passed on for the City by the City Attorney, Teresa A. Knox, Esquire, and for the Underwriter by its co-counsel, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and The Starks Law Firm, P.A., Columbia, South Carolina. Merchant Capital, L.L.C., Columbia, South Carolina, has served as Financial Advisor to the City in connection with the issuance of the 2014 Bonds. It is expected that the 2014 Bonds will be available for delivery through the facilities of DTC, on or about [], 2014.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. The City deems this Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission, except for information which may be omitted pursuant to Rule 15c2-12.

**UNDERWRITER**

This Official Statement is dated [], 2014

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. The 2014 Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy the 2014 Bonds nor shall there be any sale of the 2014 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY SCHEDULE**

\$[] Serial Bonds

<b>MATURITY</b>		<b>INTEREST</b>		
<b><u>(FEB. 1)</u></b>	<b><u>AMOUNT(\$)</u></b>	<b><u>RATE(%)</u></b>	<b><u>YIELD(%)</u></b>	<b><u>CUSIP<sup>1</sup></u></b>
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				

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<sup>1</sup>It is anticipated that a CUSIP identification number ("CUSIP") will be printed on each 2014 Bond, but neither the failure to print this number on any 2014 Bond nor any error with respect to that CUSIP constitutes cause for failure or refusal by the purchaser of that 2014 Bond to accept delivery of and pay for that 2014 Bond according to the terms of the purchaser's proposal. All expenses regarding printing CUSIPs on the 2014 Bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of CUSIPs shall be the responsibility of and shall be paid for by the Underwriter. Further, the City is not responsible for obtaining the CUSIPs.

This Official Statement does not constitute an offering of any security other than the original offering of the 2014 Bonds identified on the cover. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied on as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the 2014 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

Information in this Official Statement has been obtained by [] (“Underwriter”) from the City and other sources believed to be reliable. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER THIS OFFICIAL STATEMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of their responsibility to investors under the federal securities laws applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

On execution and delivery, the 2014 Bonds will not be registered under the Securities Act of 1933, as amended (“1933 Act”), or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission (“SEC”) nor any other federal, state or other governmental entity or agency will have passed on the accuracy or adequacy of this document or approved the 2014 Bonds for sale. Any representation to the contrary is a criminal offense.

Regions Bank, as Trustee, Registrar, and Paying Agent, has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the 2014 Bonds, or (iii) the tax-exempt status of the interest on the 2014 Bonds.

Reference herein to laws, rules, regulations, agreements, reports and other documents, do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made therein. Where full texts have not been included as appendices to the Official Statement, they will be furnished on request.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements,” within the meaning of the 1933 Act or the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget,” or other similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO EXPECTATIONS, OR EVENTS, CONDITIONS, OR CIRCUMSTANCES, ON WHICH THE FORWARD-LOOKING STATEMENTS ARE BASED, OCCUR OR FAIL TO OCCUR.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2014 BONDS AT OR ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING MAY BE DISCONTINUED AT ANY TIME.

**CITY OF COLUMBIA, SOUTH CAROLINA**

1737 Main Street  
Columbia, South Carolina 29201  
803-545-3050



**We Are Columbia**

**CITY COUNCIL**

Stephen K. Benjamin, Esquire, Mayor

**COUNCIL MEMBERS**

Moe Baddourah  
Sam Davis  
Tameika Isaac Devine, Esquire  
Brian DeQuincey Newman, Esquire  
Leona K. Plough  
Cameron Runyan

**CITY MANAGER**

Teresa B. Wilson, Esquire

**CHIEF FINANCIAL OFFICER**

Jeffery M. Palen

**CITY ATTORNEY**

Teresa A. Knox, Esquire

**FINANCIAL ADVISOR**

Merchant Capital, L.L.C.  
Columbia, South Carolina

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**OFFICIAL STATEMENT**

**[\$\*]  
CITY OF COLUMBIA, SOUTH CAROLINA  
SPECIAL OBLIGATION BONDS  
(HOSPITALITY FEE PLEDGE)  
SERIES 2014**

**INTRODUCTION**

This Official Statement of the City of Columbia, South Carolina (“City”), which includes the cover page hereof and the appendices hereto, provides information relating to the City, its \$[\*] principal amount Special Obligation Bonds (Hospitality Fee Pledge) Series 2014 (“2014 Bonds”). The 2014 Bonds, the 2012 Bonds, and any Additional Bonds (as such terms are hereinafter defined) are referred to herein as the “Bonds.” The Bonds are payable from and secured by a pledge of the local hospitality tax imposed by the City on the sale of prepared meals and beverages (“Hospitality Fees”). Included in this Official Statement is a brief description of the 2014 Bonds and the security therefor, the Hospitality Fees, the City and the surrounding area, and the Ordinance (defined herein) pursuant to which the 2014 Bonds are authorized and issued by the City. Also included is certain financial information relating to the City and the Hospitality Fees. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. Capitalized terms used herein without specific definition are used as defined in “APPENDIX C – Summary of Certain Provisions of the Ordinance.”

**Authorization**

The 2014 Bonds are being issued under the Constitution and laws of the State of South Carolina (“State”), including Title 6, Chapters 1, 17 and 21, Code of Laws of South Carolina 1976, as amended, and the General Bond Ordinance No. 2011-63, enacted by the City Council, the governing body of the City (“City Council”), on August 30, 2011 (“General Bond Ordinance”), as supplemented, including as supplemented particularly by the Second Supplemental Ordinance No. 2014-[], enacted by the City Council on July [], 2014 (“Supplemental Ordinance,” and together with the General Bond Ordinance, “Ordinance”).

**Purpose**

The 2014 Bonds are being issued for the purpose of providing funds (i) for the acquisition, by construction or purchase, of a multi-use entertainment venue and facilities, equipment, appurtenances and improvements (collectively, “2014 Projects”); (ii) fund fully the Series 2014 Debt Service Reserve Fund in an amount equal to the 2014 Reserve Fund Requirement (as such terms are defined herein); and (iii) to pay the cost of issuance of the 2014 Bonds. See “SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE.”

**THE 2014 BONDS**

**General**

The 2014 Bonds will be dated their date of delivery, will mature on February 1 in the years and in the principal amounts set forth on the inside cover page hereto, and will bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) set forth on the inside cover page hereto, payable semiannually on February 1 and August 1, commencing February 1, 2015. The 2014 Bonds are issuable initially in book-entry-only form, in denominations of \$5,000 or any integral multiple thereof. So long as the 2014 Bonds are in book-entry-only form and are registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York (“DTC”), payments on the 2014 Bonds will be made as set forth under “Book-Entry-Only System” below. Should the 2014 Bonds no longer be held in book-entry-only form, principal of the 2014 Bonds, whether due on maturity or redemption, will be payable on the respective maturity dates or redemption dates on presentation and surrender thereof at the corporate trust office of Regions Bank, as trustee, registrar and paying agent (“Trustee”), and interest on the 2014 Bonds will be payable by check or draft of the Trustee mailed to the person in whose name each 2014 Bond is registered as of the close of business on the fifteenth day of each month immediately preceding such payment. Interest payments to a person who is a holder of \$1,000,000 or more in

aggregate principal amount of the 2014 Bonds not held in book-entry-only form may be made by wire transfer to an account within the continental United States on timely receipt of a written request of such holder.

The 2014 Bonds are subject to optional [and mandatory] redemption prior to maturity.

### **Optional Redemption**

The 2014 Bonds maturing on or after February 1, 20[], are subject to redemption prior to maturity on or after February 1, 20[], at the option of the City, as a whole or in part at any time in such order of their maturities as the City shall determine at the redemption price equal to 100% of the principal amount of the 2014 Bonds being redeemed together with accrued interest to the date fixed for redemption.

### **Mandatory Redemption**

The 2014 Bonds maturing on February 1, 20[] (“Term Bonds”), are subject to mandatory sinking fund redemption commencing February 1, 20[]

, and will be redeemed (to the extent not previously redeemed) at 100% of the principal amount of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on February 1 of each of the following years in the respective principal amounts for each year specified below:

[to be updated after pricing]

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the City may (i) deliver to the Trustee for cancellation 2014 Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such 2014 Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each 2014 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee, at one hundred percent (100%) of the principal amount thereof, to the obligation of the City on those respective mandatory redemption obligations in chronological order or such other manner as directed in writing by the City to the Trustee, and the principal amount of the 2014 Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

### **General Redemption Provisions; Notice**

In the event the 2014 Bonds or any portion thereof will be called for redemption, notice of the redemption, describing (among other things) the 2014 Bonds to be redeemed, specifying the redemption date and the redemption price payable on such redemption, will be mailed by first-class mail, postage prepaid, to the registered owner thereof as shown on the Books of Registry not less than 30 days and not more than 60 days prior to the redemption date. So long as the 2014 Bonds are in book-entry-only form and are registered in the name of Cede & Co., as the nominee of DTC, notices of redemption with respect to the 2014 Bonds will be given to Cede & Co., and will be distributed by Cede & Co. as set forth under “Book-Entry-Only System” below.

If less than all of the 2014 Bonds of any maturity are called for redemption, the 2014 Bonds of such maturity to be redeemed will be selected by lot within such maturity, subject to the rules of procedure of DTC while the 2014 Bonds are held in book-entry-only form.

If a 2014 Bond is subject by its terms to redemption prior to its stated maturity and has been duly called for redemption and notice of the redemption thereof has been duly given as in the Ordinance provided and if moneys for the payment of such 2014 Bond at the then applicable redemption price and the interest to accrue to the redemption date on such 2014 Bond are held for the purpose of such payment by the Trustee, then such 2014 Bond so called for redemption will, on the redemption date designated in such notice, become due and payable, and interest on the 2014 Bond, as appropriate, so called for redemption will cease to accrue. The City is entitled to provide for, and give notice of, the redemption of a 2014 Bond based on certain conditions being met at or prior to redemption, including, but not limited to, the availability of amounts for such purposes.

## **Book-Entry-Only System**

Beneficial ownership interests in the Bonds will be available only in book-entry form. Beneficial owners of the 2014 Bonds ("Beneficial Owners") will not receive a physical bond certificate representing their interests in the 2014 Bonds purchased. So long as Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") or its nominee is the registered owner of the 2014 Bonds, references in this Official Statement to the owners of the 2014 Bonds, as applicable (other than under the caption "TAX EXEMPTION AND OTHER TAX MATTERS" herein), shall mean DTC or its nominee and shall not mean the Beneficial Owners. Unless and until the book-entry-only system has been discontinued, the 2014 Bonds will be available only in book-entry-only form in principal amounts of \$5,000 or any integral multiple thereof.

The following description of DTC, its procedures and record keeping on beneficial ownership interests in the 2014 Bonds, payment of principal, interest and other payments on the 2014 Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the 2014 Bonds, and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

DTC will initially act as securities depository for the 2014 Bonds. The 2014 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued in the aggregate principal amount of each maturity of the 2014 Bonds, as set forth on the inside cover page hereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the 2014 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission ("SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in the 2014 Bonds, except in the event that use of the book-entry system for the 2014 Bonds is discontinued.

To facilitate subsequent transfers, the 2014 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose

accounts the 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2014 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Ordinance. For example, Beneficial Owners of the 2014 Bonds may wish to ascertain that the nominee holding the 2014 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2014 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2014 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Because DTC is treated as the Owner of the 2014 Bonds for substantially all purposes under the Ordinance, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of the Beneficial Owners is unknown to the City, to DTC or to the Trustee, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2014 Bonds that may be transmitted by or through DTC.

