
CITY OF COLUMBIA, SOUTH CAROLINA

SIXTH SUPPLEMENTAL ORDINANCE NO. 2009-87

A SIXTH SUPPLEMENTAL ORDINANCE SUPPLEMENTING FIFTH SUPPLEMENTAL ORDINANCE NO. 2007-072 AND PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF COLUMBIA, SOUTH CAROLINA, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2009, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$105,000,000; DELEGATING THE AUTHORITY TO THE MAYOR AND INTERIM CITY MANAGER TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; MAKING CERTAIN AMENDMENTS TO GENERAL BOND ORDINANCE NO. 93-43; AND OTHER MATTERS RELATING THERETO.

Enacted: August 19, 2009

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. 93-43 (the "General Bond Ordinance") enacted by the City Council (the "Council") of the City of Columbia, South Carolina (the "City"), on May 21, 1993 (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 Sixth Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

"2009 Debt Service Fund" shall mean the Fund established pursuant to Section 8 hereof to provide for the payment of the principal of and interest on the Series 2009 Bonds.

"2009 Debt Service Reserve Fund" shall mean the Fund established pursuant to Section 9 hereof (a) to insure the timely payment of the principal of and interest on the Series 2009 Bonds and (b) to provide for the redemption of the Series 2009 Bonds.

"2009 Projects" shall mean, collectively, the improvements, extensions and enlargements to the System, including any one or more of the projects described in Schedule I hereto, and such other improvements as the City may deem necessary or incidental to the System.

"2009 Reserve Fund Requirement" shall mean, subject to Section 9 hereof, an amount as of the date of its calculation equal to the least of (a) ten percent (10%) of the original principal amount of the Series 2009 Bonds (less any original issue discount when such original issue discount represents more than a *de minimis* amount); (b) the maximum annual debt service on the Series 2009 Bonds for the then current or any future Fiscal Year; or (c) 125% of the average annual debt service on the Series 2009 Bonds for the then current or any future Fiscal Year.

"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 Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the City, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any Series 2009 Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

"Bond Insurance Policy" shall mean the Financial Guaranty Insurance Policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2009 Bonds.

"Bond Insurer" shall mean Assured Guaranty Corp., a Maryland-domiciled insurance company, or any successor thereto or assignee thereof.

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement to be dated the date of execution and delivery thereof between the Underwriters and the City, as amended or supplemented thereto.

“Bonds of 1993” shall mean the original principal amount \$74,765,000 Waterworks and Sewer System Revenue Bonds, Series 1993, dated May 1, 1993, and outstanding as of the date of this Sixth Supplemental Ordinance in the principal amount of \$24,470,000.

“Bonds of 1999” shall mean the original principal amount \$61,125,000 Waterworks and Sewer System Revenue Bonds, Series 1999, dated October 1, 1999, and outstanding as of the date of this Sixth Supplemental Ordinance in the principal amount of \$3,025,000.

“Bonds of 2001” shall mean the original principal amount \$41,500,000 Water and Sewer System Refunding Revenue Bonds, Series 2001, dated November 1, 2001, and outstanding as of the date of this Sixth Supplemental Ordinance in the principal amount of \$37,550,000.

“Bonds of 2005” shall mean the original principal amount \$60,000,000 Waterworks and Sewer System Revenue Bonds, Series 2005, dated June 15, 2005, and outstanding as of the date of this Sixth Supplemental Ordinance in the principal amount of \$60,000,000.

“Book-Entry Form” or “Book-Entry System” shall mean with respect to the Series 2009 Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Series 2009 Bonds may be transferred only through a book-entry and (b) physical Series 2009 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Series 2009 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 Series 2009 Bonds, when subject to the Book-Entry System.

“Business Day” shall mean, with respect to the Series 2009 Bonds issued pursuant to this Sixth Supplemental Ordinance, any day other than a Saturday, a Sunday or a day which shall be in the State or the state in which the respective office of the Paying Agent and the Registrar is located a legal holiday or a day on which banking institutions are authorized by law or executive order to close.

“Capitalized Interest Account of 2009” shall mean the account by that name established pursuant to Section 8 of this Sixth Supplemental Ordinance.

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

“Construction Fund of 2009” shall mean the Fund established pursuant to Section 13 hereof into which a portion of the proceeds of the Series 2009 Bonds will be deposited and from which such proceeds will be disbursed to pay the Costs of Acquisition and Construction of the 2009 Projects and Costs of Issuance.

“Continuing Disclosure Agreement” shall have the meaning given that term in Section 16 hereof.

“Council” shall mean the City Council of the City.

“Custodian” shall mean the bank, depository or trust company selected by the City as custodian of the Construction Fund of 2009.

“Debt Service Reserve Policy” shall mean the Financial Guaranty Insurance Policy (Reserve Fund) issued by the Bond Insurer simultaneously with the issuance of the Series 2009 Bonds and payable to the Paying Agent.

“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 Series 2009 Bonds, and to effect transfers of the Series 2009 Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited-purpose trust company), New York, New York.

“Fifth Supplemental Ordinance” shall mean Fifth Supplemental Ordinance No. 2007-072 of the Council of the City enacted on September 19, 2007.

“First Supplemental Ordinance” shall mean First Supplemental Ordinance No. 1993-44 of the Council of the City enacted on May 21, 1993.

“Fourth Supplemental Ordinance” shall mean Fourth Supplemental Ordinance No. 2005-013 of the Council of the City enacted on May 18, 2005.

“General Bond Ordinance” shall mean Ordinance No. 93-43 of the Council of the City enacted on May 21, 1993.

“Initial Bonds” shall mean the Series 2009 Bonds initially issued in Book-Entry Form as provided in Section 5 hereof.

“Insurer Default” shall mean any of the following: (a) there shall occur a default in the payment by the Bond Insurer of principal of or any interest on any Series 2009 Bond when required to be made by the Bond Insurance Policy or Debt Service Reserve Policy, as the case may be; (b) the Bond Insurance Policy or the Debt Service Reserve Policy, as the case may be, shall have been declared null and void or unenforceable in a final determination by a court of law; (c) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of the Bond Insurer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of the Bond Insurer or for any substantial part of its property or for the winding-up or liquidation of its affairs and such proceeding shall remain undismissed or unstayed and in effect for a period of 30 consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding; or (d) the Bond Insurer shall voluntarily suspend transaction of its

business, shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Bond Insurer or for any substantial part of its property, or shall make a general assignment for the benefit of creditors.

“Interest Payment Date” shall mean February 1 and August 1 of each year commencing February 1, 2010, or as otherwise determined by the Mayor pursuant to Section 11 hereof.

“Investment Contract” shall mean, collectively, the BMA Master Repurchase Agreement (September 1996 Version) dated as of December 12, 2006, as supplemented by Annex I thereto, between Citigroup Global Markets Inc., as provider (the "Provider"), and the City, as buyer (the "Buyer"), and a Custodial Undertaking in Connection with Master Repurchase Agreement dated as of December 12, 2006, among the Provider, the Buyer and The Bank of New York, as custodian.

“Parity Bonds” shall mean the Bonds of 1993, the Bonds of 1999, the Bonds of 2001 and the Bonds of 2005.

“Paying Agent” shall mean the bank, trust company or other financial institution selected by the Mayor to act as Paying Agent for the Series 2009 Bonds.

“Permitted Investments” shall mean, with respect to the 2009 Debt Service Fund and 2009 Debt Service Reserve Fund, only such Permitted Investments, as defined in the General Bond Ordinance, as also qualify under the following:

1. (a) Cash (fully insured by the Federal Deposit Insurance Corporation); (b) Direct obligations (other than any obligation subject to variation in principal repayment) of the United States of America (“U.S. Treasury Obligations”), (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (d) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America; or (e) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.
2. Federal Housing Administration debentures.
3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts).

(b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes.

(c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations.

(d) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts).

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated "A-1+" or better by S&P and "Prime-1" by Moody's.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least \$15 million.

6. Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

7. Money market funds rated "Aam" or "AAm-G" by S&P, or better and if rated by Moody's rated "Aa2" or better.

8. "State Obligations", which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least "A3" by Moody's and at least "A-" by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by S&P and "MIG-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated "AA-" or better by S&P and "Aa3" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification Report");

(d) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and

(f) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" by S&P and "A3" by Moody's; (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A-" by S&P and "A3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least "A-" by S&P and "A3" by Moody's and acceptable to the Bond Insurer (each an "Eligible Provider"), provided that:

(a) (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA or 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral");

(b) a third party acting solely as agent for the City (the "Investment Custodian") has possession of the collateral or the collateral has been transferred to the Investment Custodian in accordance with applicable state and federal laws (other than be means of entries on the transferor's books) and such collateral shall be marked to market;

(c) the collateral shall be marked to market on a daily basis and the provider or Investment Custodian shall send monthly reports to the City and Bond Insurer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Investment Custodian holding the collateral;

(d) the repurchase agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of Bond Insurer;

(e) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Investment Custodian has a perfect first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(f) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, notify the City and the Bond Insurer within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) provide a written guarantee acceptable to the Bond Insurer, (ii) post Eligible Collateral; or (iii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) Business Days, the provider shall, at the direction of any custodian or trustee (who shall give such direction if so directed in writing by the Bond Insurer) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the City.

11. Investment Agreements: with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's, and acceptable to the Bond Insurer (each an "Eligible Provider"); provided that:

(a) interest payments are to be made to the Paying Agent at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Construction Fund of 2006, to the Custodian for construction draws) on the Series 2009 Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior written notice; the City and the Paying Agent hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the provider shall send monthly reports to the Paying Agent, the City and the Bond Insurer setting forth the balance the City or Paying Agent has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

(d) the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof, or if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and subordinated creditors;

(e) the investment agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Bond Insurer;

(f) the City and the Bond Insurer shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

(g) the City and the Bond Insurer shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (b) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

(h) the investment agreement shall provide that if during its term:

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (i) provide a written guarantee acceptable to the Bond Insurer, (ii) post Eligible Collateral with the City, or a third party acting solely as agent for a custodian (the "Custodian") free and clear of any third party liens or claims, or (iii) assign the agreement to an Eligible Provider, or (iv) repay the principal of and accrued but unpaid interest on the investment;

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", the provider must, at the direction of the City (who shall give such direction if so directed in writing by the Bond Insurer), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the City.

(i) in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is

GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Investment Custodian shall send monthly reports to the City and the Bond Insurer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Investment Custodian holding the collateral;

(j) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(k) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the City (who shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or the Paying Agent, as appropriate, and (ii) the provider shall become insolvent, not pay its debt as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or the Paying Agent, as appropriate.

"Principal Payment Date" shall have the meaning given to such term in Section 4(a).

"Registrar" shall mean the bank, trust company or other financial institution selected by the Mayor to act as Registrar for the Series 2009 Bonds.

"Reimbursement Agreement" shall mean the Reimbursement Agreement (Reserve Fund) between the City and the Bond Insurer relating to the Debt Service Reserve Policy.

"Second Supplemental Ordinance" shall mean Second Supplemental Ordinance No. 99-082 of the Council of the City enacted on September 22, 1999.

"Series 2009 Bonds" shall mean the City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2009, in the aggregate principal amount of not exceeding \$105,000,000, authorized to be issued hereunder.