Principal, redemption premium, if any, and interest payments on the 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. The City can give no assurance the Direct and Indirect Participants will promptly transfer payments to Beneficial Owners.

DTC may discontinue providing its service as depository with respect to the 2014 Bonds at any time by giving reasonable notice to the City or Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2014 Bond certificates are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Bond certificates will be printed and delivered to DTC.

**THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THE CITY AND THE UNDERWRITER BELIEVES TO BE RELIABLE, BUT NEITHER THE CITY NOR THE UNDERWRITER TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOREGOING INFORMATION WITH DTC OR THE DIRECT OR INDIRECT PARTICIPANTS.**

Each person for whom a Participant acquires an interest in the 2014 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to

make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

For every transfer and exchange of 2014 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NONE OF THE CITY, THE UNDERWRITER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2014 BONDS UNDER THE ORDINANCE; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2014 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2014 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2014 BONDS; OR (VI) ANY OTHER MATTER.

The Supplemental Ordinance provides that if (a) DTC determines not to continue to act as securities depository for the 2014 Bonds and gives reasonable notice to the Trustee or the City or (b) the City has advised DTC of the City's determination that DTC is incapable of discharging its duties, then the City will attempt to retain another qualified securities depository to replace DTC. Upon receipt by the City or the Trustee of the 2014 Bonds, together with an assignment duly executed by DTC, the City will execute and deliver to the successor depository, the 2014 Bonds of the same principal amount, interest rate, and maturity. If the City is unable to retain a qualified successor to DTC, or the City has determined that it is in its best interest not to continue the book-entry-only system of transfer or that interests of the Beneficial Owners of the 2014 Bonds might be adversely affected if the book-entry-only system of transfer is continued (the City has undertaken no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the 2014 Bonds by mailing an appropriate notice to DTC, upon receipt by the City of the 2014 Bonds together with an assignment duly executed by DTC, the City will execute, authenticate and deliver to the Direct Participants the 2014 Bonds in fully-registered form, in authorized denominations; provided, however, that the discontinuation of the book-entry-only system of registration and transfer or the replacement of DTC or any successor depository is subject to the applicable rules and procedures of DTC or such successor depository on file or otherwise approved by the SEC.

#### **Registration, Transfers and Exchanges**

##### *2014 Bonds Held in Book-Entry-Only Form*

So long as the 2014 Bonds are in book-entry-only form and are registered in the name of Cede & Co., as the nominee of DTC, the 2014 Bonds may be registered, transferred and exchanged as set forth under "Book-Entry-Only System," herein.

##### *2014 Bonds Not Held in Book-Entry-Only Form*

Each 2014 Bond not held in book-entry-only form will be transferable only on the books of registry ("Books of Registry") of the City, which will be kept for such purpose at the office of the Trustee, by the registered owner thereof in person or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney with such signature guaranteed by a participant in the STAMP (Securities Transfer Agents in Medallion Program). Upon the transfer of any such 2014 Bond, the City will issue in the name of the transferee a new fully-registered 2014 Bond, of the same aggregate principal amount, interest rate, series and maturity as the surrendered 2014 Bond. Any registered owner requesting a transfer will pay any tax or other governmental charge required to be

paid with respect thereto. Any 2014 Bond surrendered in exchange for a new registered 2014 Bond, respectively, will be cancelled by the Trustee.

The City and the Trustee may deem and treat the person in whose name any 2014 Bond not held in book-entry-only form will be registered as the absolute owner of such 2014 Bond for all purposes including the payment of or on account of the principal, premium, if any, or interest thereon and any such payment made to a registered owner will be effectual to satisfy and discharge the liability on such 2014 Bond with respect thereto.

In the event any 2014 Bond not held in book-entry-only form becomes mutilated in whole or in part, or is lost, stolen or destroyed, or becomes so defaced as to impair the value thereof to the holder thereof, the City will execute and the Trustee will authenticate and deliver a new 2014 Bond, respectively, of the same interest rate and denomination and like tenor and effect in exchange or in substitution for such mutilated, lost, stolen or destroyed 2014 Bond; provided that, in such event, the applicant for the issuance of a substitution 2014 Bond must furnish the City and the Trustee evidence or other satisfactory proof of such loss, destruction, mutilation, defacement or theft of the original 2014 Bond and the ownership thereof, together with such indemnity as they require. In the event any such mutilated, lost, stolen or destroyed 2014 Bond has matured, instead of issuing a duplicate 2014 Bond, the City may pay the same. The City and the Trustee may charge the holder or owner of such mutilated, lost, stolen or destroyed 2014 Bond with their reasonable fees and expenses in connection therewith.

## **HOSPITALITY FEES**

### **The Hospitality Fees Ordinance**

The City Council, pursuant to Title 6, Chapter 1, Article 7 (“Local Hospitality Fees Act”) and an ordinance enacted April 23, 2003, as amended (“Hospitality Fees Ordinance”), established a uniform local hospitality tax, which imposed, effective June 30, 2003, a two percent (2%) tax on the gross proceeds of the sale of prepared meals and beverages in establishments (“vendor”) within the City. Under the provisions of the Local Hospitality Fees Act, the governing body of a municipality or county in South Carolina may impose, by ordinance, a local Hospitality Fees not to exceed 2% of the charges for food and beverages.

Under South Carolina law, Hospitality Fees payments are the liability of the consumer of the services or products to which the tax relates. The Hospitality Fees is paid at the time of the delivery of the products to which such tax applies, and is to be collected by the provider of the products and then held in trust by the provider until remitted to the City as provided in the Hospitality Fees Ordinance.

Under the Local Hospitality Fees Act, Hospitality Fees are due and payable by providers on a monthly basis when the estimated amount of the average Hospitality Fees is more than \$50 a month, on a quarterly basis when the estimated amount of the applicable tax is \$25 to \$50 a month, and on an annual basis when the estimated amount of the average applicable tax is less than \$25 a month.

The Hospitality Fees Ordinance provides that payment of the Hospitality Fees shall be remitted by the vendor to the City on a monthly basis, along with such return or form as may be established by the City for such purposes, not later than the twentieth day of the month and shall cover the tax due for the previous month. Any tax not timely remitted shall be subject to a penalty of five (5%) percent of the sum owed for each month or portion thereof until paid. The failure to collect from the customer the tax imposed by the Hospitality Fees Ordinance shall not relieve the vendor from making the required remittance. The failure of any vendor subject to the Hospitality Fees Ordinance to remit to the City the tax imposed by the provisions of the Hospitality Fees Ordinance shall constitute a misdemeanor punishable by a fine of not more than \$500.00 or imprisonment for up to thirty (30) days, or both.

All amounts received by the City from the imposition of the Hospitality Fees must be used for tourism-related purposes or to service indebtedness incurred with respect to tourism-related projects. Pursuant to the Hospitality Fees Ordinance, the City has covenanted to deposit all Hospitality Fees received by it into a special account (“Local Hospitality Fees Account”) held by the City separate from all other funds of the City. See “Hospitality Fees Receipts” and “Historical Debt Service Coverage” herein for a discussion of receipts by the City from the imposition of the Hospitality Fees.

The information in the following two tables sets forth certain information regarding historical Hospitality Fees receipts and debt service coverage.

## Hospitality Fees Receipts

The following table sets forth the Hospitality Fees revenues since its imposition by the City.

<u>Fiscal Year</u>	<u>Hospitality Fees</u>	<u>Increase (Decrease) in Collections Over Prior Fiscal Year</u>	<u>Percentage Change</u>
2004	\$5,506,884	n/a	n/a
2005	6,749,961	\$1,243,077	6.7 <sup>b</sup>
2006	7,104,163	354,202	5.2
2007	7,787,766	683,603	9.6
2008	8,318,992	531,226	6.8
2009	8,346,643	27,651	0.3
2010	8,044,980	(301,663)	(3.6)
2011	8,401,690	356,710	4.4
2012	8,808,795	407,105	4.8
2013	9,474,128	665,333	7.6
2014	8,130,415 <sup>a</sup>		

<sup>a</sup> Collections as of May 15, 2014.

<sup>b</sup> []

The following table sets forth the Hospitality Fees revenues during the first 10 months of Fiscal Years 2013 and 2014.

<u>Month</u>	<u>Fiscal Year 2013 Hospitality Fees</u>	<u>Fiscal Year 2014 Hospitality Fees</u>	<u>Percentage Change</u>
July	\$746,294	\$782,314	4.8
August	704,789	731,606	3.8
September	718,952	795,365	10.6
October	819,436	830,699	1.4
November	775,185	838,803	8.2
December	760,646	821,862	8.0
January	896,162	803,517	(10.3)
February	773,902	731,641	(5.5)
March	766,495	787,985	2.8
April	913,501	821,161	(10.1)
TOTAL	\$7,875,362	\$7,944,954	0.008

[Include paragraph explaining how Hosp Fees get allocated/spent from one year to next – no surplus]

## SECURITY FOR THE 2014 BONDS

### General

The 2014 Bonds, the City's Special Obligation Refunding Bonds (Hospitality Fee Pledge) Series 2012, dated February 29, 2012, currently outstanding in the principal amount of \$12,820,000 ("2012 Bonds") and Additional Bonds issued under the Ordinance (collectively, "Bonds") are limited obligations of the City, are payable solely from and are secured by a pledge of the Hospitality Fees imposed by the City. For state law purposes, local hospitality taxes are treated as fees.

**THE CITY IS NOT OBLIGATED TO PAY THE 2014 BONDS OR THE INTEREST THEREON FROM ANY SOURCES EXCEPT FROM THE HOSPITALITY FEES. NEITHER THE FULL FAITH AND**

**CREDIT NOR THE TAXING POWER OF THE CITY NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2014 BONDS.**

**Additional Bonds**

Additional Bonds of the City may be issued under and secured by the Ordinance, on a parity as to the pledge of Hospitality Fees with the 2012 Bonds and the 2014 Bonds, from time to time, for the purpose of paying all or any part of the cost of certain tourism-related projects ("Projects" as more particularly defined in Appendix C), subject to conditions stated in the Ordinance, including the following:

- A. There must be executed a certificate of the Finance Director or the City Manager stating (i) either (a) that no Default exists in the payment of the principal of, premium, if any, or interest on any Bonds or Junior Bonds, and all mandatory sinking fund redemptions, if any, required to be made have been made, or (b) that the application of the proceeds of sale of the series of Bonds to be issued as required by the Supplemental Ordinance authoring their issuance will cure any such Default or permit such redemptions; and (ii) either (a) to the best of his or her knowledge, the City is not in Default in the performance of any other of its covenants or agreements contained in the Ordinance, or (b) setting forth the circumstances of each such Default known to him or her.
- B. If a certificate described in paragraph A above discloses a Default or Defaults under the Ordinance, there must be filed with the City and the Trustee an opinion of Bond Counsel that, in the case of any Default disclosed in such certificate, each such Default does not deprive the Bondholders of the security afforded by the Ordinance in any material aspect.
- C. For the issuance of Bonds to finance the Costs of Acquisition and Construction, or a portion thereof, of any Project, there must be delivered a report, which need not be based upon the latest available audit of the City, from the Finance Director or the City Manager of the City, to the effect that the amount of the Hospitality Fees collected by the City during the Fiscal Year prior to the Fiscal Year in which the Bonds are proposed to be issued is not less than 120% of the sum of the Maximum Debt Service on Bonds then Outstanding and the Bonds then proposed to be issued.

Under the provisions of the Ordinance, Additional Bonds of the City may be issued under and secured by the Ordinance, on a parity with the 2012 Bonds and the 2014 Bonds, and any Additional Bonds issued on a parity therewith for the purpose of refunding all or a portion of the Bonds or Junior Bonds Outstanding; provided that, before such Additional Bonds are permitted to be issued, (i) the aggregate Debt Service on all Bonds after the issuance of the proposed Additional Bonds will not be greater than would have been prior to such issuance or (ii) requirements of the Ordinance described in paragraphs (A) through (C) above have been satisfied.

**Junior Bonds**

The City may at any time issue Junior Bonds under the Ordinance in such amount as it may from time to time determine, payable from the Hospitality Fees, provided that such Junior Bonds are issued to secure funds to defray the costs of acquisition and construction of Projects or some part thereof, or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the costs of acquisition and construction of Projects, and provided further that the pledge of and lien on Hospitality Fees securing Junior Bonds shall at all times be subordinate and inferior to the pledge of and lien on Hospitality Fees securing the Bonds.

**Establishment of Funds and Disposition of Hospitality Fees**

Pursuant to the Hospitality Fee Ordinance (as defined herein), there has been established and is hereby referenced a Hospitality Fee Fund (as defined herein) to be maintained by a bank or other financial institution designated, from time to time, by the City and into which are deposited all Hospitality Fees. Moneys in the Hospitality Fee Fund may be used only in the manner specified, and in the order of priority set forth, in the Ordinance (as further described herein), and may be invested, from time to time, in Permitted Investments.

The following are the additional funds and accounts created and established by the Ordinance:

- (a) Debt Service Fund for each series of Bonds to be held by the Trustee, including an Interest Account, Principal Account and Bond Redemption Account (as such terms are defined in Appendix C);

(b) Debt Service Reserve Fund for each series of Bonds, if any, to be held by the Trustee;

(c) Construction Fund, if applicable, for each series of Bonds to be held by the City or a bank or financial institution (a "Custodian") designated by the City; and

(d) One or more accounts may, by written direction of the City or by the terms of a supplemental ordinance, be established within any of the above funds.

The Hospitality Fees must be applied in the amounts, if any, and for the purposes required by the Ordinance, and in the following order of priority:

First, there will be transferred ratably (1) into the respective Debt Service Funds, the amounts required the Ordinance or any supplemental ordinance and (2) into the respective Debt Service Reserve Funds, the amounts (including any payments required under the terms of any surety bond, insurance policy or letter of credit applicable thereto) required by the Ordinance or any supplemental ordinance;

Second, provision will be made for the payment of interest on amounts advanced by the provider of any surety bond, line of credit, insurance policy or letter of credit; and

Third, provision will be made for the payment of any Junior Bonds or to meet any other obligations of the City which are or which will become charges, liens or encumbrances upon the Hospitality Fees, and

Fourth, as the City may determine from time to time for any lawful purpose under the Hospitality Fee Act and the Hospitality Fee Ordinance (as such terms are defined herein).

Debt Service Funds. The respective Debt Service Funds for each series of Bonds are intended to provide for the payment of the principal of, redemption premium, if any, and interest on the applicable series of Bonds as the same respectively become due. The Ordinance provides that there will be deposited into the separate Interest, Principal or Bond Redemption Accounts within the respective Debt Service Funds on or before the fifth business day prior to the first day of each calendar month, that amount which (after taking into account amounts already on deposit therein), together with success equal monthly deposits in the same amount, will provide: (i) sufficient funds to pay the aggregate amount of interest to become due on Bonds on the next interest payment date, (ii) sufficient funds to pay the aggregate amount of the principal of Series Bonds to become due on the next principal payment date, and (iii) sufficient funds to pay the sinking fund installment next falling due on any Term Bonds.

Withdrawals from the respective Debt Service Funds may be made only by the Trustee which will transmit to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of and interest on Bonds.

Moneys in the Debt Service Funds may be invested and reinvested at the direction of an authorized representative of the City in Permitted Investments maturing not later than the date on which such money is required to make payments required to be made from such funds.

Debt Service Reserve Funds. The Ordinance provides that the City, pursuant to a supplemental ordinance authorizing the issuance of a series of Bonds, may provide for the establishment of a debt service reserve fund (each, a "Debt Service Reserve Fund") for such series of Bonds, to insure the timely payment of the principal of and interest on the applicable series of Bonds and to provide for the redemption of such series of Bonds prior to their stated maturities and to prevent a Default in the payment of principal of or interest or premium, if any, on the Bonds of such series.

Whenever the aggregate value of cash and securities in a Debt Service Reserve Fund shall be less than the reserve fund requirement, if any, established with respect to such fund pursuant to a supplemental ordinance authorizing a series of Bonds ("Reserve Fund Requirement"), the City has agreed to deposit into such Debt Service Reserve Fund that amount which, together with equal, successive, monthly deposits in the same amount, will restore the value of the cash and securities in such Debt Service Reserve Fund to the applicable Reserve Fund Requirement during the succeeding six months; provided, however, that the City's obligation to make such payment is subject to the City Council, by ordinance duly enacted, appropriating moneys from sources or funds lawfully available for such purpose sufficient to pay the shortfall. The City understands that the payment obligation described herein constitutes a current expense of the City and will not in any way be construed to be a debt of the City in

contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness of the City, nor does anything in the Ordinance (or this Official Statement) constitute a pledge of the general tax revenues, funds, moneys or credit of the City. Any such budgetary appropriation is subject in all respects to the discretion of City Council, and any failure to make such an appropriation, notwithstanding any provision of the Ordinance to the contrary, does not and will not constitute a default or Event of Default under the Ordinance. See "APPENDIX C – Summary of Certain Provisions of the Ordinance" under the heading "SUMMARY OF ORDINANCE – Funds Created Under General Bond Ordinance – Debt Service Reserve Funds."

In connection with the 2014 Bonds, the City will establish a Debt Service Reserve Fund for the 2014 Bonds ("Series 2014 Debt Service Reserve Fund"), to be funded with a portion of the proceeds of the 2014 Bonds in an amount equal to \_\_\_\_\_ ("2014 Reserve Fund Requirement").

### SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2014 Bonds are expected to be used substantially as follows:

<i>Estimated Sources of Funds</i>	
Principal Amount of 2014 Bonds	\$[]
[Plus]/[Less]: [OIP]/[OID]	
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$</b>
<i>Estimated Uses of Funds</i>	
Deposit to 2014 Construction Fund	\$
Deposit to 2014 Debt Service Reserve Fund	
Cost of Issuance <sup>(1)</sup>	
<b>TOTAL USES OF FUNDS</b>	<b>\$</b>

<sup>(1)</sup>Includes Underwriter's Discount, rounding, and certain legal, accounting and other financing expenses incurred by the City.

### PLAN OF FINANCE

The proceeds of the 2014 Bonds will be deposited into the 2014 Construction Fund established pursuant to the Supplemental Ordinance. Moneys on deposit in the 2014 Construction Fund will be used, as needed, to finance the costs of the 2014 Projects, including without limitation payment of engineering, legal and all other expenses incidental to the 2014 Projects.

The 2014 Projects involve the acquisition, by construction or purchase, of a multi-use entertainment venue and facilities, equipment, appurtenances and improvements.

### FINANCIAL FACTORS

#### Hospitality Fees Fund Five-Year Summary

The following table sets forth a summary of the Hospitality Fees Fund of the City for the fiscal years ended June 30, 2009, through June 30, 2013 (which are derived from the audited results for those years), and the fiscal year ended June 30, 2014 (which are derived from the unaudited results for that year). This summary should be read in conjunction with the audited financial statements of the City for the applicable fiscal years, copies of which are available for inspection at the City. Included as Appendix A to this Official Statement is a portion of the Comprehensive Annual Financial Report of the City for Fiscal Year ended June 30, 2013. Copies of the City's entire Comprehensive Annual Financial Report for the same period and for prior fiscal years are available on the City's website at <http://www.columbiasc.net/Finance>, which is not intended to be an active hyperlink and is not incorporated by reference herein. The City's independent public accountant did not review this Official Statement, nor did it perform any audit or other procedures related to any of the information contained herein.

	Fiscal Year Ending June 30					(unaudited)
	2009	2010	2011	2012	2013	2014 <sup>†</sup>
<b>Revenues</b>						
Sales and Hospitality Fees	\$8,070,790	\$7,941,705	\$8,359,028	\$8,789,470	\$9,450,931	
Interest income	280,835	112,005	39,694	19,325	23,196	

Other revenue					
Total Revenues	\$8,351,625	\$8,053,710	\$8,389,722	\$8,808,795	\$9,474,127
<b>Expenditures</b>					
General government	-	\$112,101	\$35,787	-	-
Public safety	-	2,333	-	342,667	9,951
Public services	-	-	-	-	-
Community promotion	5,391,335	4,145,416	4,800,732	4,726,271	5,202,704
Debt service principal	4,982	-	-	-	-
Total Expenditures	\$5,396,317	\$4,259,850	\$4,836,519	\$5,068,938	\$5,212,655
Excess (deficiency) of revenues over (under) expenditures	\$2,955,308	\$3,793,860	\$3,562,203	\$3,739,857	\$4,261,472
Other financing sources (uses):					
Transfers in					
Transfers out	(5,004,499)	(5,561,142)	(4,379,703)	(3,696,158)	(4,146,949)
Total other financing sources (uses):	(5,004,499)	(5,561,142)	(4,379,703)	(3,696,158)	(4,146,949)
Net change in fund balances	(2,049,191)	(1,767,282)	(817,500)	43,699	114,523
Beginning Fund Balance	6,656,881	4,607,690	2,840,408	2,022,908	2,066,608
Ending Fund Balance	\$4,607,690	\$2,840,408	\$2,022,908	\$2,066,607	\$2,181,131

## Management's Discussion and Analysis

### WHAT WILL THIS SAY THAT IS DIFFERENT FROM HISTORICAL COLLECTIONS TABLES?

#### Historical Debt Service Coverage

The following table sets forth the total Hospitality Fees collected, debt service requirements and debt service coverage for the Fiscal Years ended June 30, 2004, through 2013.

Fiscal Year	Hospitality Fees	Debt Service Requirements	Debt Service Coverage
2004	\$5,506,884 <sup>a</sup>	0	∞
2005	6,749,961	0	∞
2006	7,104,163	1,606,459	4.42
2007	7,787,766	1,563,918	4.98
2008	8,318,992	1,563,043	5.32
2009	8,346,643	1,554,143	5.37
2010	8,044,980	1,561,143	5.15
2011	8,401,690	1,558,580	5.39
2012	8,808,795	1,560,080	5.65
2013	9,474,128	1,346,949 <sup>b</sup>	7.03

<sup>a</sup> Hospitality Fee collections by the City commenced June 30, 2003. FY2004 collections reflect an eleven-month collection period spanning August 2003 through June 2004.

<sup>b</sup> The 2004 COPs were refunded in their entirety by the 2012 Bonds.