“Sixth Supplemental Ordinance” shall mean this Sixth Supplemental Ordinance No. 2009-87 of the Council of the City enacted on August 19, 2009.

“Swap” shall mean the interest rate swap transaction entered into under the authorization of the Fifth Supplemental Ordinance.

“Swap Provider” shall mean JPMorgan Chase Bank, N.A., as the provider of the Swap.

“Third Supplemental Ordinance” shall mean Third Supplemental Ordinance No. 2001-090 of the Council of the City enacted on October 24, 2001.

“Underwriters” shall mean Morgan Keegan & Company, Inc. and Grigsby & Associates.

“Value” or “Values,” with respect to any Permitted Investments for the 2009 Debt Service Fund and 2009 Debt Service Reserve Fund, calculated under the Ordinance, shall be determined as of any date of calculation as follows:

- (a) the bid price published by a nationally recognized pricing service as selected by the City in its sole discretion;
- (b) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (c) as to any investment not specified above: the value thereof established by prior agreement between the City and the Bond Insurer.

Section 2. Certain Findings and Determinations.

The City hereby finds and determines:

(a) The Council has heretofore enacted the Fifth Supplemental Ordinance, providing for the issuance of not exceeding \$105,000,000 principal amount of the City’s waterworks and sewer revenue bonds. The Fifth Supplemental Ordinance contemplates that such bonds would either be issued as fixed or variable rate obligations and that the Council would enact a Supplemental Bond Ordinance (as defined in the Fifth Supplemental Ordinance) to authorize the specific terms of such bonds. This Sixth Supplemental Ordinance supplements the Ordinance (including particularly the Fifth Supplemental 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. The provisions of the Fifth Supplemental Ordinance, including particularly the findings and determinations set forth in Sections 2 and 4 thereof, are hereby repeated as if fully set forth in this Sixth Supplemental Ordinance.

(b) The Series 2009 Bonds constitute and are “Bonds” within the meaning of the quoted word as defined and used in the Ordinance.

(c) Subject to the following sentence, the Net Revenues pledged under the Ordinance are not encumbered by any lien and charge thereon or pledge thereof, other than (i) the lien and charge thereon and the pledge thereof created by the General Bond Ordinance and the First Supplemental Ordinance for the payment and security of the Bonds of 1993; (ii) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Second Supplemental Ordinance for the payment and security of the Bonds of 1999; (iii) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Third Supplemental Ordinance for the payment and security of the Bonds of 2001; (iv) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Fourth Supplemental Ordinance for the payment and security of the Bonds of 2005; and (v) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and this Supplemental Ordinance for the payment and security of the Series 2009 Bonds. The City has heretofore entered into (1) the Swap which is secured by a pledge of and lien and charge upon the Net Revenues of the System, which lien and charge is subordinate and inferior to the lien and charge thereof securing the Outstanding Parity Bonds and any other Bonds issued pursuant to the General Bond Ordinance on a parity with the Outstanding Parity Bonds and (2) the Investment Contract, the City's payment obligations under which are limited to Net Revenues of the System available "to meet any obligations of the City which are or which shall become charges, liens or encumbrances upon the Revenues of the System" as provided in Section 6.7 of the General Bond Ordinance.

(d) There does not exist an Event of Default, 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 period of usefulness of the System is in excess of thirty (30) years from the date hereof.

(f) The estimated Costs of Acquisition and Construction of the 2009 Projects is approximately \$99,133,200 to be financed in part with the proceeds of the Series 2009 Bonds.

(g) 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 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 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*.

(h) The 2009 Debt Service Reserve Fund established hereunder shall secure only the Series 2009 Bonds. The 2009 Reserve Fund Requirement will be satisfied through the deposit of cash, the purchase of a Debt Service Reserve Policy, or any combination of the foregoing, for the benefit of the Holders of the Series 2009 Bonds.

(i) The Series 2009 Bonds are being issued for the purposes of (i) improving and enlarging the System (i.e., the 2009 Projects); (ii) paying the termination amount (if any) due the Swap Provider arising from the termination of the Swap; (iii) funding the 2009 Debt Service

Reserve Fund in an amount equal to the 2009 Reserve Fund Requirement through the deposit of cash, the purchase of the Debt Service Reserve Policy or any combination thereof; (iv) paying interest (if any) coming due on all or a portion of the Series 2009 Bonds; and (v) paying the Cost of Issuance, including the premium on the Bond Insurance Policy, if purchased, of the Series 2009 Bonds.

(j) It is necessary and in the best interest of the City to undertake the 2009 Projects and to issue the Series 2009 Bonds in the principal amount of not exceeding \$105,000,000 in accordance with the Ordinance, the Act, and this Sixth Supplemental Ordinance for the purposes set forth above, which Series 2009 Bonds shall be issued on a parity with the Outstanding Parity Bonds.

(k) The American Recovery and Reinvestment Act of 2009 (the "ARRA"), Pub.L. 111-5, Feb. 17, 2009, 123 Stat. 115, amends the Code to provide for the issuance of obligations in the form of Build America Bonds ("BABs") if (a) the interest on such obligations would otherwise be excludable from gross income under Section 103 of the Code; (b) such obligations are issued before January 1, 2011; and (c) the issuer makes an irrevocable election to have Section 54AA of the Code apply to the obligations. BABs are taxable obligations which provide a tax credit in the amount of 35% of the interest payable by the issuer, either as an annual credit to the respective bondholders under Section 54AA(a) of the Code, or, if the bond is qualified under Section 54AA(g) of the Code, and the issuer so elects, as an annual direct payment to the issuer under Section 6431 of the Code.

(l) It is now in the best interest of the City for all or a portion (if any) of the Series 2009 Bonds authorized herein be offered for sale as BABs.

Section 3. Authorization of the 2009 Projects. There is hereby approved and authorized the undertaking of the 2009 Projects. The period of usefulness of the System after the completion of the 2009 Projects is determined to be not less than thirty (30) years from the date hereof.

Section 4. Authorization of Series 2009 Bonds.

(a) There is hereby authorized to be issued one or more Series of Bonds designated "City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2009 [including such further numbers or letters as may be necessary or desirable to identify individual series thereof] (collectively, the "Series 2009 Bonds"), in the aggregate principal amount of not exceeding \$105,000,000. The proceeds of the Series 2009 Bonds shall be used for the purposes set forth in Section 2(i) hereof.

The Series 2009 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 composed of twelve 30-day months), as determined by the Mayor and the Interim City Manager pursuant to Section 11 hereof.

(b) Such of the Series 2009 Bonds as the Mayor and the Interim City Manager shall determine pursuant to Section 11 hereof shall be subject to mandatory redemption at a redemption price equal to the principal amount of the Series 2009 Bonds to be redeemed, together with interest accrued from the date of redemption, in the years and in the amounts determined by the Mayor and the Interim City Manager 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 Registrar for cancellation Series 2009 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 Series 2009 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 Series 2009 Bond so delivered or previously purchased or redeemed shall be credited by the Registrar, 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, and the principal amount of the Series 2009 Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

(c) The Registrar, 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 Series 2009 Bonds shall originally be dated the date of delivery of the Series 2009 Bonds, or such other date as the Mayor shall determine pursuant to Section 11 hereof, and shall be issued as fully registered Bonds in the denominations of \$5,000 and integral multiples of \$5,000. The Series 2009 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 Series 2009 Bonds shall be payable at the designated corporate trust office of the Paying Agent. Interest on the Series 2009 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, in the case of a Holder of \$1,000,000 or more in principal amount of Series 2009 Bonds, by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder.

(f) The Series 2009 Bonds and the assignment provisions pertaining thereto 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 (including but not limited to such changes as may be appropriate for Series 2009 Bonds which are issued as BABs) or as are otherwise permitted or required by law or by the Ordinance, including this Sixth Supplemental Ordinance.

Bond: (g) The following Statement of Insurance shall be attached to each Series 2009

STATEMENT OF INSURANCE

Assured Guaranty Corp. ("Assured Guaranty"), a Maryland-domiciled insurance company, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payments of principal of and interest on the Bonds to U.S. Bank National Association, as paying agent on behalf of the holders of the Series 2009 Bonds (the "Paying Agent"). Such Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Assured Guaranty or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this obligation acknowledges and consents to the subrogation rights of Assured Guaranty as more fully set forth in the Policy.

(h) A copy of the approving opinion to be rendered on the Series 2009 Bonds shall be attached to each Series 2009 Bond, preceding the same a certificate shall appear, which shall be signed on behalf of the City by a manual or facsimile signature of the Clerk of the City. 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 approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, the original of which was manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and a copy of which is on file with the City of Columbia, South Carolina.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Clerk

(i) All or a portion of the Series 2009 Bonds may be issued as BABs, as determined by the Mayor pursuant to Section 11 hereof.

Section 5. Book-Entry System; Recording and Transfer of Ownership of the Series 2009 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 Bonds of the same 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 the Series 2009 Bonds or one Series 2009 Bond for each of the maturities of the Series 2009 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 Sixth Supplemental Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Owners of the Series 2009 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 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 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 Paying Agent and the Registrar may treat the Depository (or its nominee) as the sole and exclusive owner of the Series 2009 Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the Series 2009 Bonds, giving any notice permitted or required to be given to Bondholders under the General Bond Ordinance or this Sixth Supplemental Ordinance, registering the transfer of the Series 2009 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 Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2009 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 Series 2009 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 Series 2009 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 Series 2009 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 Series 2009 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 Series 2009 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 Series 2009 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 Series 2009 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 Series 2009 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 6. Optional Redemption of Series 2009 Bonds.

Such of the Series 2009 Bonds as may be determined by the Mayor pursuant to Section 11 hereof shall be subject to redemption prior to maturity, at the option of the City upon the written direction 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 Series 2009 Bond, expressed as a percentage of principal amount of the Series 2009 Bonds to be redeemed, as shall be determined by the Mayor 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 7. Payment of the Series 2009 Bonds.

The Series 2009 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 Net Revenues of the System in accordance with the provisions of the Ordinance including this Sixth Supplemental Ordinance. The Series 2009 Bonds shall be issued on a parity with the pledge of Net Revenues securing the remaining Outstanding Parity Bonds, and shall be senior to the pledge thereof securing the City's obligations under the Swap, the Investment Contract or any Junior Bonds or any other charges, liens or encumbrances on the Net Revenues of the System, as contemplated by Section 6.7 of the General Bond Ordinance.

The Series 2009 Bonds, and the interest thereon, 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 of the City other than such of the Net Revenues of the System as are hereby pledged to the payment thereof. No recourse shall be had for the payment of the Series 2009 Bonds, or the interest thereon, or any part thereof, against the general fund of the City, nor shall the

credit or taxing powers of the City be deemed to be pledged to the payment of the principal of and interest on the Series 2009 Bonds. The full faith, credit and taxing powers of the State of South Carolina or of the City are not pledged to the payment of the principal of or the interest on the Series 2009 Bonds, and the Series 2009 Bonds shall never constitute an indebtedness of the City within the meaning of any State constitution provision (other than Article X, Section 14, Paragraph 10, of the South Carolina constitutional provision authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation.

Section 8. Establishment of 2009 Debt Service Fund and Capitalized Interest Account of 2009.

In accordance with Section 6.5 of the General Bond Ordinance, the 2009 Debt Service Fund is hereby established on the date of the original delivery of the Series 2009 Bonds and held by the City for the benefit of the Holders of the Series 2009 Bonds.