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### Projected Debt Service Requirements

The following table sets forth the aggregate debt service requirements, beginning with the Fiscal Year ending June 30, 2014, for the outstanding principal amount of the 2012 Bonds and the 2014 Bonds.

<u>Fiscal Year</u>	<u>2012 Bonds</u>	<u>2014 Bonds</u>		<u>Total</u>	<u>Aggregate Debt Service</u>
	<u>Existing Debt Service</u>	<u>Principal</u>	<u>Interest</u>		
2014	\$1,345,652				
2015	1,345,641				
2016	1,345,005				
2017	1,353,743				
2018	1,346,606				
2019	1,348,969				
2020	1,350,582				
2021	1,346,444				
2022	1,346,681				
2023	1,346,167				
2024	1,344,904				
2025	1,347,889				
2026	0				
2027	0				
2028	0				
2029	0				
2030	0				
2031	0				
2032	0				
2033	0				
2034	0				
2035	0				
2036	0				
2037	0				
2038	0				
2039	0				
2040	0				
2041	0				
2042	0				
2043	0				
	\$16,168,283				

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## Projected Debt Service Coverage

Debt service coverage as projected and prepared by the City for the Fiscal Years ended June 30, 2014, through 2018, is as set forth below.

Fiscal Year	Hospitality Fees	Existing Debt Service Requirements	Aggregate Debt Service: 2014 Bonds	Total Debt Service Requirements	Coverage
2014	\$9,474,128	\$1,345,652		\$1,345,652	7.04x
2015	9,474,128	1,345,641		2,316,932	
2016	9,474,128	1,345,005		2,640,059	
2017	9,474,128	1,353,743		2,648,798	
2018	9,474,128	1,346,606		2,641,661	

Note: Information in this table reflects fee revenues and outstanding debt.

The figures set forth in the table above are projections. The actual results are dependent on a number of factors, many of which are outside the City's control. Further, [debt service takes into account solely the bonds described – will need to state assumptions for 2014 Bonds] above, and does not take into account future indebtedness or future changes in Hospitality Fees. No assurance can be given that the projections set forth above will be realized.

## Debt Structure

### 2012 Bonds

Pursuant to the General Bond Ordinance and the First Supplemental Ordinance enacted by the City Council on August 30, 2011, the City issued the 2012 Bonds in the original principal amount of \$14,825,000 to advance refund the City's 2004 Certificates of Participation. The 2012 Bonds are presently outstanding in the principal amount of \$12,820,000.

## THE CITY

### Administration of the City

The City is governed by a council-manager form of government. The Mayor and City Council, who are elected for four-year staggered terms, are vested with the legislative and policy-making powers of the City. Day-to-day activities are administered by a council-appointed City Manager who serves as the chief executive officer of the City and is responsible to the City Council for proper administration of all affairs of the City.

The present members of the City Council, their occupations and the dates on which they became members of the City Council are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Tenure Began</u>
Stephen K. Benjamin, Mayor	Attorney	July 1, 2010
Moe Baddourah	Restaurant Owner	July 1, 2012
Sam Davis	S.C. Department of Disabilities and Special Needs, Retired	July 1, 1998
Tameika Isaac Devine	Attorney	July 1, 2002
Brian DeQuincey Newman, Mayor Pro Tempore	Attorney	July 29, 2010
Leona K. Plough	Self Employed	July 1, 2010
Cameron Runyan	Financial Advisor	July 1, 2012

Teresa B. Wilson was appointed as City Manager in January 2013. Ms. Wilson has served as the City's Director of Governmental Affairs and Assistant City Manager for Community Programs, Economic Development and Government Services. Ms. Wilson graduated from the University of South Carolina's Honors College and the University of South Carolina School of Law. Prior to joining the City, Ms. Wilson served as Government and Community Relations Coordinator for the University of South Carolina's Office of the President, and also served as a liaison for the University of South Carolina and the City of Columbia, as well as a number of community organizations.

Jeffery M. Palen was hired as Chief Financial Officer in January 2013. Prior to his current position, Mr. Palen served as the City's Treasurer beginning in November 2008, and as hospital chief financial officer and controller with Health Management Associates from 2005 to 2008. Mr. Palen graduated with a Bachelor of Science in Business and a Master's Degree in Business Administration from the University of South Carolina. Mr. Palen has held various positions in both the private and public sectors, including serving as the Deputy Treasurer and the Deputy Auditor for Lexington County, South Carolina ("Lexington County").

Janice L. Alonso was hired as Finance Director of the City in July 2013. She has been employed with the City since December 2008, first as the Accounting Manager and, in August 2010, as the Deputy Finance Director. Ms. Alonso has held various positions in both private and public sectors, including Deputy Treasurer for Lexington County and Assistant Controller for Thermo Scientific. Ms. Alonso graduated from the University of South Carolina with a Bachelor of Science in Business. Ms. Alonso is also a Certified Government Finance Officer in South Carolina.

For further information regarding the City and the Columbia MSA, see Appendix B attached hereto.

## LEGAL MATTERS

### Litigation

Except as otherwise set forth below, to the knowledge of the City, no litigation is threatened in any court to restrain or enjoin the issuance or delivery of the 2014 Bonds or the collection, payment or receipt of the moneys pledged or to be pledged to pay the principal of, premium, if any, and interest on the 2014 Bonds or, in any way contesting or affecting the validity of the 2014 Bonds, the General Bond Ordinance or the Supplemental Ordinance, the power to collect, pay or receive the moneys with which to pay the 2014 Bonds or the organization or the powers of the City, including the power of the City to charge and collect the Hospitality Fees.

On June 27, 2011, a lawsuit was filed against the City, captioned, James Bigby, Bigby Brothers, LLC, Bigby Enterprises, LLC, Kirkman Finlay, III, and Pawley's Front Porch, LLC, on behalf of themselves and all other similarly situated taxpayers, businesses, and citizens v. The City of Columbia, S.C., C/A No. 2011-CP-40-4110 ("City Lawsuit"). In the City Lawsuit, the plaintiffs did not challenge the validity of the Hospitality Fee Act or the Hospitality Fee Ordinance or Hospitality Fees generally or the right of the City generally to impose or collect the Hospitality Fees.

Rather, the plaintiffs alleged the City assesses the Hospitality Fees too broadly, because (1) Hospitality Fees are applied and collected with respect to (a) certain solid foods or liquid beverage sales, regardless of whether the taxed item constitutes both a "meal" and a "beverage" for purposes of the Hospitality Fee Act, (b) separate purchases of prepared or modified liquids, regardless of whether the taxed items is a "meal and beverage" for purposes of the Hospitality Fee Act, and (c) certain modified solid foods or liquid modified beverages are not "meals and beverages" for purposes of the Hospitality Fee Act, and (2) Hospitality Fees should not be applied solely and exclusively to mixed alcoholic drinks when a patron orders a drink only without any food. The plaintiffs in the City Lawsuit further alleged that the City assesses Hospitality Fees on private associations and on private functions, regardless of whether the items taxed are sold in "establishments" or places of public accommodation for purposes of the Hospitality Fee Act.

The plaintiffs in the City Lawsuit sought disgorgement of the portion of the Hospitality Fees that the plaintiffs alleged were unlawfully imposed and collected, prejudgment interest and attorneys' fees, as well as injunctive relief to stop the City's future imposition and collection of the portion of the Hospitality Fees that the court determines, if the court determines, to be unlawfully imposed and collected. On August 3, 2011, the City filed its answer to the City Lawsuit in which it generally denied the substantive allegations in the City Lawsuit and asserted various affirmative defenses.

On May 16, 2013, the Court granted summary judgment in the City's favor, dismissing the City Lawsuit. Certain plaintiffs appealed to the South Carolina Court of Appeals. On July 30, 2013, the Court of Appeals dismissed the appeal because of the appellants' failing to provide proof of ordering a transcript or to serve and file the appellants' brief, or both. To the best of the City's knowledge, no further appeal has been taken from the City Lawsuit.

In October 2008, a lawsuit was filed against Richland County, captioned, Darrell's, Inc. and John D. Holmes, on behalf of themselves and all other similarly situated taxpayers, businesses, and citizens v. Richland County, C/A No. 2008-CP-40-7855 ("County Lawsuit"), in which the plaintiffs made substantially the same allegations as those contained in the City Lawsuit, challenging the local hospitality tax imposed by Richland County. The Court dismissed the County Lawsuit on June 28, 2013, by the parties' agreement. To the best of the City's knowledge, no appeal has been taken from the County Lawsuit.

#### **United States Bankruptcy Code**

The undertakings of the City should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. § 901, et seq., as amended ("Bankruptcy Code"), and other laws affecting creditors' rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a State that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; provides that the plan must be accepted in writing by or on behalf of creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

#### **Other Legal Matters**

Certain legal matters incident to the authorization, issuance and sale of the 2014 Bonds are subject to the approval of the legality of issuance thereof by McNair Law Firm, P.A., Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, as Co-Bond Counsel. The proposed forms of the opinions of Co-Bond Counsel to be delivered when the 2014 Bonds are issued are set forth in Appendix D hereto. Certain matters will be passed on for the Underwriter by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and The Starkes Law Firm, P.A., Columbia, South Carolina, as Co-Underwriter's Counsel. Certain legal matters will be passed on behalf of the City by the City Attorney, Teresa A. Knox, Esquire.

From time to time, Parker Poe Adams & Bernstein LLP serves as Bond Counsel to the City and, from time to time, one or both Parker Poe Adams & Bernstein LLP, The Starkes Law Firm, P.A. and McNair Law Firm, P.A. have represented one or both of the Underwriters as counsel in financing transactions unrelated to the sale of the 2014 Bonds. Neither the City nor either Underwriters has conditioned the future employment of any of these firms in connection with any proposed financing issues for the City or either Underwriters on the successful execution and delivery of the 2014 Bonds.

The City, in its "REQUEST FOR STATEMENT OF QUALIFICATIONS: UNDERWRITER," dated April 30, 2014 ("RFQ"), related to the 2014 Bonds, provided: "The City has traditionally played an active role in the designation of underwriter's counsel and reserves the right to exercise such discretion on the issuance of any bonds contemplated by this RFQ. The City has directed Parker Poe Adams & Bernstein LLP to begin preparation of a preliminary official statement for a hospitality fee secured bond offering; in the event [Parker Poe Adams & Bernstein LLP] is not retained by the selected underwriter(s) as its counsel on this offering, [Parker Poe Adams & Bernstein LLP] will serve as disclosure counsel to the City."

### **TAX EXEMPTION AND OTHER TAX MATTERS**

#### **Internal Revenue Code of 1986**

In the opinion of McNair Law Firm, P.A., Columbia, South Carolina, as Co-Bond Counsel ("McNair"), to be delivered on the date of issuance of the 2014 Bonds, under existing laws, regulations, rulings and judicial decisions

and assuming the City's continued compliance with certain covenants described below, interest on the 2014 Bonds is excludable from gross income of the recipients thereof for federal income tax purposes.

The Internal Revenue Code of 1986, as amended ("Code"), including the Treasury Regulations promulgated thereunder, includes provisions that relate to tax-exempt obligations, such as the 2014 Bonds, including, among other things, permitted uses and investment of the proceeds of the 2014 Bonds and the rebate of certain net arbitrage earnings from the investment of such proceeds to the United States Treasury. Noncompliance with these requirements may result in interest on the 2014 Bonds becoming subject to federal income taxation retroactive to the respective issuance dates thereof. The City has covenanted to comply with the requirements of the Code to the extent required to maintain the exclusion of interest on the 2014 Bonds from gross income for federal tax purposes. Failure of the City to comply with the covenant could cause the interest on the 2014 Bonds to be taxable retroactively to the date of issuance.

The Code imposes an alternative minimum tax on a taxpayer's alternative minimum taxable income. Interest on the 2014 Bonds is not an item of tax preference for purposes of the individual and corporate alternative minimum tax. However, interest on the 2014 Bonds will be includable in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax imposed on corporations.

Although McNair is of the opinion that interest on the 2014 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the 2014 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. Prospective purchasers of the 2014 Bonds should be aware that ownership of the 2014 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrifts and other financial institutions, property and casualty insurance companies, certain recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2014 Bonds. McNair will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2014 Bonds should consult their tax advisors as to collateral federal income tax consequences.

McNair has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or event occurring (or not occurring) after the issuance date of the 2014 Bonds may affect the tax status of interest on the 2014 Bonds. In rendering its opinion, McNair will rely on certificates and representations of the City with respect to certain material facts solely within the City's knowledge relating to the investment and use of the proceeds of the 2014 Bonds and compliance by the City with certain covenants.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2014 Bonds to be subject, directly or indirectly, to federal or State income taxation, or otherwise prevent the holders thereof from realizing the full current benefit of the tax-exempt status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2014 Bonds and could also affect, perhaps significantly, the market price for, or marketability of, the 2014 Bonds. Prospective purchasers of the 2014 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which McNair expresses no opinion.

#### **[Original Issue Discount]**

Certain of the 2014 Bonds have been sold at initial public offering prices which are less than the amount payable at maturity ("Discount Bonds"). An amount not less than the difference between the initial public offering prices of the Discount Bonds and the amount payable at maturity constitutes original issue discount, which will be treated as interest on such Discount Bonds and, to the extent properly allocable to particular owners who acquire such Discount Bonds at the initial offering thereof, will be excludable from gross income for federal income tax purposes to the same extent as other interest on the 2014 Bonds.

A portion of the original issue discount that accrues in each year to an owner of a Discount Bond that is a corporation will be included in the calculation of adjusted current earnings in determining the alternative minimum tax liability of such corporation. Consequently, an owner of any Discount Bond that is a corporation should be

aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

Owners who may acquire 2014 Bonds that are Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such 2014 Bonds, other tax consequences of owning Discount Bonds and the state and local tax consequences of owning Discount Bonds.

#### **[Original Issue Premium]**

Certain of the 2014 Bonds have been sold at initial public offering prices which are greater than the amount payable at maturity ("Premium Bonds"). An amount equal to the excess of the purchase price of the Premium Bonds over their stated redemption prices at maturity constitutes premium on such Premium Bonds. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any 2014 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such 2014 Bonds.

#### **State Tax Law Matters**

McNair is of the opinion that under present laws of the State, interest on the 2014 Bonds will be excluded from South Carolina taxation, except estate, transfer and certain franchise taxes. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes on every bank engaged in business in the State a fee or franchise tax computed at the rate of 4½% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that the term "entire net income" include income derived from any source whatsoever, including interest on obligations of any state and any political subdivision thereof. Interest on the 2014 Bonds will be included in such computations.

#### **FINANCIAL ADVISOR**

Merchant Capital, L.L.C., Columbia, South Carolina, has served as Financial Advisor to the City in connection with the offer and sale of the 2014 Bonds. As such, it has participated in the preparation of and review of the various financing documents related to the 2014 Bonds. The Financial Advisor will be paid from the proceeds of the 2014 Bonds.

#### **CONTINUING DISCLOSURE**

The City has covenanted, so long as required, pursuant to Section 11-1-85, Code of Laws of South Carolina 1976, as amended, to file with a central repository for availability in the secondary bond market, an annual independent audit within 30 days of its receipt and event specific information within 30 days of an event adversely affecting more than 5% of revenues of the City or the City's tax base.

Pursuant to the Disclosure Dissemination Agent Agreement entered into by the City with Digital Assurance Certification, L.L.C. ("DAC") in connection with the issuance of the 2014 Bonds ("Continuing Disclosure Agreement"), the City will covenant for the benefit of the registered owners and the Beneficial Owners of the 2014 Bonds, to provide certain financial information and operating data relating to the City by no later than seven months after the end of each of the City's Fiscal Years, commencing with the report for the Fiscal Year ending June 30, 2014 ("Annual Report"), and to provide notices of the occurrence of certain enumerated events with respect to the 2014 Bonds in accordance with Rule 15c-12(b)(5) under the Securities Exchange Act of 1934, as amended ("Rule"). The Annual Report will be filed on behalf of the City by DAC, as dissemination agent, with the Municipal Securities Rulemaking Board ("MSRB"). The notices of such events will be filed on behalf of the City by DAC with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in Appendix E. These covenants have been made in order to assist the original purchasers of the 2014 Bonds in complying with the Rule.

As provided in the Continuing Disclosure Agreement, if the City fails to comply with any provision of the Continuing Disclosure Agreement, any registered owner or "Holder" of the 2014 Bonds may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the City to comply with its continuing disclosure obligations under the Continuing Disclosure Agreement. "Beneficial Owner" means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2014 Bonds (including persons holding 2014 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2014 Bonds for federal income tax purposes. If any person seeks to cause the City to comply with its continuing disclosure obligations under the Continuing Disclosure Agreement, it is the responsibility of such person to demonstrate that it is a "Holder" within the meaning of the Continuing Disclosure Agreement.

In the last five years, the City believes that it has complied in all material respects with the requirements of its continuing disclosure undertakings, with the exception that the City's annual report for fiscal years ending June 30, 2009, through June 30, 2012, which did not include the financial information and operating data in its "Comparison of Water Rates in the Columbia MSA" chart comparing the average monthly water bills for certain providers of water service within the Columbia MSA.

The City's normal policy when it learns of incomplete or late filings is to take remedial action and provide this information immediately. The City supplemented its annual reports and provided the information described in the preceding paragraph through a corrective filing with MSRB's EMMA (Electronic Municipal Market Access) system, made on November 12, 2013.

For fiscal year ended June 30, 2013, the City timely filed its Annual Report on January 27, 2014.

The City may modify from time to time, consistent with the Rule, the information provided to the extent necessary or appropriate in the judgment of the City, but: (1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City; (2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Holders or the beneficial owners, as determined by the Trustee or nationally recognized bond counsel or by the approving vote of the Holders of a majority in principal amount of the 2014 Bonds then Outstanding at the time of the amendment. Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided. The City's continuing disclosure undertakings under the Continuing Disclosure Agreement will terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the 2014 Bonds.

## MISCELLANEOUS

### Ratings

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), have assigned the 2014 Bonds their municipal bond ratings of "[ ]" and "[ ]," respectively. Such ratings reflect only the views of Moody's and S&P and an explanation of the significance of such ratings may be obtained from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and for S&P at: Standard & Poor's Corporation, 55 Water Street, 38th Floor, New York, New York 10041. The City has furnished to Moody's and S&P certain information and materials respecting the City and the 2014 Bonds. Generally, Moody's and S&P base their ratings on such information and materials and on investigations, studies and assumptions furnished to and obtained and made by them. There is no assurance that such ratings will remain unchanged for any period of time or that it may not be revised downward or withdrawn entirely by Moody's or S&P, if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2014 Bonds.

## **Underwriting**

The 2014 Bonds are being purchased for reoffering by the Underwriter. The Underwriter has agreed, subject to certain conditions, to purchase the 2014 Bonds at a purchase price of \$[] (which reflects \$[\*] plus original issue premium of \$[] less Underwriter's Discount of \$[]).

The Underwriter may offer and sell the 2014 Bonds to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

## **Concluding Statement**

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the 2014 Bonds and the determinations of the City Council relating thereto are qualified in their entirety by reference to the definitive forms of the 2014 Bonds, the Hospitality Fee Ordinance and the Ordinance and to such determinations. All such summaries, explanations and references are further qualified in their entirety by reference to the exercise of sovereign police powers of the State and the constitutional powers of the United States of America, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Certain of the information set forth in the Official Statement and in the appendices hereto has been obtained from sources other than the City that are believed to be reliable but is not guaranteed as to accuracy or completeness.

The agreement between the City and the holders of the 2014 Bonds is fully set forth in the Ordinance and neither any advertisement for the 2014 Bonds nor this Official Statement is to be construed as constituting an agreement with the holders of the 2014 Bonds.

Anyone having questions should direct them to Jeffery M. Palen, Chief Financial Officer, City of Columbia, 1136 Washington Street – Fourth Floor, Columbia, South Carolina 29201, and telephone (803) 545-4093.

The delivery of this Official Statement and its use in connection with the sale of the 2014 Bonds has been duly authorized by the City.

CITY OF COLUMBIA, SOUTH CAROLINA

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Stephen K. Benjamin, Mayor

**APPENDIX A**

**PORTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2013**

**APPENDIX B**

**GENERAL INFORMATION REGARDING THE CITY OF COLUMBIA**

## GENERAL INFORMATION REGARDING THE CITY OF COLUMBIA

### Five-Year Summary

The following table sets forth a summary of the [operating revenues, operating expenses, non-operating revenues and non-operating expenses and changes in net assets] of the City for the fiscal years ended June 30, 2009, through June 30, 2014. The information for the Fiscal Years ended June 30, 2009, through June 30, 2013, summarized below is derived from the City's audited financial statements and should be read in conjunction with the audited financial statements of the City for the applicable fiscal years, copies of which are available for inspection at the City; the information summarized for the Fiscal Year ending June 30, 2014, is preliminary and unaudited, and is subject to end-of-year adjustments and accruals. Also summarized below is the City's adopted budget for the Fiscal Year ended June 30, 2015 (reflecting the audited results for each year), the fiscal year ended June 30, 2014 (unaudited), and the fiscal year ending June 30, 2015, budget.