There is hereby established a Capitalized Interest Account of 2009 in the 2009 Debt Service Fund. There shall be deposited into the Capitalized Interest Account of 2009 a portion of the proceeds of the Series 2009 Bonds which, together with accrued interest on the Series 2009 Bonds, will provide for the payment of the interest due and payable on the Series 2009 Bonds, all in such amounts and to the extent determined by the Mayor pursuant to Section 11 hereof. Moneys held for the credit of the Capitalized Interest Account of 2009 may be invested in Permitted Investments. Unless otherwise determined by the Interim City Manager, investment earnings on the moneys on deposit in the Capitalized Interest Account of 2009 shall remain therein. Amounts on deposit in the Capitalized Interest Account of 2009 shall be transferred in to the 2009 Debt Service Fund pursuant to Section 6.5(a) of the General Bond Ordinance.

Section 9. Establishment of the 2009 Reserve Fund Requirement and 2009 Debt Service Reserve Fund.

In accordance with Section 6.6 of the Ordinance, the 2009 Debt Service Reserve Fund is hereby established on the date of the original delivery of the Series 2009 Bonds with regard to the Series 2009 Bonds and held by the City. In this connection, in accordance with Section 6.6 of the Ordinance, the 2009 Debt Service Reserve Fund shall be satisfied by the City on the date of the original delivery of the Series 2009 Bonds, and thereafter maintained at, the 2009 Reserve Fund Requirement, for the benefit of the Holders of the Series 2009 Bonds, all as provided in the Ordinance; provided, however, that in the event of any full or partial defeasance of Series 2009 Bonds under Article X of the Ordinance, then the 2009 Reserve Fund Requirement shall be recalculated based on the then Outstanding principal amount of Series 2009 Bonds. The 2009 Reserve Fund Requirement initially will be satisfied by the City by the deposit of cash into the 2009 Debt Service Reserve Fund, with the purchase of the Debt Service Reserve Policy, or any combination of the foregoing, in each case for the benefit of the Holders of the Series 2009 Bonds.

Section 10. Designation of Registrar and Paying Agent.

The Mayor is hereby authorized and empowered to select the Registrar and the Paying Agent, respectively, for the Series 2009 Bonds, pursuant to Section 11 hereof. The Registrar

and the Paying Agent shall signify its acceptance of its duties upon delivery of the Series 2009 Bonds.

Section 11. Sale and Issuance of Series 2009 Bonds; Official Statement; Collateral Agreements.

(a) The Mayor of the City and Interim City Manager are hereby authorized and empowered to determine the original issue date and initial Interest Payment Date of the Series 2009 Bonds; the aggregate principal amount of the Series 2009 Bonds, if less than authorized by this Ordinance; the principal amount of each maturity of the Series 2009 Bonds; the interest rates for the Series 2009 Bonds; the Series 2009 Bonds to be subject to mandatory and optional redemption; whether the Bond Insurance Policy will be purchased with respect to the Series 2009 Bonds; whether the 2009 Debt Service Reserve Fund will be established and funded and, if so, the manner in which the 2009 Reserve Fund Requirement will be satisfied; the redemption prices of the Series 2009 Bonds subject to optional redemption; the Registrar and Paying Agent for the Series 2009 Bonds; any Underwriters' or original issue discount or original issue premium at which the Series 2009 Bonds will be sold; the portion of the proceeds of the Series 2009 Bonds to be deposited into the Capitalized Interest Account of 2009; and the portion of the Series 2009 Bonds to be issued as traditional tax-exempt bonds or BABs. If all or a portion of the Series 2009 Bonds will be issued as BABs, the Mayor of the City and Interim City Manager are further hereby authorized and directed (1) to determine whether the tax credit shall be provided as a credit to the Bondholders or as a direct payment to the City, and (2) to make an irrevocable election to have Section 54AA of the Code apply to the Series 2009 Bonds (or if less than all, such portion) which shall be issued as BABs. With respect to the Swap, the Mayor and Interim City Manager are further authorized and empowered to enter into any agreements or other documents which extend the effective date of the Swap and to elect prior to or upon the issuance of the Series 2009 Bonds to terminate the Swap upon such terms and conditions as they deemed advisable and appropriate, each such actions with the advice of the City's financial advisor.

(b) The City hereby finds and determines that the terms and provisions of the Bond Purchase Agreement are fair and reasonable and in the best interest of the City; that the Series 2009 Bonds shall be sold to the Underwriters 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 have been met. The Council hereby approves the form of Bond Purchase Agreement attached hereto as Exhibit B, together with such amendments and modifications to the form thereof as the Mayor and the Interim City Manager, or either of them acting alone, shall negotiate and approve, and authorizes and directs the Mayor and the Interim City Manager, or either of them acting alone, to execute the Bond Purchase Agreement, as so modified and amended, and deliver the same to the Underwriters, which execution and delivery of the Bond Purchase Agreement shall be conclusive evidence of the approval of any such modifications and amendments.

(c) The Council hereby ratifies and approves the form of Preliminary Official Statement relating to the Series 2009 Bonds, in substantially the form attached hereto as Exhibit C, together with such amendments and modifications to the form thereof (the "Preliminary Official Statement") as the Mayor and the Interim City Manager, or either of them acting alone, shall

negotiate and approve. The Mayor and the Interim City Manager, or either of them acting alone, is hereby authorized to “deem final” the Preliminary Official Statement for purposes of complying with the requirements set forth in Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

(d) The Council hereby authorizes the Final Official Statement of the City to be dated of even date with the execution and delivery of the Bond Purchase Agreement, relating to the Series 2009 Bonds, substantially in the form of the Preliminary Official Statement presented at this meeting, with such modifications as the Mayor and the Interim City Manager, or either of them acting alone, approve (the “Final Official Statement”); the Mayor and the Interim City Manager, or either of them acting alone, is hereby authorized and directed to execute copies of the Final Official Statement and deliver the same to the Underwriters, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the City hereby authorizes the use of the Preliminary Official Statement, the Final Official Statement, the Ordinance (including this Sixth Supplemental Ordinance) and the information contained herein and therein in the connection with the public offering and sale of the Series 2009 Bonds by the Underwriters.

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

(f) The Council hereby authorizes the Mayor and Interim City Manager to negotiate the terms of, and execute, in the name and on behalf of the City, and deliver investment agreements, forward delivery agreements, repurchase agreements and other agreements in connection with the Series 2009 Bonds, to prepare and solicit bids for providers of such agreements and to execute, in the name and on behalf of the City, written confirmations of any such agreements and other documents as may be necessary in connection therewith.

(g) The Council hereby ratifies, confirms and approves the actions of the Interim City Manager heretofore undertaken with regard to applications for the Debt Service Reserve Policy relating to the 2009 Reserve Fund Requirement, other credit enhancements, and liquidity arrangements relating to the Series 2009 Bonds from municipal bond insurance companies or financial institutions and 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.

(h) 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 under the aforesaid Bond Purchase Agreement and to perform such other actions as they shall consider necessary or advisable in connection with the issuance, sale and delivery of the Series 2009 Bonds.

(i) Upon the issuance of the Series 2009 Bonds, the Swap shall be terminated in accordance with its terms and the Mayor and Interim City Manager, or either of them acting alone, is hereby authorized and directed to take such actions to terminate the Swap. Further, the Mayor and the Interim City Manager, or either of them acting alone, may take such actions to terminate the Swap prior to the issuance of the Series 2009 Bonds if he determines it to be in the City’s best interest to do so, upon advice of counsel and the City’s financial advisor.

Section 12. Disposition of Proceeds of Series 2009 Bonds and Certain Other Moneys.

The proceeds derived from the sale of the Series 2009 Bonds, net of the original issue discount or original discount premium or both, the Underwriters' discount and the premium, if any, on the Bond Insurance Policy and Debt Service Reserve Policy, shall be deposited with the City and used for the following purposes:

(a) If the Series 2009 Bonds are sold with accrued interest, an amount shall be deposited to the Capitalized Interest Account of 2009 to be used to pay a portion of the interest coming (if any) due on the Series 2009 Bonds through the first Interest Payment Date.

(b) An amount which will provide for the payment of all or a portion of the interest (if any) due and payable on the Series 2009 Bonds, in the amount and to the extent as the Mayor may determine pursuant to Section 11 hereof, shall be deposited in the Capitalized Interest Account of 2009 to be applied to the payment of a portion of the interest on the Series 2009 Bonds.

(c) The remainder of the proceeds of the Series 2009 Bonds shall be deposited into the Construction Fund of 2009 established in Section 13 hereof to pay Costs of Acquisition and Construction for the 2009 Projects, the termination amount (if any) due the Swap Provider arising from the termination of the Swap and Cost of Issuance for the Series 2009 Bonds.

The respective amounts specified in this Section 12 shall be determined by the City upon delivery of the Series 2009 Bonds.

Section 13. Construction Fund of 2009.

There is hereby created and established the Construction Fund of 2009, which fund shall be held by the Custodian. The Construction Fund of 2009 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 Construction Fund of 2009 shall be used and applied to pay the Cost of the Acquisition and Construction of the 2009 Projects, the termination amount (if any) due the Swap Provider arising from the termination of the Swap and all Costs of Issuance incidental to the issuance and sale of the Series 2009 Bonds.

Moneys held for the credit of the Construction Fund of 2009 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 Construction Fund of 2009 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 the 2009 Projects or after adequate provision has been made for such payment any moneys remain in the Construction Fund of 2009,

such excess shall be paid into the 2009 Debt Service Fund and shall be used only for the payment of the principal of and interest on the Series 2009 Bonds or, in the alternative, to acquire Outstanding Series 2009 Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof.

Section 14. Federal Tax Covenant.

The City hereby covenants and agrees with the Holders of the Series 2009 Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2009 Bonds to become includable in the gross income of the Holders 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 Series 2009 Bonds; provided, however, that for purposes of this covenant only, the City shall not be in violation of this covenant solely because it makes the irrevocable election under Section 54AA(d) or (g) (as applicable) of the Code with respect to Series 2009 Bonds to be issued as BABs. The City further covenants and agrees with the Holders of the Series 2009 Bonds that no use of the proceeds of the Series 2009 Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Series 2009 Bonds would have caused the Series 2009 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 Sections 54AA, 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as any of the Series 2009 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.

Section 15. Modification of Ordinance. The following provisions of the Ordinance are hereby amended, which amendments to the Ordinance hereinafter set forth shall not become effective until the earlier of: (1) all the Bonds of 1993, the Bonds of 1999, the Bonds of 2001 and the Bonds of 2005 shall cease to be Outstanding; or (2) the Holders of 66 2/3% in principal amount of the Bonds then Outstanding assent to and authorize such amendments to the Ordinance in accordance with Article IX of the Ordinance. Any Bonds, including the Series 2009 Bonds, issued after the date of enactment of this Sixth Supplemental Ordinance shall contain a reference to the amendments herein made.

- (1) The definition of "Debt Service" shall be amended by adding the following text at the end thereof; provided, further, that in the case of Bonds which have been or shall be issued as taxable obligations, for which the City has or shall be entitled to receive a payment that effectively reduces the City's debt service payment obligation therefor (including but not limited to Build America Bonds ("BABs") issuable pursuant to the authority of the American Recovery and Reinvestment Act of 2009 (the "ARRA")), the amount to be paid or set aside in the applicable Debt

Service Fund in each Fiscal Year for such payment of Debt Service shall be reduced by the payment that the City has or shall be entitled to receive for such purpose.

(2) The definition of "Maximum Debt Service" shall be amended by adding the following text at the end thereof; provided, further, that in the case of Bonds which have been or shall be issued as taxable obligations, for which the City has or shall be entitled to receive a payment that effectively reduces the City's debt service payment obligation therefor (including but not limited to BABs issuable pursuant to the authority of the ARRA), the highest aggregate principal and interest requirements for such Bonds during any Fiscal Year shall be reduced by the payment that the City has or shall be entitled to receive therefor.

(3) Section 7.1 of the General Bond Ordinance is hereby amended by adding the following text at the end thereof:

; provided, further, that for purposes of determining the amounts required to be deposited into a Debt Service Fund pursuant to clause (c), to provide for payment of Junior Bonds pursuant to clause (e) or otherwise as provided in clause (f) above, in the case of Bonds or Junior Bonds which have been or shall be issued as taxable obligations, for which the City has or shall be entitled to receive a payment that effectively reduces the City's debt service payment obligation therefor (including but not limited to BABs issuable pursuant to the authority of the ARRA), the debt service requirements for such Bonds or Junior Bonds shall be reduced by the payment that the City has or shall be entitled to receive therefor.

Section 16. Bond Insurance Policy and Special Provisions Required Thereby. If the City elects to purchase the Bond Insurance Policy, the provisions of this Section 16 shall apply. All capitalized terms used in this Section 16 but not specifically defined in the General Bond Ordinance or this Sixth Supplemental Ordinance shall have the meanings assigned such terms in the Bond Insurance Policy.

(1) So long as there shall be Series 2009 Bonds Outstanding and no Insurer Default has occurred and is continuing, the City has covenanted to the Bond Insurer as follows:

A. Notices and Other Information

(i) Any notice that is required to be given to Holders of the Series 2009 Bonds (the "Bondholders"), any entity required pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or pursuant to the General Bond Ordinance shall also be provided to the Bond Insurer, simultaneously with the sending of such notices. In addition, to the extent that the City has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Series 2009 Bonds, all information furnished pursuant to such agreements shall be provided to the Bond Insurer, simultaneously with the furnishing of such information.

(ii) All demands, notices or other information required to be given to the Bond Insurer shall be in writing and shall be sent by registered or certified mail or personally delivered or telecopied to the recipient as follows:

Assured Guaranty Corp.
31 West 52nd Street, 28th Floor
New York, New York 10019
Attention: Risk Management Department – Public Finance Surveillance
(Re: Policy No. _____)
Telecopy No.: (212) 581-3268
Confirmation: (212) 974-0100
Email: riskmanagementdept@assuredguaranty.com

In each case in which notice or other communication refers to an Event of Default, a claim on the Bond Insurance Policy or any event with respect to which failure on the part of the Bond Insurer to respond shall be deemed to constitute consent or acceptance, then such demand, notice or other communication shall be marked to indicate "URGENT MATERIAL ENCLOSED" and shall also be sent to the attention of the General Counsel at the same address and telecopy number above or at generalcounsel@assuredguaranty.com.

(iii) The Bond Insurer shall have the right to receive such additional information as it may reasonably request.

(iv) The City will permit the Bond Insurer to discuss the affairs, finances and accounts of the City with respect to the System or any information the Bond Insurer may reasonably request regarding the security for the Series 2009 Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the City on any Business Day upon reasonable prior notice.

(v) The Paying Agent shall notify the Bond Insurer of any failure of the City to provide notices, certificates and other information as provided herein or under the General Bond Ordinance.

B. Defeasance

(i) In the event that the principal and/or interest due on the Series 2009 Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Series 2009 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the pledge of the Net Revenues and all covenants, agreements and other obligations of the City to the Bondholders shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Bondholders including, without limitation, any rights that such Bondholders may have in respect of securities law violations arising from the offer and sale of the Series 2009 Bonds.

In addition to the requirements set forth in the General Bond Ordinance, the following provisions shall apply with respect to any defeasance of the Series 2009 Bonds:

(a) An opinion of Bond Counsel to the effect that (i) the defeasance will not adversely impact the exclusion from gross income for federal income tax purposes of interest on the Series 2009 Bonds; and (ii) the Series 2009 Bonds are no longer Outstanding.

(b) A refunding trust or escrow agreement (the "Escrow Agreement") shall be executed in connection therewith and there shall be delivered to the Paying Agent an opinion of counsel regarding the validity and enforceability of the Escrow Agreement.

(c) The Escrow Agreement shall provide that:

(i) any substitution of securities shall require a verification of an independent certified public accountant and the prior written consent of the Bond Insurer.

(ii) the City will not exercise any optional redemption of Series 2009 Bonds secured by the Escrow Agreement or any other redemption other than mandatory sinking fund redemption unless (a) the right to make any such redemption has been expressly reserved in the Escrow Agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (b) as a condition of any such redemption there shall be provided to the Bond Insurer a verification of an Accountant as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following such redemption.

(iii) the City shall not amend the Escrow Agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Bond Insurer.

C. Paying Agent

(i) The Paying Agent shall provide prior written notice of any name change of the Paying Agent or the resignation or removal of the Registrar to the Bond Insurer.

(ii) To the extent otherwise permitted by the General Bond Ordinance, no removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to the Bond Insurer, shall be appointed.

(iii) The Paying Agent may be removed at any time, at the written request of the Bond Insurer, for any breach of its obligations hereunder or under the General Bond Ordinance.

(iv) Notwithstanding any other provision hereof or of the General Bond Ordinance, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions thereof, the Paying Agent shall consider the

effect on the Bondholders as if there were no Bond Insurance Policy.

D. Amendments and Supplements

With respect to amendments or supplements to the General Bond Ordinance which do not require the consent of the Bondholders, the Bond Insurer must be given prior written notice of any such amendments or supplements. With respect to amendments or supplements to the General Bond Ordinance which do require the consent of the Bondholders, the Bond Insurer's prior written consent is required. Copies of any amendments or supplements to this Sixth Supplemental Ordinance which are consented to by the Bond Insurer shall be sent to the rating agencies that have assigned a rating to the Series 2009 Bonds.

E. Bond Insurer as Third Party Beneficiary

The Bond Insurer is explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

F. Control Rights

The Bond Insurer shall be deemed to be the sole Holder of all of the Series 2009 Bonds for purposes of (a) exercising all remedies and directing actions or for any other purposes following an Event of Default; and (b) granting any consent, waiver, direction or approval or taking any action permitted by or required hereunder or under the General Bond Ordinance to be granted or taken by the Holders of such Series 2009 Bonds.

G. Consent Rights of Bond Insurer

(i) *Consent of Bond Insurer.* Any provision herein expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner that affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

(ii) *Consent of Bond Insurer to Bondholder Consent.* Wherever this Sixth Supplemental Ordinance or the General Bond Ordinance requires the consent of Holders of the Series 2009 Bonds, the Bond Insurer's written consent shall also be required.

(iii) *Consent of Bond Insurer in the Event of Insolvency.* Any reorganization or liquidation plan with respect to the City must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Bondholders who hold the Series 2009 Bonds guaranteed by the Bond Insurer, absent an Insurer Default under the Bond Insurance Policy.

(iv) *Consent of Bond Insurer upon Default.* Anything in this Sixth Supplemental Ordinance to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Paying Agent for the benefit of the

Bondholders under this Sixth Supplemental Ordinance, including, without limitation, (a) the right to accelerate the principal of the Series 2009 Bonds as described in this Sixth Supplemental Ordinance and (b) the right to annul any declaration of acceleration. The Bond Insurer also shall be entitled to approve all waivers of Events of Default with respect to the Series 2009 Bonds.

(v) *Acceleration Rights.* Upon the occurrence of an Event of Default as defined herein, the Bond Insurer may, by written notice to the City, declare the principal of the Series 2009 Bonds to be immediately due and payable, whereupon that portion of the principal of the Series 2009 Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Sixth Supplemental Ordinance or the Series 2009 Bonds to the contrary notwithstanding.

H. No Purchase by the City

Without the prior written consent of the Bond Insurer, no Series 2009 Bonds insured by the Bond Insurer shall be purchased by the City, or any of its affiliates, in lieu of redemption; unless such Series 2009 Bonds are redeemed, defeased or cancelled.

I. Interest Rate Exchange Agreement

Any interest rate exchange agreement (“Interest Rate Exchange Agreement”) entered into by the City and payable from and secured by the Net Revenues shall meet the following conditions: (i) the Interest Rate Exchange Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding or debt reasonably expected to be issued within the next twelve (12) months after the issuance of the Series 2009 Bonds, and (ii) the Interest Rate Exchange Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Bond Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Series 2009 Bonds and on any debt on parity with the Bonds. The City shall not terminate an Interest Rate Exchange Agreement unless it demonstrates to the satisfaction of the Bond Insurer prior to the payment of any such termination amount that such payment will not cause the City to be in Default under the Ordinance, including, but not limited to, any monetary obligations thereunder. All counterparts or guarantors to any Interest Rate Exchange Agreement must have a rating of at least “A-“ and “A3” by S&P and Moody’s, respectively. If the counterparty or guarantor’s rating falls below “A-“ or “A3” by either S&P or Moody’s, the counterparty or guarantor shall execute a credit support annex to the Interest Rate Exchange Agreement, which credit support annex shall be acceptable to the Bond Insurer. If the counterparty or the guarantor’s long term unsecured rating falls below “Baa1” or “BBB+” by either Moody’s or S&P, a replacement counterparty or guarantor, acceptable to the Bond Insurer, shall be required.

J. Reporting Requirements

The City will furnish or cause to be furnished to the Bond Insurer:

- (a) the Annual Budget of the City prior to the beginning of each Fiscal Year;
- (b) annual audited financial statements of the System prepared by an independent certified public accountant, within 210 days after the end of the Fiscal Year;
- (c) prior to issuing additional Bonds on parity with the Series 2009 Bonds, any disclosure document or financing agreement pertaining to such additional debt, which disclosure document or financing agreement shall include, without limitation, the applicable maturity schedule, interest rate or rates, redemption and security provisions pertaining to any such additional debt; and
- (d) notice of any material adverse change in the financial condition of the System, including notice of any litigation or investigation that may have a material adverse affect on the financial position of the System, within thirty (30) days following notice of such litigation or investigation.

(2) The City has further covenanted to the Bond Insurer as follows:

A. Reimbursement Obligations.

(i) The City hereby agrees to pay or reimburse the Bond Insurer, but solely from available Net Revenues and to the extent permitted by applicable law, (a) all amounts paid by the Bond Insurer under the Bond Insurance Policy, and (b) any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Bond Insurance Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Ordinance, including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the City or any affiliate thereof) relating to the Ordinance, any party to the Ordinance or the transaction contemplated by the Ordinance, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Ordinance or any other supplemental ordinance, or the pursuit of any remedies under the Ordinance, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, or (iv) any amendment, waiver or other action with respect to, or related to, the Ordinance whether or not executed or completed. In addition, the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect to the Ordinance or any other supplemental ordinance. To the extent permitted by law but solely from available Net Revenues, the City will pay interest on the amounts owed in this paragraph from the date of any payment due or paid, at the per annum rate of interest publicly announced from time to time by JP Morgan Chase Bank, National Association at its principal office in New York, New York as its prime lending rate (any change in such prime rate of interest to be effective on the date such change is announced by JP Morgan

Chase Bank, National Association) plus three percent (3%) per annum (the "Reimbursement Rate"). The Reimbursement Rate shall be calculated on the basis of the actual number of days elapsed over a 360-day year. In the event JP Morgan Chase Bank ceases to announce its prime rate publicly, the prime rate shall be the publicly announced prime rate or base lending rate of such national bank, as the Bond Insurer shall specify.