Included as Appendix A to this Official Statement is a portion of the Comprehensive Annual Financial Report of the City for Fiscal Year ended June 30, 2013. Copies of the City's entire Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009, through June 30, 2013, are available on the City's website at <http://www.columbiasc.net/Finance>, which is not intended to be an active hyperlink and is not incorporated by reference herein. The City's independent public accountant did not review this Official Statement, nor did it perform any audit procedures related to any of the information contained in this Official Statement.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<i>(unaudited)</i> <u>2014<sup>†</sup></u>	<i>budget</i> <u>2015</u>
<b>Revenues</b>							
General property taxes	\$48,292,387	\$48,930,564	\$49,728,075	\$50,496,237	\$50,644,107		\$
Sales, hospitality and admission taxes	0	0	0	73,462	95,178		
License and permits	29,591,085	27,418,693	28,758,883	28,329,064	30,505,429		
Intergovernmental revenue	11,689,903	11,961,867	11,734,994	12,974,392	13,540,185		
Charges for services	7,166,064	7,004,130	6,945,419	6,892,770	11,963,232		
Fines and forfeitures	922,675	864,112	889,048	1,000,956	1,083,670		
Interest	228,742	275,145	998,081	479,175	659		
Other revenues	118,483	421,389	1,038,331	290,332	182,881		
Cost recovery fees	2,270,000	2,270,000	0	0	0		
<b>Total Revenues</b>	<b>\$100,279,339</b>	<b>\$99,145,901</b>	<b>\$100,092,831</b>	<b>\$100,536,388</b>	<b>\$108,015,341</b>		<b>\$</b>
<b>Expenditures</b>							
General Government	\$7,320,764	\$6,569,608	\$6,090,968	\$6,073,363	6,561,858		
Judicial	2,279,449	2,264,446	2,267,244	2,387,018	2,472,285		
Finance department	2,601,962	1,953,988	1,974,835	1,978,427	1,978,474		
Planning & development	4,027,245	3,898,247	3,635,412	3,939,862	4,041,701		
Public safety	54,072,869	48,395,798	51,843,353	52,494,910	51,599,425		
Parks and recreation	9,889,048	9,133,653	9,135,419	9,349,169	9,486,586		
Public services	19,489,714	17,039,160	18,052,911	16,275,703	16,189,808		
General services	3,847,700	3,537,722	3,644,002	4,109,575	4,476,691		
Community promotion	865,210	643,200	172,450	226,750	606,382		
Nondepartmental	1,395,676	1,066,644	1,666,009	2,388,824	2,474,747		
Other charges	0	0	0	0	11,079		
Principal payment on bonds	0	0	440,000	480,000	500,000		
Interest on bonds	0	0	976,393	953,112	927,685		
Debt issuance costs	0	0	0	1,540,470	0		
Capital outlay	0	0	0	4,407,806	3,042,274		
<b>Total Expenditures</b>	<b>\$105,789,637</b>	<b>\$94,502,466</b>	<b>\$99,898,996</b>	<b>\$106,604,989</b>	<b>\$104,368,995</b>		<b>\$</b>
Excess (deficiency) of revenues over (under) expenditures	\$(5,510,298)	\$4,643,435	\$193,835	\$(6,068,601)	\$3,646,346		\$
Other financing sources (uses):							
Operating transfers in	\$ 8,963,185	\$10,230,780	\$13,153,729	\$15,758,725	\$16,813,180		\$
Operating transfers (out)	(11,707,683)	(6,402,076)	(14,900,732)	(8,883,225)	(11,289,637)		
Sale of capital assets	2,531,802	156,782	144,703	170,409	225,883		
Bond issuance	0	0	0	14,825,000	0		
Payments to escrow agent	0	0	0	(14,436,356)	0		
<b>Total other financing sources (uses):</b>	<b>\$(212,696)</b>	<b>3,985,486</b>	<b>\$(1,602,300)</b>	<b>\$7,434,553</b>	<b>\$5,749,426</b>		
Excess (deficiency) of revenues over (under) expenditures	\$(5,722,994)	\$8,628,921	\$(1,408,465)	\$41,365,952	\$9,395,772		
Beginning Fund Balance	\$12,546,889	\$6,823,895	\$15,452,816	†\$14,077,115	\$15,443,067		\$

Fund Balance end of year                      \$6,823,895      \$15,452,816      \$14,044,351      \$15,443,067      \$24,838,839                      \$

Note: Totals may not sum due to rounding.

†[Restated]

‡Preliminary, subject to year-end adjustments and accruals.

**Population**

The population of the City, Lexington County, Richland County and the Columbia Metropolitan Statistical Area (“Columbia MSA”) for the preceding five decades and is set forth in the following table:

<u>Year</u>	<u>City</u>	<u>Lexington County</u>	<u>Richland County</u>	<u>Columbia MSA</u>
1970	113,542	89,012	233,868	322,880
1980	101,229	140,353	269,735	410,088
1990	103,477	167,611	285,720	453,331
2000	116,278	216,014	320,677	647,158
2010	129,272	262,391	384,504	767,598

Source: U.S. Department of Commerce, Bureau of the Census.

**Per Capita Income**

The following table shows the per capita income in Lexington County, Richland County and the State for the past five calendar years, for which information is available:

<u>Year</u>	<u>Lexington County</u>	<u>Richland County</u>	<u>State</u>
2009	\$35,259	\$35,437	\$32,376
2010	34,954	35,559	32,688
2011	36,092	37,118	34,183
2012	37,224	38,195	35,056
2013	N/A	N/A	35,453

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Median Family Income**

Median family income statistics are available only as combined figures for the Columbia MSA made up of Lexington, Richland, Calhoun, Fairfield, and Saluda counties. The median family income for the Columbia MSA for the last five calendar years, for which information is available, is shown in the following table. Median family income figures for the State and United States are shown for comparison purposes.

<u>Year</u>	<u>Columbia MSA</u>	<u>State</u>	<u>United States</u>
2009	\$62,100	\$55,000	\$64,000
2010	62,400	55,700	64,400
2011	63,600	55,100	64,200
2012	64,500	55,800	65,000
2013	60,400	55,000	64,400

Source: U.S. Department of Urban Development, Economic and Market Analysis Division.

**Unemployment Rate**

The average unemployment rates in the City, Lexington County, Richland County, the State and the United States for each of the last five calendar years, for which information is available, is set forth in the following table:

<u>Year</u>	<u>City</u>	<u>Lexington County</u>	<u>Richland County</u>	<u>State</u>	<u>United States</u>
2009	9.5%	8.2%	9.4%	11.5%	9.3%
2010	10.3	8.1	9.6	11.1	9.6
2011	9.7	7.8	9.2	10.3	8.9
2012	9.1	6.8	8.3	9.0	8.1
2013	7.9	5.8	7.2	7.6	7.4

Source: South Carolina Department of Employment and Workforce and U.S. Department of Labor, Bureau of Labor Statistics

The monthly unemployment rates in the City, Lexington County, Richland County, the State and the United States for the last 12 months, for which information is available, is set forth in the following table:

<u>Month</u>	<u>City</u>	<u>Lexington County</u>	<u>Richland County</u>	<u>State</u>	<u>United States</u>
March 2014	5.9	4.2	5.3	5.5	6.7
February 2014	5.2	4.0	5.0	5.7	6.7
January 2014	6.7	5.0	6.3	6.4	6.6
December 2013	6.3	4.9	5.9	6.6	6.7
November 2013	6.7	5.1	6.2	6.8	7.0
October 2013	7.5	5.6	6.8	7.0	7.2
September 2013	7.8	5.7	7.1	7.3	7.2
August 2013	8.9	6.2	7.8	7.5	7.2
July 2013	9.0	6.1	7.7	7.7	7.3
June 2013	9.3	6.6	8.1	7.8	7.5
May 2013	7.7	5.9	7.0	7.9	7.5
April 2013	7.5	5.5	6.8	7.9	7.5
March 2013	7.9	5.8	7.1	8.0	7.5

Source: South Carolina Department of Employment and Workforce; U.S. Department of Labor, Bureau of Labor Statistics

### Retail Sales

The following table shows retail sales of businesses located in Lexington County, Richland County and the City for the last six calendar years, for which information is available:

<u>Year Ended December 31</u>	<u>Lexington County</u>	<u>Richland County</u>	<u>City</u>
2008	\$ 8,661,836,462	\$9,851,243,129	\$3,066,062,824
2009	9,131,289,559	10,335,129,411	3,235,294,585
2010	8,300,959,530	9,874,052,748	4,185,477,430
2011	9,542,001,294	10,544,798,279	4,469,797,710
2012	10,020,868,349	10,534,410,062	4,505,612,304
2013	10,520,064,615	10,897,691,760	5,314,636,826

Source: South Carolina Department of Revenue

### Construction Activity

The growth of the Columbia MSA is reflected in the following table showing the number of new commercial and residential units constructed in the City and the approximate cost of those units in the last five fiscal years for which information is available:

<u>Fiscal Year Ended June 30</u>	<u>Commercial</u>		<u>Residential</u>	
	<u>Number of Units</u>	<u>Estimated Commercial Costs</u>	<u>Number of Units</u>	<u>Estimated Residential Costs</u>
2013	33	\$29,167,670	226	\$33,847,371
2012	42	88,307,346	324	45,079,595
2011	13	8,504,058	277	28,881,790
2010	18	19,787,832	310	32,840,575
2009	36	117,929,808	783	76,178,625

Source: City of Columbia, Planning and Development Services, Permits

## Commerce and Industry

The following table shows the ten largest industrial employers within the Columbia MSA, the type of business and their approximate number of employees:

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
South Carolina Electric & Gas	Utility	3,477
Michelin North America Inc.	Tire manufacturing	1,960
Westinghouse Electric Corp.	Nuclear fuel assemblies	1,200
Amazon.com	Distribution	1,200
House of Raeford	Poultry processing	857
Invista	Chemical products/preparation	800
Consolidated Systems	Steel roof and floor deck manufacturing	700
International Paper Co.	Fine paper	726
McEntire Produce	Fresh Produce Processor	678
Flextronics International	Electronic contract manufacturing	350

Source: Central SC Alliance

The following table shows the largest non-industrial employers (other than the governmental entities described under "Government Employers" below) located within the Columbia MSA, the type of business and their approximate number of employees:

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Palmetto Health	Health Care	9,000
Blue Cross & Blue Shield of SC <sup>1</sup>	Insurance	6,765
University of South Carolina	Higher Education	5,148
Lexington Medical Center	Health Care	4,736
AT&T	Telecommunications	2,500#
Providence Hospital	Health Care	2,000
Palmetto GBA	Insurance	1,900
Wells Fargo Bank	Banking	1,549
Verizon	Telecommunications - Service	1,400
Midland Technical College	Higher Education	786

Source: Central SC Alliance

*University of South Carolina.* The University of South Carolina's ("USC") main campus is located in downtown Columbia. USC, along with the USC Development Foundation, the City and the University Neighborhood Association collaborated to develop the Inn at USC, a state-of-the-art hotel with 117 rooms, including several two-room suites, three deluxe suites with fireplaces, and spacious meeting and seminar rooms. The Inn at USC joined the Wyndham Hotel Group in August 2012 and is now known as the Inn at USC Wyndham Garden Columbia. The Inn is the first Wyndham Garden hotel in South Carolina. The Inn at USC Wyndham Garden Columbia is adjacent to, and services the National Advocacy Center. Marriott purchased and renovated another hotel on USC's Columbia campus. The Courtyard Marriott opened in 2007, with 189 rooms, 16 suites, and three meeting rooms with a capacity of 600.

USC's main campus is home to the Colonial Center – the largest arena in the State with 18,000 seats, and the tenth-largest on-campus basketball facility in the nation. This one-of-a-kind facility features 41 luxury suites, four entertainment suites, and a full-service hospitality room with capacity for 300. Also located on USC's main campus is the Strom Thurmond Wellness and Fitness Center and the Greek Village, which consists of 20 residential housing units, each accommodating 35 to 40 resident students. Located on a 29-acre tract along the Congaree River near downtown Columbia is the USC baseball stadium built in 2009 with a seating capacity of 8,242.