(ii) In addition to any and all rights of reimbursement, subrogation and any other rights pursuant hereto or under law or in equity, the City agrees to pay or reimburse the Bond Insurer, to the extent permitted by law, but solely from Net Revenues, any and all charges, fees, costs, claims, losses, liabilities (including penalties), judgments, demands, damages, and expenses which the Bond Insurer or its officers, directors, shareholders, employees, agents and each Person, if any, who controls the Bond Insurer within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, of any nature in connection with, in respect of or relating to the transactions contemplated by the Ordinance by reason of:

a. any omission or action (other than of or by the Bond Insurer) in connection with the offering, issuance, sale, remarketing or delivery of the Series 2009 Bonds;

b. the negligence, bad faith, willful misconduct, misfeasance, malfeasance or theft committed by any director, officer, employee or agent of the City in connection with any transaction arising from or relating to the Ordinance;

c. the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it;

d. the breach by the City of any representation, warranty or covenant under the Ordinance or the occurrence, in respect of the City, under the Ordinance of any Event of Default or any event which, with the giving of notice or lapse of time or both, would constitute any Event of Default; or

e. any untrue statement or alleged untrue statement of a material fact contained in the official statement relating to the Series 2009 Bonds, if any, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such claims arise out of or are based upon any untrue statement or omission in information included in an official statement, if any, and furnished by the Bond Insurer in writing expressly for use therein.

B. Payment Procedure Under the Bond Insurance Policy

(i) At least two (2) Business Days prior to each Interest Payment Date and Principal Payment Date on the Series 2009 Bonds, the Paying Agent will determine whether there will be sufficient funds to pay all principal of and interest on the Series 2009 Bonds due on the related payment date and shall immediately notify the Bond Insurer or its designee on the

same Business Day by telephone or electronic mail, confirmed in writing by registered or certified mail, of the amount of any deficiency. Such notice shall specify the amount of the anticipated deficiency, the Series 2009 Bonds to which such deficiency is applicable and whether such Series 2009 Bonds will be deficient as to principal or interest or both. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Bond Insurer or its designee.

(ii) The Registrar shall, after giving notice to the Bond Insurer as provided above, make available to the Bond Insurer and, at the Bond Insurer's direction, to any fiscal agent (the "Fiscal Agent"), the Books of Registry of the City maintained by the Registrar, and all records relating to the funds maintained pursuant to the Ordinance.

(iii) The Registrar shall provide the Bond Insurer and any Fiscal Agent with a list of registered owners of Series 2009 Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Bond Insurer, the Fiscal Agent or another designee of the Bond Insurer to (i) mail checks or drafts to the registered owners of Series 2009 Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) pay principal upon Series 2009 Bonds surrendered to the Bond Insurer, the Fiscal Agent or another designee of the Bond Insurer by the registered owners of Series 2009 Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(iv) The Paying Agent shall, at the time it provides notice to the Bond Insurer of any deficiency pursuant to clause (a) above, notify registered owners of Series 2009 Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (A) as to such deficiency and its entitlement to receive principal or interest, as applicable, (B) that the Bond Insurer will remit to them all or a part of the interest payments due on the related payment date upon proof of its entitlement thereto and delivery to the Bond Insurer or any Fiscal Agent, in form satisfactory to the Bond Insurer, of an appropriate assignment of the registered owner's right to payment, (C) that, if they are entitled to receive partial payment of principal from the Bond Insurer, they must surrender the related Series 2009 Bonds for payment first to the Paying Agent, which will note on such Series 2009 Bonds the portion of the principal paid by the Paying Agent and second to the Bond Insurer or its designee, together with an appropriate assignment, in form satisfactory to the Bond Insurer, to permit ownership of such Series 2009 Bonds to be registered in the name of the Bond Insurer, which will then pay the unpaid portion of principal, and (D) that, if they are entitled to receive full payment of principal from the Bond Insurer, they must surrender the related Series 2009 Bonds for payment to the Bond Insurer or its designee, rather than the Paying Agent, together with an appropriate assignment, in form satisfactory to the Bond Insurer, to permit ownership of such Series 2009 Bonds to be registered in the name of the Bond Insurer.

(v) In addition, if the Paying Agent has actual knowledge that any holder of the Series 2009 Bonds has been required to disgorge payments of principal or interest on the Series 2009 Bonds previously Due for Payment pursuant to a final non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify

the Bond Insurer or its designee of such fact by telephone or electronic notice, confirmed in writing by registered or certified mail.

(vi) The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2009 Bonds as follows:

a. If and to the extent there is a deficiency in amounts required to pay interest on the Series 2009 Bonds, the Paying Agent shall (a) receive as designee of the respective Bondholders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment from the Bond Insurer with respect to the claims for interest so assigned, and (b) disburse the same to such respective Bondholders; and

b. If and to the extent of a deficiency in amounts required to pay principal of the Series 2009 Bonds, the Paying Agent shall (a) receive as designee of the respective Bondholders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment therefor from the Bond Insurer, and (b) disburse the same to such Bondholders.

(vii) Payments with respect to claims for interest on and principal of Series 2009 Bonds disbursed by the Paying Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the City with respect to such Series 2009 Bonds, and the Bond Insurer shall become the owner of such unpaid Series 2009 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(viii) Irrespective of whether any such assignment is executed and delivered, the City and the Paying Agent hereby agree for the benefit of the Bond Insurer that:

a. they recognize that to the extent the Bond Insurer makes payments directly or indirectly (e.g. by paying through the Paying Agent), on account of principal of or interest on the Series 2009 Bonds, the Bond Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated herein and the Series 2009 Bonds; and

b. they will accordingly pay to the Bond Insurer the amount of such principal and interest, with interest thereon as provided in this Sixth Supplemental Ordinance and the Series 2009 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2009 Bonds to Holders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

(ix) The Bond Insurer shall be entitled to pay principal or interest on the Series 2009 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City and any amounts due on the Series 2009 Bonds as a result of acceleration of the maturity thereof in accordance with this agreement, whether or not the Bond Insurer has received a Notice

of Nonpayment or a claim upon the Bond Insurance Policy.

(x) In addition, the Bond Insurer shall to the extent it makes any payment of principal or interest on the Series 2009 Bonds become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of claims for interest, the Registrar shall note the Bond Insurer's rights as subrogee on the Books of Registry of the City maintained by the Registrar upon receipt of proof of payment of interest thereon to the registered Bondholders, and (ii) in the case of claims for principal, the Registrar shall note the Bond Insurer's rights as subrogee on the Books of Registry of the City maintained by the Registrar, upon surrender of the Series 2009 Bonds together with receipt of proof of payment of principal thereof.

Section 17. Debt Service Reserve Policy and Special Provisions Required Thereby. If the City elects to satisfy the 2009 Reserve Fund Requirement by the purchase of the Debt Service Reserve Policy the provisions of this Section 17 shall apply. Notwithstanding anything to the contrary contained in this Sixth Supplemental Ordinance or in the General Bond Ordinance, so long as the Debt Service Policy is in effect and has not been wrongfully dishonored by the Bond Insurer or the Bond Insurer is owed any amounts in connection with a draw on the Debt Service Reserve Policy and no Insurer Default has occurred and is continuing, the City shall comply with the provisions of the Reimbursement Agreement. The Mayor and the Interim City Manager, or either of them acting alone, are authorized and directed to negotiate and execute the Reimbursement Agreement and deliver the Reimbursement Agreement to the Bond Insurer.

(a) *Payments Due under the Debt Service Reserve Policy.* All amounts on deposit under this Sixth Supplemental Ordinance (excluding any amounts not pledged to the Series 2009 Bonds) and lawfully available to pay debt service, shall be used to pay debt service on the Series 2009 Bonds before any drawing may be made on the Debt Service Reserve Policy or any other liquidity facility (other than the Bond Insurance Policy issued by the Bond Insurer).

(b) *Repayment of Draws Under the Debt Service Reserve Policy.* Any amounts available for replenishment of withdrawals from the 2009 Debt Service Reserve Fund shall be applied first to reimburse the Bond Insurer for payments under the Debt Service Reserve Policy (following which the Debt Service Reserve Policy will be reinstated to the "Policy Limit" (as defined therein) to the extent required thereunder) prior to depositing cash and investments to the 2009 Debt Service Reserve Fund. All draws on the Debt Service Reserve Policy shall be repaid no later than twelve (12) months of such drawing.

Section 18. 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 the Interim City Manager, or either of them acting alone, upon advice of counsel. Notwithstanding any other provision of the Ordinance or this Sixth 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 Sixth Supplemental Ordinance. The Continuing Disclosure Agreement shall be executed by the Mayor and the Interim City Manager, or either of them acting alone, prior to the delivery of the Series 2009 Bonds.

(b) The City covenants, so long as and to the extent 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 when requested:

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

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

The only remedy for failure by the City to comply with the covenant of this paragraph (b) of this Section 16 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 Sixth Supplemental Ordinance. The Registrar and the Paying Agent 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 of the Code of Laws of South Carolina 1976, as amended, without the consent of the Registrar and the Paying Agent or the Registered Holders of any Series 2009 Bond.

Section 19. Further Actions.

The Mayor, Interim City Manager, City Clerk and the City Attorney are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance and sale of the Series 2009 Bonds pursuant to the Bond Purchase Agreement, to elect to purchase the Bond Insurance Policy or the Debt Service Reserve Policy, or both, including the execution and delivery of the commitment letter and/or any insurance agreement relating thereto, to terminate the Swap and to carry out the intentions of this Sixth Supplemental Ordinance.

Section 20. 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 Sixth Supplemental Ordinance.

Section 21. 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: Interim City Manager

If to the Bond Insurer:

Assured Guaranty Corp.
31 West 52nd Street, 28th Floor
New York, New York 10019
Attention: Risk Management Department – Public Finance Surveillance
(Re: Policy No. _____)
Telecopy No.: (212) 581-3268
Confirmation: (212) 974-0100
Email: riskmanagementdept@assuredguaranty.com

In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

The City, the Registrar, the Paying Agent and the Bond Insurer 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 22. Repeal of Inconsistent Ordinances and Resolutions.

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

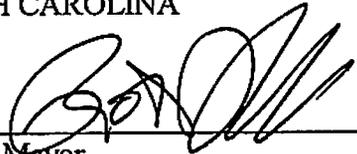
Section 23. Effective Date.

This Sixth Supplemental Ordinance shall become effective upon its enactment.

[Signature page follows]

Enacted by the City Council of the City of Columbia, South Carolina, this 19th day of August 2009.

CITY COUNCIL OF THE CITY OF COLUMBIA,
SOUTH CAROLINA

By: 

Mayor

(SEAL)

ATTEST:



Clerk

Date of First Reading:

Date of Second Reading:

List of 2009 Projects

WATER CIP

Description

Rehabilitation of Water Lines and Fire Protection Upgrades

System Wide Expansion

Installation of New Water Storage Facilities

Columbia Canal Water Treatment Plant Upgrades

SEWER CIP

Description

Rehabilitation of Sewer Lines

System Wide Expansion

Metro Wastewater Treatment Plant Upgrades

FORM OF SERIES 2009 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
 WATERWORKS AND SEWER SYSTEM REVENUE BOND
 SERIES 2009

REGISTERED

No. R- _____

<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
_____ 1, 2009			

(As set forth in Schedule A)

REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

The City of Columbia, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to the Registered Holder (named above), or registered assigns, but solely from the Net Revenues hereinafter mentioned and not otherwise, the Principal Amount shown above on the Maturity Date shown above (unless the within Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of redemption price made or provided for), upon presentation and surrender of this Bond at the principal office of _____, as paying agent (the "Paying Agent") in _____, and to pay interest, but solely from the Net Revenues hereinafter mentioned and not otherwise, on such principal amount from the date hereof at the Interest Rate per annum shown above until this Bond matures. Interest on this Bond is payable (calculated on the basis of a 360-day year comprised of twelve 30-day months) on _____, and semiannually thereafter on February 1 and August 1 of each year, until this Bond matures, and shall be payable by wire transfer to the registered holder owning at least \$1,000,000 aggregate principal amount of the Bonds to an account within the continental United States or by check or draft mailed to the person in whose name this Bond is registered on the registration books of the City maintained by

_____ (the "Registrar"), in _____, at the close of business on the fifteenth (15th) day of the calendar month preceding each semiannual interest payment date. The principal, redemption premium, if any, and interest on this Bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, that interest on this fully registered Bond shall be paid by wire transfer, check or draft as set forth above.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED, AND DOES 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. THIS BOND AND THE BONDS OF THE SERIES OF WHICH IT IS ONE SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE AFORESAID NET REVENUES OF THE SYSTEM (AS DEFINED HEREIN) PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THIS BOND 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 THIS BOND.

This Bond shall not be entitled to any benefit under the Bond Ordinance (hereinafter defined), nor become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been duly executed by the Registrar.

This Bond is one of an authorized series of Bonds (as defined in the Bond Ordinance) of the aggregate principal amount of _____ (\$_____) of like date of original issue, tenor and effect, except as to number, date of maturity, principal amount, date of authentication, registered holder, redemption provisions and rate of interest, issued by the City for the purpose of making certain improvements, enlargements and extensions to the City's Water and Sewer System (the "System"). This Bond and the series of Bonds of which it is one are authorized to be issued and are issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Article X, Section 14(10) of the South Carolina Constitution and Title 6, Chapter 17, and Title 11, Chapter 21 of the Code of Laws of South Carolina, 1976, as amended (collectively the "Act"). This Bond and the series of Bonds of which it is one are also authorized to be issued and are issued under and pursuant to General Bond Ordinance No. 93-43 of the City Council of the City (the "Council") enacted on May 21, 1993 (the "General Bond Ordinance"), as amended by Third Supplemental Ordinance No. 2001-090 of the Council enacted on October 24, 2001 (the "Third Supplemental Ordinance"), and as supplemented by the Fifth Supplemental Ordinance No. 2007-072 of the Council enacted on September 19, 2007

and the Sixth Supplemental Ordinance No. 2009-___ of the Council enacted on _____, 2009 (collectively, the "Supplemental Bond Ordinances," and together with the General Bond Ordinance and the Third Supplemental Ordinance, the "Bond Ordinance"), under the Act which Bond Ordinance has been duly codified and indexed as prescribed by law.

The Bond Ordinance contains provisions defining terms, including the properties comprising the System; sets forth the revenues pledged for the payment of the principal of and interest on this Bond and the Bonds of other series which may hereafter be issued on a parity herewith under the Bond Ordinance; sets 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; sets forth the terms and conditions upon which and the extent to which the Bond Ordinance may be altered, modified and amended; sets 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 sets forth the terms and conditions upon which the pledge made in the Bond Ordinance 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 Bond Ordinance. Reference is hereby made to the Bond Ordinance to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the General Bond Ordinance pertaining to the definitions of the "Debt Service" and "Maximum Debt Service", to provide for the calculation of interest on Variable Rate Bonds for purposes of the additional bonds' test, and to otherwise modify the rate covenant have been amended by the Third Supplemental Ordinance and the Sixth Supplemental Ordinance. The provisions of the Act and the Bond Ordinance 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 Net Revenues (as defined in the General Bond Ordinance) derived by the City from the System; and on a parity with the Bonds of 1993, the Bonds of 1999, the Bonds of 2005 (as such terms are defined in the Sixth Supplemental Ordinance) and any Series of Bonds (as defined in the General Bond Ordinance) hereafter issued under the General Bond Ordinance payable from such Net Revenues on a parity and equally and ratably secured therewith.

This Bond and the series of Bonds of which it is one maturing on or prior to February 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 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 2009 Debt Service Fund (as defined in the Sixth 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 2009 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 (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 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.

This Bond is transferable, as provided in the Bond Ordinance, only upon the books of the City kept for that purpose at the principal office of the Registrar by the registered owner in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, rate of interest and maturity shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City, the Registrar and the Paying Agent 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 premium, if any, hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Bond Ordinance, the provisions of this Bond or of the Bond Ordinance, or any ordinance amendatory thereof or supplemental thereto, may be amended or modified by the City with the written consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds of the series of which this Bond is one then outstanding under the Bond Ordinance (including the Bonds of the series of which this Bond is one); provided, that no such amendment or modification shall permit a change in the date of maturity of any installment of principal hereof or date of optional or mandatory redemption of any Bond or the date of payment of interest thereon or a reduction in the principal amount or redemption price thereof or rate of interest thereon without the consent of the holder of each such Bond affected thereby, or shall reduce the percentage of the principal amount of Bonds, the consent of the holders of which is required by the Bond Ordinance to effect such an amendment or modification.

Under the laws of the State of South Carolina, this Bond and the interest hereon are exempt from all State, county, municipal, school district and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of South Carolina to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law; that the series of which this Bond is a part does not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part, as provided in the Bond Ordinance.

IN WITNESS WHEREOF, the City of Columbia, South Carolina, has caused this Bond to be executed in its name by the manual/facsimile signature of the Mayor of the City and attested by the manual/facsimile signature of the Clerk of the City under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

Clerk

(FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance of City of Columbia, South Carolina.

Registrar

Dated: _____

By: _____
Authorized Officer

(STATEMENT OF INSURANCE)

Assured Guaranty Corp. ("Assured Guaranty"), a Maryland-domiciled insurance company, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payments of principal of and interest on the Bonds to U.S. Bank National Association, as paying agent on behalf of the holders of the Bonds (the "Paying Agent"). Such Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Assured Guaranty or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this obligation acknowledges and consents to the subrogation rights of Assured Guaranty as more fully set forth in the Policy.

(FORM OF ASSIGNMENT)

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

(Name and Address of Transferee)

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

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

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

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

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the entireties

_____ Custodian _____
(Cust) (Minor)

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

under Uniform Gifts to Minors Act _____
(State)

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

CERTIFICATE

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the complete legal opinion (except for date, letterhead and signature) of McNair Law Firm, P.A., Columbia, South Carolina, the original of which was manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and a copy of which is on file with the City of Columbia, South Carolina.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Clerk

SCHEDULE A

\$ _____

City of Columbia, South Carolina
Waterworks and Sewer System Revenue Bonds,
Series 2009

Maturity
(February 1)

Principal
Amount

Interest
Rate

CUSIP
Number

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

[**\$100,000,000**]
CITY OF COLUMBIA, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2009

PURCHASE CONTRACT

[PRICING DATE], 2009

Mayor and Members of City Council
City of Columbia
1225 Laurel Street
Columbia, South Carolina 29201

The undersigned, Morgan, Keegan & Company, Inc., on behalf of itself and as representative of Grigsby & Associates, Inc., 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 5 p.m. local time, on [PRICING DATE], 2009, 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 Official Statement or the Ordinance (as hereinafter defined).

1. 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 [**\$100,000,000**] aggregate principal amount of the City's Waterworks and Sewer System Revenue Bonds, Series 2009 ("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 original issue premium of \$ _____). The Underwriter may change the offering prices of the Bonds at any time and from time to time.

2. The Bonds shall be authorized and issued pursuant to the following: (i) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended ("Enabling Act"); (ii) General Bond Ordinance No. 93-43 enacted by the City Council of the City ("City Council") on May 21, 1993 ("Bond Ordinance"); (iii) Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance"); and (iv) Sixth Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Sixth Supplemental Ordinance," and together with the Bond Ordinance, Fifth Supplemental Ordinance and Sixth Supplemental Ordinance and any other ordinances amendatory thereof or supplemental thereto are referred to as the "Ordinance"). Proceeds of the Bonds together with certain funds of the City will be used (i) to construct capital improvements to the City's Waterworks and Sewer System ("System"); (ii) to pay the interest coming due on the Bonds through [DATE], 2009; (iii) to satisfy the initial reserve requirement for the Bonds through the purchase of a debt service reserve policy ("Reserve Policy") issued by [SURETY PROVIDER] ("Insurer"); and (iv) to pay the costs incurred in connection with the 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 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 Net Revenues derived by the City from the System on a parity with the pledges thereof securing the Bonds of 1993, the Bonds of 1999, the Bonds of 2001 and the Bonds of 2005.

3. The City has previously provided to the Underwriter copies of the Preliminary Official Statement with respect to the Bonds dated [POS DATE], 2009 ("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. 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. The City hereby consents to and ratifies the use by the Underwriter of 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 Municipal Securities Rulemaking Board and that any supplement or amendment to the Official Statement also shall be delivered to the initial purchasers of any Bonds.

4. 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 (or yield or yields) set forth on the cover of the Official Statement 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 on the cover of the Official Statement.

5. The City hereby represents and warrants to the Underwriter that:

(a) The City is a public body corporate and politic 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 purpose of SEC Rule 15c2-12(b)(1) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional 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 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 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, not misleading; and (ii) the information to be contained in the Official Statement will not be materially true and correct 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, not misleading.

(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 special 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 Net Revenues of the System.

(g) The City, immediately after the Closing, will apply the proceeds from the sale of the Bonds as specified in the Ordinance 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 which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(h) Except as stated in 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 against or directly affecting the City (nor, to the knowledge of the City, any meritorious basis therefor) 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 which might 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, 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 payable from, or secured by a pledge of, the Net Revenues of the System 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 System.

6. At 10:00 a.m., local time, on [CLOSING DATE], 2009, 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 The Bank of New York Trust Company, N.A., 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 [PRECLOSING DATE], 2009 or on such other date agreed upon by the City and the Underwriter.