USC formed a public/private partnership with partners in business and government to build a 500-acre research campus called "Innovista" in downtown Columbia for research on hydrogen and other technologies. Innovista facilities consist of the Arnold School of Public Health and two research complexes: Horizon Center and Discovery Plaza. The Arnold School of Public Health, situated on a \$22 million, 104,860-square-foot facility, is the only school of public health in the State. Students become equipped to receive master's and doctoral degree programs in

public health, medicine, pharmacy, environment, kinesiology, physical therapy and health systems management. The exercise science program is ranked one of the top five nationally. Horizon I contains 125,000 square feet of dry lab and wet lab space, and is home to the National Science Foundation Industry/University Cooperative for Fuel Cell Research. Discovery Plaza I houses a wet lab with vivarium lab for USC biomedical scientists. The second building in each complex will be for private tenants and their research teams, working on projects related to those of the USC researchers, and each complex will have its own attached parking deck. Horizon II is a privately-developed, five-story, 110,000-square-foot office/dry lab building, currently under construction. Discovery II is in the design and programming phase. Tenants will include private-sector firms and governmental units with collaborative USC research relationships. Innovista provides walking and bike paths tying its buildings and parking to Riverfront Park, the USC baseball stadium, and the Strom Thurmond Wellness & Fitness Center. The total investment for the first phase of construction was approximately \$140 million, with the total investment in Innovista expected to reach \$250 million at completion. Construction began in December 2011 on the new 250,000 square-foot, \$90 million Darla Moore School of Business, also located in Innovista. Construction is scheduled to be complete in July 2014.

USC began construction in early 2014 behind the Carolina Coliseum of a private, resort-style student housing development including a six-story, 919-bed apartment complex. The complex will include one-, two- and four-bedroom apartments, as well as studio apartments, a fitness center, volleyball court, a pool, and other high-end amenities. As part of the project, a dining facility, parking garage and classrooms will be built behind the new Moore School of Business. Completion of the project is set for July 2015. The USC Development Foundation has also recently contracted with a private developer for the construction of an additional \$93 million private student apartment complexes near the USC campus.

### Government Employers

Governmental entities are the largest employers in the Columbia MSA. As the table under the heading “Columbia MSA Labor Force Estimate” indicates, such governmental entities have historically provided a stable employment base. These entities include the State government, local governments (including the City), other federal government entities and local school districts. The table shown below provides a breakdown on employment by these entities for the Columbia MSA:

<u>Name</u>	<u>Approximate Number of Employees</u>
State of South Carolina	24,525
S.C. Department of Transportation	4,418
Richland County School District 1	4,009
Lexington County School District 1	3,403
Richland County School District 2	3,300
S.C. Department of Health and Environmental Control	3,096
School District 5 of Lexington and Richland Counties	2,354
City of Columbia	2,150
Richland County Government	1,708
Lexington County School District 2	1,083

Source: Central SC Alliance

### Facilities Located in the Columbia MSA

*Transportation.* Interstate highways 20, 26, 77 and a network of U.S. and S.C. highways traverse the Columbia MSA. Rail service is provided by Southern Railway and CSX Transportation. Passenger service is available through Amtrak via “The Silver Star.” Nationwide freight service is available through approximately 50 motor freight lines regularly serving the City area. Intercity bus service is provided by Greyhound Lines, Inc.

The Columbia Metropolitan Airport (“Airport”), located in the unincorporated area of Lexington County, and approximately six miles southwest of the City’s central business district, is comprised of two runways, associated taxiways, an air traffic control tower, aviation fuel storage facilities, aircraft parking aprons, a passenger terminal building, air cargo buildings, general aviation hangars and terminals, support facilities for the U.S. Army Reserve, the aeronautical facilities of the South Carolina Aeronautics Commission, roads, grounds and public parking facilities; all of which are located on approximately 2,600 acres. Air operations are conducted on an 8,600-foot x 150-foot runway and an 8,000-foot x 150-foot runway. The passenger terminal features a two-level concourse for common-use gates; a central food court within easy view of all gates; expanded airline ticket counter; baggage claim

area; and a covered walkway between the terminal and parking lot. A multi-level parking structure and surface parking lots provide a combined 3,505 public parking spaces. The Airport serves more than 1.2 million passengers annually and processes more than 168,000 tons of air cargo. A 108-acre parcel of the Airport property has been designated as Foreign Trade Zone 127 by U.S. Customs. The Columbia Airport Enterprise Park is a 435-acre industrial park located on the Airport complex. The FAA Southern Region Airports Division awarded the Airport the 2005 Air Carrier Airport Safety Award. The Airport has hired and maintained a competent, trained staff of Airport rescue firefighters, maintenance technicians and operations coordinators.

The passenger airlines which currently serve the Airport are: American Eagle, Delta Air Lines, United Express and US Airways which provide nonstop departures to the connecting hub airports in Atlanta, Charlotte, Chicago, Dallas/Fort Worth, Detroit, Houston, Newark, New York, Philadelphia, and Washington, DC. The major air cargo companies serving the Airport include Airborne Express, Emery Worldwide, Federal Express, and United Parcel Service (“UPS”).

The Airport is the site of UPS’ southeastern region Air/Ground Hub and Sortation Station for both its Next Day Air and Second Day Air package delivery services. Using its own funds, UPS constructed a package sortation building encompassing approximately 352,000 square feet on a 50-acre site near the Airport, which it purchased from the Airport. UPS is also leasing from the Airport a 35,000 square foot office building on a nine-acre site in CAE Park which houses the 200-person staff that reconciles and administers UPS’ system-wide COD delivery services. UPS is operating with a minimum of 20 daily jet freighter arrivals and 20 departures at the Airport.

The Jim Hamilton-L.B. Owens Airport, with a 5011-foot by 75-foot runway, is located in the southeast section of the City and is used by private and other small aircraft.

*Medical and Health Services.* There are eight hospitals located within the Columbia MSA, two of which are federal facilities (William J. Dorn Veterans Hospital and Moncrief Army Hospital). Furthermore, there are five psychiatric hospitals and approximately 100 licensed nursing homes and community residential care facilities in the Columbia MSA. In January 2006, Palmetto Health Heart Hospital located at the Richland County campus opened its doors, becoming the most advanced, state-of-the-art cardiac care facility in the area. Serving patients from the midlands and all over central South Carolina, the \$80 million, 200,000 square-foot hospital is the State’s only freestanding facility dedicated entirely to the prevention, diagnosis and treatment of cardiovascular diseases. Built specifically to meet the needs of the patients, there is a fluid transition between heart procedures and patient rooms. This unique building offers patients and visitors a comfortable and soothing experience complete with waterfalls and landscaped courtyards, and a view of the outside from each of the patient rooms. Attached to the Heart Hospital is a 100,000 square-foot medical office building which enables physicians and clinical staff to spend more time caring for the patients. To provide an unparalleled level of individualized care for residents of South Carolina, the hospital includes: 124 private inpatient beds; Cardiovascular Intensive Care Unit; Critical Care Unit; Cardiac Diagnosis; Cardiac Cath and Electrophysiology labs; Cardiac Rehabilitation Program; Pulmonary Rehabilitation Program; Telemetry Units; labs and diagnostic test areas; landscaped atriums; 700-car parking garage; gift shop; and specialty coffee cart. Palmetto Health completed several renovation projects at its Baptist and Richland Memorial campuses. Palmetto Health Baptist Parkridge (“Parkridge”), located in the northwest portion of the City, is Palmetto Health’s newest full-service community hospital offering state-of-the-art inpatient, surgical, medical and emergency care. The Parkridge facility includes 76 in-patient beds, an intensive care unit, a labor and delivery unit and newborn nursery, six operating rooms, and diagnostic and treatment services, which include imaging, laboratory, pharmacy and more. Additional service are planned for Parkridge, including non-invasive cardiology, neurosurgery, orthopaedics, and outpatient rehabilitation to name a few.

*Financial Institutions.* The Columbia MSA serves as the chief financial center of the State. According to the Federal Deposit Insurance Corporation, as of June 30, 2013, there were 195 branches of commercial banks and five branches of savings institutions in the Columbia MSA, with deposits at all financial institutions totaling \$15,759,070,000.

*Utilities.* Electricity for industrial, residential and commercial consumption is provided by SCE&G, Tri-County Cooperative, Inc., Mid-Carolina Electric Cooperative, Inc. and Fairfield Electric Cooperative, Inc. Natural gas is provided by SCE&G. Water and sewer service is provided by the City inside the City limits, as well as to portions of Richland and Lexington Counties.

*Recreation.* The Columbia MSA offers many opportunities for recreation and leisure activities. The Columbia Museum of Art is South Carolina’s premier international art museum with extraordinary collections of European and American fine and decorative art that span centuries. The South Carolina State Museum is the largest museum in

South Carolina, located in America’s first electric-powered textile mill with extensive exhibits in the disciplines of art, science and technology, cultural history and natural history. There are a total of 12 art and historical museums in the area. The Town Theatre is the oldest, continuously operating community theatre in the U.S. and is listed on the National Register of Historical Places. The theatre provides live community theatre performances throughout the year with an emphasis on musicals, comedies and youth productions. EdVenture Children’s Museum, the South’s largest children’s museum at 67,000 square feet, is the home of Eddie, the world’s largest child, along with hundreds of interactive exhibits to inspire children to experience the joy of learning. Riverbanks Zoo and Garden, ranked among the top ten zoos in the nation, is located in Richland and Lexington counties on a 170- acre tract of land bisected by the Saluda River, which consists of a zoological park presently located on approximately 30 acres and home to more than 2,000 animals housed within naturalistic exhibits, and a botanical garden and contiguous natural areas located on a seventy-acre tract of land on the western side of the Saluda River that is connected to the zoological park by a bridge. Riverbanks Zoo and Garden is committed to the conservation of wildlife, to the audience’s education of natural history, and to the enhancement of the quality of life in its community through the provision of high-quality recreational opportunities. The University of South Carolina and other area universities and colleges offer a wide range of sports activities for both spectators and participants. Lake Murray, a 50,000-acre man-made lake with more than 500 miles of shoreline, provides limitless opportunities for fishing, camping, boating, sailing and skiing, as well as residential sites for single-family and multi-family development.

*Public Schools.* There were approximately 51,178 pupils enrolled in public schools in Richland County and 55,320 enrolled in the public school system in Lexington County for the 2013-2014 school year. All public schools are fully accredited and all teachers fully certified by the South Carolina Department of Education.

*Higher Education.* There are eight main institutions of higher education in the Columbia MSA, the largest being the main campus of the University of South Carolina with a present enrollment of 31,964. The table below lists these institutions and their Fall 2013 enrollment:

<u>College/University</u>	<u>Enrollment</u>
University of South Carolina (Columbia Campus)	31,964
Midlands Technical College	11,634
Benedict College	2,512
Southern Wesleyan University	1,701
South University	1,627
Columbia College	1,169
Columbia International University	1,154
Allen University	651

Source: South Carolina Commission on Higher Education

Midlands Technical College (“MTC”) is one of 16 technical colleges and technical education centers that make up the South Carolina Technical Education System. With three campuses located within the Columbia MSA, the MTC program serves approximately 11,634 students.

*Vista.* In 2004, the City, in cooperation with Richland County and Lexington County, constructed a 142,000 square-foot, state-of-the-art convention center complex in the downtown “Vista” area at a cost of \$40 million. The convention center is complemented by a 222-room, full service Hilton Convention Center Hotel, along with an adjacent 829-car parking garage serving the hotel, convention center, and area businesses. Other major projects in the Vista area include renovation of the historic South Carolina Dispensary Warehouse for reuse as a Publix grocery store, and development of Canal Front Park along the Columbia Canal. New residential projects in the Vista include Justice Square Town Homes, a 12-unit residential project. In addition, Renaissance Plaza Apartments provides live/work residential units, with 17 small storefronts and professional offices and 55 condominiums, completed in 2007. The CanalSide development consists of 25 acres and 750 total units of single-family attached, detached and multi-family residential options, a central park area, open space adjacent to the Congaree River and Columbia Canal, and a limited amount of complementary retail and commercial space. In addition to the above, many businesses, including restaurants, hotels, a bank, retail stores, apartments and other office buildings have been or are currently under development in the Vista area. Two additional housing projects for USC students are also under construction in the Vista. One project has an 800-bed capacity, and a second will house approximately 250 students; both projects are currently scheduled for completion in August 2015.