7. 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 the McNair Law Firm, P.A. and [Co-Bond Counsel] ("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 recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of Congress by any committee of such House to which legislation has been referred for consideration, or a tentative decision with respect to legislation shall be reached by a

committee of either House of Congress, or a committee of either House of Congress shall have pending before it legislation (other than such legislation known as of the date hereof to be pending or to have been introduced), or 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 Internal Revenue Service or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues of the general character to be derived by the City under the Ordinance 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 which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of interest on the Bonds, materially adversely affecting the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or

(ii) there shall exist any event which in the Underwriter's reasonable judgment either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or

(iii) there shall have occurred any new outbreak or escalation of hostilities or any national or international calamity or crisis including financial crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as in the reasonable judgment of the Underwriter would affect materially and adversely the ability of the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the State bankruptcy laws by or against the State of South Carolina or any agency, instrumentality, or political subdivision of such State, which, in the reasonable judgment of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or

(iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or

(v) a general banking moratorium shall be declared by either federal, South Carolina or New York authorities, or

(vi) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter to the effect that the issuance, offering or sale of the Bonds, including all underlying obligations, or of obligations of the general character of the Bonds as contemplated hereby, is in violation or would be in violation of any provision of the federal securities laws, the Securities Act of 1933, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or

(vii) any state "blue sky" or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter, the market for the Bonds is materially affected thereby, or

(viii) any rating of the Bonds or the rating of any class of security of the City shall have been downgraded or withdrawn by a national rating service, which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds, or

(ix) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

(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 Municipal Securities Rulemaking Board 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 Securities Exchange Act of 1934, as amended; 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 Securities and Exchange Commission or the Municipal Securities Rulemaking Board 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 Kenneth E. Gaines, 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 "[MOODY'S RATING]" by Moody's Investors Service, Inc. ("Moody's") and "[S&P RATING]" by Standard & Poor's ("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) a consent letter from Webster Rogers LLP, addressed to the City and the Underwriter in substantially the form attached hereto as Exhibit E;
- (x) the opinions of Parker Poe Adams & Bernstein LLP and the Starkes Law Firm, Co-Counsel to the Underwriter, addressed to the Underwriter and dated the date of Closing in substantially the forms attached hereto as Exhibit F;
- (xi) the original Reserve Policy issued by the Insurer; and
- (xii) 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 [CLOSING DATE], 2009, 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. At the Closing, contemporaneously with the receipt of the Bonds, the Underwriter will deliver to the City a receipt therefore and a certificate as to issue price of the Bonds, in forms satisfactory to Co-Bond Counsel, signed by the Underwriter.

9. 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. The City agrees to furnish to the Underwriter, during the life of the outstanding Bonds, a copy of each annual audit report for the System issued by the City from time to time.

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

12. 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. 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, Underwriter's Counsel and any other experts or consultants retained by the City, including the City's Counsel, independent engineers, accountants, consultants and the charges of Standard & Poor's and Moody's; (d) fees and costs of the Registrar and custodian of the Construction Fund of 2009; and (e) the premium for and Reserve Policy.

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 Underwriter's Counsel 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. 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, without the prior written consent of the Underwriter;

(c) During the distribution of the Bonds, or such longer period as a copy of the Official Statement shall be required by the rules of the Municipal Securities Rulemaking Board to be delivered to a purchaser of Bonds, 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 effect 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 provided in the Ordinance.

15. 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 Morgan Keegan & Company, Inc., [CONTACT INFO], ATTENTION: George Pugh.

16. 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 Securities Act of 1933 or Section 20 of the Securities Exchange Act of 1934. 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 and payment for the City or (c) any termination of this Purchase Contract.

17. This Purchase Contract shall be governed by and construed in accordance with the laws of the State of South Carolina.

18. This Purchase Contract shall become effective upon your acceptance hereof and may be executed in counterparts and such counterparts shall constitute one and the same instrument.

19. Neither the Mayor or members of the City Council, nor any officer, agent 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 or employee thereof. All personal liability of any character against every such past, present or future officer, agent 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 and employees of the City under the provision contained in this Section shall survive the termination of this Purchase Contract.

Very truly yours,

**PPAB DRAFT
22 JULY 2009
FIXED RATE**

By: MORGAN KEEGAN & COMPANY, INC.

**By: _____
Its: _____**

**PPAB DRAFT
22 JULY 2009
FIXED RATE**

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

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Its: Mayor

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

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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[OPTIONAL REDEMPTION PROVISIONS]

June __, 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

Re: [\$100,000,000] Waterworks and Sewer System Revenue Bonds, Series 2009, 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 [\$100,000,000] original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(i)(B) of the Purchase Contract dated [PRICING DATE], 2009 ("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, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended.
2. The Purchase Contract.
3. The Official Statement dated [PRICING DATE], 2009 ("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. 93-43 enacted by City Council ("City Council") of the City on May 21, 1993 ("General Ordinance"), the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance") and the Sixth Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Sixth Supplemental Ordinance," and together with the General Ordinance, Fifth Supplemental Ordinance and Sixth Supplemental Ordinance are referred to as the "Ordinance").
5. The Disclosure Dissemination Agent Agreement of the City dated the date hereof ("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 2009 BONDS" (other than the information under "Book-Entry-Only System"); "SECURITY FOR THE 2009 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 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 "LEGAL MATTERS – Tax Exemption and Other Matters"; "– South Carolina Taxation"; and "– Premium Bonds" 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 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.

The obligations of the City are 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.

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.

June __, 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

Re: [\$100,000,000] Waterworks and Sewer System Revenue Bonds, Series 2009, 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 [\$100,000,000] original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(i)(B) of the Purchase Contract dated [PRICING DATE], 2009 ("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, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended.
2. The Purchase Contract.
3. The Official Statement dated [PRICING DATE], 2009 ("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. 93-43 enacted by City Council ("City Council") of the City on May 21, 1993 ("General Ordinance"), the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance") and the Sixth Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Sixth Supplemental Ordinance," and together with the General Ordinance, Fifth Supplemental Ordinance and Sixth Supplemental Ordinance are referred to as the "Ordinance").
5. The Disclosure Dissemination Agent Agreement of the City dated the date hereof ("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 2009 BONDS" (other than the information under "Book-Entry-Only System"); "SECURITY FOR THE 2009 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 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 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.

The obligations of the City are 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.

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,

[CO-BOND COUNSEL]

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 [PRICING DATE], 2009 ("Purchase Contract"), between the City of Columbia, South Carolina ("City") and Morgan Keegan & Company, Inc., on behalf of itself and as representative of Grigsby & Associates, Inc., 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 dated as of [PRICING DATE], 2009, 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 against or directly affecting the City (nor, to the knowledge of the City, any meritorious basis therefor) 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 [PRICING DATE], 2009 ("Official Statement"), relating to the [\$100,000,000] City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"), or the validity, due authorization and execution of the Purchase Contract, the Disclosure Dissemination Agent Agreement dated [CLOSING DATE], 2009, 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 Preliminary Official Statement dated [POS DATE], 2009 ("Preliminary 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 [CLOSING DATE], 2009.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
City Manager

EXHIBIT D

June __, 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

City of Columbia
Columbia, South Carolina

Re: [\$100,000,000] Waterworks and Sewer System Revenue Bonds, Series 2009, 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 [\$100,000,000] original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(iv) of the Purchase Contract dated [PRICING DATE], 2009 ("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, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended;
2. The Purchase Contract;
3. The Official Statement dated [PRICING DATE], 2009 ("Official Statement"), relating to the Bonds;
4. The General Bond Ordinance No. 93-43 enacted by City Council ("City Council") of the City on May 21, 1993 ("General Ordinance"), the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance") and the Sixth Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Sixth Supplemental Ordinance," and together with the General Ordinance, Fifth Supplemental Ordinance and Sixth Supplemental Ordinance are referred to as the "Ordinance");
5. The Disclosure Dissemination Agent Agreement of the City dated the date hereof ("Disclosure Agreement"); 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, duly created, validly existing and in good standing 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. Under the Constitution and laws of the State of South Carolina, the Purchase Contract has on the part of the City been duly executed and delivered by the City.

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.

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 any State of South Carolina or 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.

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 against the City in any court or before any governmental authority or arbitration board or tribunal, nor to the best of our knowledge is there any basis therefor, 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. To the best of my knowledge and after due inquiry, the City in all material respects has good and proper title to the System as described in the Official Statement.

8. None of the proceedings held or actions taken by the City with respect to the Ordinance, Purchase Contract, Disclosure Agreement or the Bonds have been repealed, rescinded or revoked.

Very truly yours,

Kenneth E. Gaines
City Attorney

CONSENT LETTER FROM ACCOUNTANTS

The Honorable Mayor and Members of City Council
City of Columbia
Columbia, South Carolina

Morgan Keegan & Company, Inc.
[ADDRESS]

We consent to the inclusion of our report dated [DATE], 2009 related to the City of Columbia's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008, in the Preliminary Official Statement dated [POS DATE], 2009 and the Official Statement dated [PRICING DATE], 2009 for the City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2009.

WEBSTER ROGERS LLP

Columbia, South Carolina
[CLOSING DATE], 2009

[CLOSING DATE], 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

Re: [\$100,000,000] City of Columbia, South Carolina Waterworks and Sewer System
Revenue Bonds, Series 2009

Gentlemen:

We have acted as counsel to Morgan Keegan & Company, Inc. on behalf of itself and as representative of Grigsby & Associates, Inc., as the underwriter ("Underwriter") in connection with your purchase of [\$100,000,000] aggregate principal amount of City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). The Bonds are being issued pursuant to a bond ordinance enacted by the City Council ("City Council") of the City of Columbia, South Carolina ("City") on May 21, 1993, the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 and the Sixth Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009. As such counsel we have examined executed copies of (i) the Purchase Contract, dated [PRICING DATE], 2009 ("Purchase Contract"), between the Underwriter and the City; (ii) the opinions of even date herewith as required by Sections 8(e)(i) and 8(e)(iv) of the Purchase Contract; and (iii) certain certificates as required by the Purchase Contract.

In addition, we have 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 considered necessary or appropriate for the purpose of this opinion.

1. Assuming the validity of the Bonds and the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation as set forth in the opinion of even date herewith of McNair Law Firm, P.A. as Bond Counsel, we are of the opinion that the Bonds are not required to be registered under the Securities Act of 1933, as amended, and no indenture with respect to the Bonds need be qualified under the Trust Indenture Act of 1939, as amended.

2. We are of the opinion that the statements in the Official Statement dated [PRICING DATE], 2009, with respect to the Bonds (which Official Statement is herein referred to as the "Official Statement") under the headings "INTRODUCTION," "THE 2009 BONDS," "SECURITY FOR THE 2009 BONDS" and "LEGAL MATTERS – Underwriting," insofar as such statements constitute a summary of certain of the provisions of the documents referred to therein, fairly present the information purported to be shown.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain documents, including opinions of Co-Bond Counsel and other counsel and certificates of officers of the City and other appropriate persons. We also participated in conferences and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters

were discussed and revised. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, based upon our limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement (apart from the financial and statistical data contained or incorporated therein and as to the information in Appendix A, as to which we do not express any opinion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

[CLOSING DATE], 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

Re: [\$100,000,000] City of Columbia, South Carolina Waterworks and Sewer System
Revenue Bonds, Series 2009

Gentlemen:

We have acted as counsel to Morgan Keegan & Company, Inc. on behalf of itself and as representative of Grigsby & Associates, Inc., as the underwriter ("Underwriter") in connection with your purchase of [\$100,000,000] aggregate principal amount of City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). The Bonds are being issued pursuant to a bond ordinance enacted by the City Council ("City Council") of the City of Columbia, South Carolina ("City") on May 21, 1993, the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 and the Sixth Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009. As such counsel we have examined executed copies of (i) the Purchase Contract, dated [PRICING DATE], 2009 ("Purchase Contract"), between the Underwriter and the City; (ii) the opinions of even date herewith as required by Sections 8(e)(i) and 8(e)(iv) of the Purchase Contract; and (iii) certain certificates as required by the Purchase Contract.