*Military.* Fort Jackson, located within the city limits of Columbia, was established in 1917 and designated as a permanent post of the United States Army in 1940. Fort Jackson, which covers 82 square miles within the City, is the largest and most active Initial Entry Training Center in the U.S. Army, providing training to 50% of the Army’s

Basic Combat Training load and 60% of the women who enter the Army each year. While some installations have experienced downsizing and closure in past years, Fort Jackson has added several new schools and training institutions, including the Armed Forces Chaplaincy Center and School, the U.S. Army's only Drill Sergeant School, the U.S. Army Soldier Support Institute and the National Center for Credibility Assessment (formerly the Department of Defense Polygraph Institute).

More than 3,500 active duty soldiers and their 12,000 family members are assigned to the installation and make this area their home. Fort Jackson instructs an average of 45,000 soldiers in basic training and advanced individual training each year. The Fort employs almost 3,500 civilians and provides services for more than 46,000 retirees and their family members. An additional 10,000 students annually attend courses at the Soldier Support Institute, Armed Forces Chaplaincy Center and School, National Center for Credibility Assessment, and Drill Sergeant School.

Fort Jackson, annexed into the City in October 1968, has a significant economic impact on the Midlands area, contributing approximately \$716 million to the local economy. In addition, over 100,000 family members visit the Midlands area each year to attend basic training graduation activities, using local hotels, restaurants and shopping areas. The Fort encompasses more than 52,000 acres of land including over 100 ranges and field training sites and 1,160 buildings. Recent improvements include a Basic Combat Training star base, dual dining facility, Family Life and Resiliency Center, the 81st Regional Reserve Command and a Residential Communities Initiative which will result in the demolition and renovation of 640 new and 210 renovated homes for Army families.

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**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE**

## **SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE**

The following statements are brief summaries of certain provisions of the General Bond Ordinance and the Supplemental Ordinance (as such terms are defined in the front part of this Official Statement; such General Bond Ordinance and Supplemental Ordinance are referenced herein as the "Ordinance"). These summaries do not purport to be complete, and reference is made to the Ordinance for a full and complete statement of such provisions. All capitalized terms not defined herein have the meanings ascribed thereto in the front part of this Official Statement or the Ordinance.

**APPENDIX D**  
**FORMS OF OPINIONS OF CO-BOND COUNSEL**

**APPENDIX E**

**FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT**

## FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (“Disclosure Agreement”), dated as of [], 2014, is executed and delivered by the City of Columbia, South Carolina (“Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (“Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (defined below) of the Bonds (defined below) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule”).

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

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

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

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

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

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

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

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

“Disclosure Representative” means the Finance Director or his designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

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

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

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

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

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

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

“Notice Event” means an event listed in Sections 4(a) of this Disclosure Agreement.

“Official Statement” means that Official Statement prepared by the Issuer in connection with its \$[\*] Special Obligation Bonds (Hospitality Fee Pledge) Series 2014, as listed on Appendix A.

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

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

## SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 30 days prior to the Annual Filing Date. Promptly on receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 210 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2014. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). On such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Notice Event as described in Section 4(a)(12) has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

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

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) on receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) on receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) on receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  1. "Principal and interest payment delinquencies";
  2. "Non-Payment related defaults, if material";
  3. "Unscheduled draws on debt service reserves reflecting financial difficulties";
  4. "Unscheduled draws on credit enhancements reflecting financial difficulties";
  5. "Substitution of credit or liquidity providers, or their failure to perform";
  6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security";
  7. "Modifications to rights of securities holders, if material";
  8. "Bond calls, if material";
  9. "Defeasances";
  10. "Release, substitution, or sale of property securing repayment of the securities, if material";
  11. "Rating changes";
  12. "Tender offers";
  13. "Bankruptcy, insolvency, receivership or similar event of the obligated person";
  14. "Merger, consolidation, or acquisition of the obligated person, if material"; and
  15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material";

- (v) on receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) on receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
  - 1. “amendment to continuing disclosure undertaking”;
  - 2. “change in obligated person”;
  - 3. “notice to investors pursuant to bond documents”;
  - 4. “certain communications from the Internal Revenue Service”;
  - 5. “secondary market purchases”;
  - 6. “bid for auction rate or other securities”;
  - 7. “capital or other financing plan”;
  - 8. “litigation/enforcement action”;
  - 9. “change of tender agent, remarketing agent, or other on-going party”;
  - 10. “derivative or other similar transaction”; and
  - 11. “other event-based disclosures”;
- (vii) on receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
  - 1. “quarterly/monthly financial information”;
  - 2. “change in fiscal year/timing of annual disclosure”;
  - 3. “change in accounting standard”;
  - 4. “interim/additional financial information/operating data”;
  - 5. “budget”;
  - 6. “investment/debt/financial policy”;
  - 7. “information provided to rating agency, credit/liquidity provider or other third party”;
  - 8. “consultant reports”; and
  - 9. “other financial/operating data”;

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

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

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement as follows:

- (1) The financial statements of the Issuer for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or if not in conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (2) Financial and operating data for each fiscal year, which shall consist of the financial and operating data contained in the following tables in the Official Statement under the caption, "FINANCIAL FACTORS": [(i) Five-Year Summary and (ii) Historical Debt Service Coverage.]

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

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

### SECTION 4. Reporting of Notice Events.

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

- 1. Principal and interest payment delinquencies;
- 2. Non-payment related defaults, if material;
- 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
- 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
- 5. Substitution of credit or liquidity providers, or their failure to perform;
- 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material

notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

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

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

SECTION 7. Voluntary Reports.

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

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

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

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

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

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, on thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure

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

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

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

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

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

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

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

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not

less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

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

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

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

[SIGNATURE PAGE FOLLOWS]  
[REMAINDER OF PAGE INTENTIONALLY BLANK]

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

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF COLUMBIA, SOUTH CAROLINA, as Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A  
NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer	City of Columbia, South Carolina
Obligated Person(s)	Same
Name of Bond Issue:	[\$*] Special Obligation Bonds (Hospitality Fee Pledge) Series 2014
Date of Issuance:	[], 2014
Date of Official Statement:	[], 2014
CUSIP Number:	198504

**EXHIBIT B**  
**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer	City of Columbia, South Carolina
Obligated Person(s)	Same
Name of Bond Issue:	\$[*] Special Obligation Bonds (Hospitality Fee Pledge) Series 2014
Date of Issuance:	[], 2014
Date of Official Statement:	[], 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement, dated as of [], 2014, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by:\_\_\_\_\_.

Dated: \_\_\_\_\_

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,  
as Disclosure Dissemination Agent,  
on behalf of the Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Issuer  
Obligated Person

**EXHIBIT C-1  
EVENT NOTICE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

\_\_\_\_\_

Number of pages of attached material event notice: \_\_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_ "Principal and interest payment delinquencies";
2. \_\_\_\_ "Non-Payment related defaults, if material";
3. \_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties";
4. \_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties";
5. \_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform";
6. \_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security";
7. \_\_\_\_ "Modifications to rights of securities holders, if material";
8. \_\_\_\_ "Bond calls, if material";
9. \_\_\_\_ "Defeasances";
10. \_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material";
11. \_\_\_\_ "Rating changes";
12. \_\_\_\_ "Tender offers";
13. \_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person";
14. \_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material"; and
15. \_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

**EXHIBIT C-2  
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

\_\_\_\_\_

Number of pages of attached material event notice: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

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

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

**EXHIBIT C-3  
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

\_\_\_\_\_

Number of pages of attached material event notice: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

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

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

FORM OF CONTINUING DISCLOSURE AGREEMENT

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

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

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

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

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

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

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

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

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

“Disclosure Representative” means the Chief Financial Officer or his designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

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

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

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

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

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

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

“Notice Event” means an event listed in Sections 4(a) of this Disclosure Agreement.

“Official Statement” means that Official Statement prepared by the Issuer in connection with its \$\_\_\_\_\_ Special Obligation Bonds (Hospitality Fee Pledge), Series \_\_\_\_\_ as listed on Appendix A.

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

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

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 30 days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 210 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, \_\_\_\_\_. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Notice Event as described in Section 4(a)(12) has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Notice Event described in Section 4(a)(12) shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

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

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

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

5. "secondary market purchases;"
  6. "bid for auction rate or other securities;"
  7. "capital or other financing plan;"
  8. "litigation/enforcement action;"
  9. "change of tender agent, remarketing agent, or other on-going party;"
  10. "derivative or other similar transaction;" and
  11. "other event-based disclosures;"
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. "quarterly/monthly financial information;"
  2. "change in fiscal year/timing of annual disclosure;"
  3. "change in accounting standard;"
  4. "interim/additional financial information/operating data;"
  5. "budget;"
  6. "investment/debt/financial policy;"
  7. "information provided to rating agency, credit/liquidity provider or other third party;"
  8. "consultant reports;" and
  9. "other financial/operating data."
- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

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

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement as follows:

- (1) The financial statements of the Issuer for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or if not in conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (2) Financial and operating data for each fiscal year which shall consist of the operating data generally consistent with the information contained in the tables in the Official Statement under the caption "\_\_\_\_\_."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

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

#### SECTION 4. Reporting of Notice Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

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

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

SECTION 7. Voluntary Reports.

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

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

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

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer

chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

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

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

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

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

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

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

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

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

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

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

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

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

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

[Signature page follows]

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

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF COLUMBIA, SOUTH CAROLINA, as Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**  
**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer	City of Columbia, South Carolina
Obligated Person(s)	same
Name of Bond Issue:	\$_____ Special Obligation Bonds (Hospitality Fee Pledge), Series _____
Date of Issuance:	_____, ____
Date of Official Statement	_____, ____
CUSIP Number:	_____



**EXHIBIT C-1  
EVENT NOTICE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_ or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

Number of pages of attached material event notice: \_\_\_\_\_

\_\_\_\_\_ Description of Notice Events (Check One):

1.  "Principal and interest payment delinquencies;"
2.  "Non-Payment related defaults, if material;"
3.  "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4.  "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5.  "Substitution of credit or liquidity providers, or their failure to perform;"
6.  "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7.  "Modifications to rights of securities holders, if material;"
8.  "Bond calls, if material;"
9.  "Defeasances;"
10.  "Release, substitution, or sale of property securing repayment of the securities, if material;"
11.  "Rating changes;"
12.  "Tender offers;"
13.  "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14.  "Merger, consolidation, or acquisition of the obligated person, if material;" and
15.  "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

\_\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

---

---

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: Digital Assurance Certification, L.L.C.

390 N. Orange Avenue

Suite 1750

Orlando, FL 32801

407-515-1100

**EXHIBIT C-1  
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

\_\_\_\_\_

Number of pages of attached material event notice: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

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

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: Digital Assurance Certification, L.L.C.

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**EXHIBIT C-1  
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

\_\_\_\_\_

Number of pages of attached material event notice: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

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

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

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