In addition, we have 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 considered necessary or appropriate for the purpose of this opinion.

1. Assuming the validity of the Bonds and the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation as set forth in the opinion of even date herewith of McNair Law Firm, P.A. as Bond Counsel, we are of the opinion that the Bonds are not required to be registered under the Securities Act of 1933, as amended, and no indenture with respect to the Bonds need be qualified under the Trust Indenture Act of 1939, as amended.

2. We are of the opinion that the statements in the Official Statement dated [PRICING DATE], 2009, with respect to the Bonds (which Official Statement is herein referred to as the "Official Statement") under the headings "INTRODUCTION," "THE 2009 BONDS," "SECURITY FOR THE 2009 BONDS" and "LEGAL MATTERS - Underwriting," insofar as such statements constitute a summary of certain of the provisions of the documents referred to therein, fairly present the information purported to be shown.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain documents, including opinions of Co-Bond Counsel and other counsel and certificates of officers of the City and other appropriate persons. We also participated in conferences and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters were discussed and revised. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, based upon our

limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement (apart from the financial and statistical data contained or incorporated therein and as to the information in Appendix A, as to which we do not express any opinion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

STARKES LAW FIRM

FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED August ____, 2009

NEW ISSUE
BOOK-ENTRY-ONLY

RATINGS: Moody's: Aa2
Standard & Poor's: ____
(see "RATINGS" herein)

In the opinion of Bond Counsel, assuming continued compliance by the City with certain covenants, interest on the 2009A Bonds (defined herein) is excludable from gross income for federal income tax purposes under existing statutes, regulations and court decisions. Interest on the 2009A Bonds is not an item of tax preference in computing the alternative minimum taxable income of individuals or corporation and interest on the 2009A Bonds will not be included in the computation of certain taxes including alternative minimum tax for corporations. The 2009B Bonds (defined herein) are being issued as obligations the interest on which is not excludable from gross income for federal income purposes. See "LEGAL MATTERS - Tax Exemption and Other Tax Matters" for a brief description of alternative minimum tax treatment and certain other federal income tax consequences to certain recipients of interest on the 2009 Bonds (defined herein). The 2009 Bonds and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.



\$105,000,000*
CITY OF COLUMBIA, SOUTH CAROLINA
Waterworks and Sewer System Revenue Bonds

_____* Series 2009A

_____* Series 2009B Build America Bonds (TAXABLE)

Dated: Delivery Date

Due: February 1, as shown on inside cover

The City of Columbia, South Carolina ("City"), Waterworks and Sewer System Revenue Bonds, Series 2009A ("2009A Bonds") and Series 2009B (Taxable) ("2009B Bonds" and together with the 2009A Bonds, "2009 Bonds"), are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The DTC Trust Company, New York, New York ("DTC"), to which payments of principal, redemption premium, if any, and interest on the 2009 Bonds will be made. Individual purchases will be made in book-entry-only form, in denominations of \$5,000 each, or any integral multiple thereof. So long as Cede & Co., as partnership nominee of DTC, is the registered owner of the 2009 Bonds, references herein to holders or registered owners of 2009 Bonds shall mean Cede & Co., and shall not mean the beneficial owners of the 2009 Bonds. Interest on the 2009 Bonds shall be payable on each February 1 and August 1 commencing February 1, 2010, until maturity or prior redemption.

The 2009 Bonds are being issued under the authority of the Constitution and laws of the State of South Carolina ("State"), including Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, and General Bond Ordinance No. 93-43, enacted by the City Council, the governing body of the City ("City Council"), on May 21, 1993 ("General Ordinance"), as amended and supplemented, including as supplemented particularly by Fifth Supplemental Ordinance No. 2007-72, enacted by the City Council on September 19, 2007, and Sixth Supplemental Ordinance No. 2009-87, enacted by the City Council on August ____, 2009 (collectively, "Supplemental Ordinance," and together with the General Ordinance, as so amended and supplemented, "Ordinance").

The 2009 Bonds are being issued for the purposes (i) improving and enlarging the System (i.e., the 2009 Projects (defined herein)); (ii) paying the termination amount (if any) due the Swap Provider (defined herein) arising from the termination of the Series 2009 Swap (defined herein); (iii) funding the 2009 Debt Service Reserve Fund (defined herein) in an amount equal to the 2009 Reserve Fund Requirement (defined herein) through the [deposit of cash] [purchase of the Debt Service Reserve Policy]; and (iv) paying the cost of issuance of the 2009 Bonds, including the premium for the [Policy], if any.

The 2009 Bonds, including the interest thereon, are payable solely from the Net Revenues (as defined herein) of the Waterworks and Sewer System of the City ("System") and are secured by a pledge of and lien upon the Net Revenues thereof. See "SECURITY FOR THE 2009 BONDS" herein for a description of the priority of such pledge and lien.

THE 2009 BONDS WILL BE SUBJECT TO OPTIONAL AND MANDATORY REDEMPTION PRIOR TO MATURITY AS DESCRIBED HEREIN.

THE 2009 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 2009 BONDS SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE 2009 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 2009 BONDS.

The 2009 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 The Charleston Group, Columbia, South Carolina, Co-Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Kenneth E. Gaines, Esquire, and for the Underwriters by their counsel, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and Starkes Law Firm, Columbia, South Carolina. Merchant Capital, L.L.C., Atlanta, Georgia, has served as Financial Advisor to the City in connection with the issuance of the 2009 Bonds. It is expected that the 2009 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about September ____, 2009.

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 the Preliminary Official Statement to be final as of its date for purposes of S.E.C. Rule 15c2-12 except for information which may be omitted pursuant to Rule 15c2-12.

MORGAN KEEGAN & COMPANY, INC.

GRIGSBY & ASSOCIATES, INC.

This Official Statement is dated August __, 2009

*Throughout this Preliminary Official Statement, the presence of an asterisk indicates that information is preliminary and subject to change

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION HEREIN IS SUBJECT TO CHANGE, COMPLETION, OR AMENDMENT WITHOUT FURTHER NOTICE.

2009A BONDS

<u>Maturity</u> <u>(Feb. 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Maturity</u> <u>(Feb. 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
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2009B BONDS

<u>Maturity</u> <u>(Feb. 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Maturity</u> <u>(Feb. 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
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This Official Statement does not constitute an offering of any security other than the original offering of the 2009 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 upon 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 2009 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 the Underwriters 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 SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE SYSTEM.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have 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 Underwriters do not guarantee the accuracy or completeness of such information.

Upon execution and delivery, the 2009 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this document, or approved the 2009 Bonds for sale and any representation to the contrary is a criminal offense.

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 upon request.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." 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 such 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 such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

[PLACEHOLDER FOR SURETY PROVIDER CARVE OUT]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2009 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



CITY COUNCIL

Robert D. Coble, Mayor

COUNCIL MEMBERS

E.W. Cromartie, II
Sam Davis
Tameika Isaac Devine
Kirkman Finlay III
Belinda Gergel
Daniel J. Rickenmann

INTERIM CITY MANAGER

Steven A. Gantt

DEPUTY FINANCE DIRECTOR – CONTROLLER

William H. Ellis, CPA

TREASURER

Jeffrey M. Palen

DIRECTOR OF UTILITIES AND ENGINEERING

John J. Dooley, Jr., P.E.

CITY ATTORNEY

Kenneth E. Gaines, Esquire

FINANCIAL ADVISOR

Merchant Capital, L.L.C.
Atlanta, Georgia

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OFFICIAL STATEMENT

\$105,000,000*
CITY OF COLUMBIA, SOUTH CAROLINA
Waterworks and Sewer System Revenue Bonds

Series 2009A
Series 2009B Build America Bonds (Taxable)

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 and its \$_____ * Waterworks and Sewer System Revenue Bonds, Series 2009A ("2009A Bonds") and its \$_____ * Waterworks and Sewer System Revenue Bonds, Series 2009B Build America Bonds (TAXABLE) ("2009B Bonds" and together with the 2009A Bonds, "2009 Bonds"). The 2009 Bonds, the 2005 Bonds, the 2001 Bonds, the 1999 Bonds, the 1993 Bonds and any Additional Bonds (as such terms are hereinafter defined) are referred to herein as the "Bonds." Included in this Official Statement are brief descriptions of the 2009 Bonds and the security therefor, the Waterworks and Sewer System of the City ("System"), the City and the surrounding area and the ordinances pursuant to which the 2009 Bonds are authorized and issued by the City. Also included is certain financial information relating to the System. 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."

Depending on market conditions on the date of sale of the 2009 Bonds, the City may choose to issue the 2009B Bonds in lieu of issuing all or a portion of the 2009A Bonds. The 2009B Bonds would be issued as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009

Authorization

The 2009 Bonds are being issued under the Constitution and laws of the State of South Carolina ("State"), including Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, General Bond Ordinance No. 93-43 enacted by the City Council, the governing body of the City ("City Council"), on May 21, 1993 ("General Ordinance"), as so amended and supplemented, including as supplemented particularly by Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007, and Sixth Supplemental Ordinance No. 2009-87 enacted by the City Council on August ____, 2009 (collectively, the "Supplemental Ordinance") (the General Ordinance, as so amended and supplemented, "Ordinance").

Purpose

The 2009 Bonds are being issued for the purposes (i) improving and enlarging the System (i.e., the 2009 Projects (defined herein)); (ii) paying the termination amount (if any) due the Swap Provider (defined herein) arising from the termination of the Series 2009 Swap (defined herein); (iii) funding the 2009 Debt Service Reserve Fund (defined herein) in an amount equal to the 2009 Reserve Fund Requirement (defined herein) through the [deposit of cash] [purchase of the Debt Service Reserve Policy]; and (iv) paying the cost of issuance of the 2009 Bonds, including the premium for the [Policy], if any. See "SOURCES AND USES OF FUNDS" and "PLAN OF FINANCE."

THE 2009 BONDS

General

The 2009 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 of twelve 30-day months) set forth on the inside cover page hereto payable on February 1, 2010 and semiannually thereafter on February 1 and August 1 of each year. The 2009 Bonds are issuable initially in

book-entry-only form in denominations of \$5,000 or any integral multiple thereof. So long as the 2009 Bonds are in book-entry-only form and are registered in the name of Cede & Co., as the nominee of The DTC Trust Company, New York, New York ("DTC"), payments on the 2009 Bonds will be made as set forth under "Book-Entry-Only System" below. Should the 2009 Bonds no longer be held in book-entry-only form, principal of the 2009 Bonds, whether upon maturity or redemption, will be payable on the respective maturity dates or redemption dates upon presentation and surrender thereof at the corporate trust office of U.S. Bank National Association, as registrar and paying agent ("Registrar/Paying Agent"), and interest on the 2009 Bonds will be payable by check or draft of the Registrar/Paying Agent mailed to the person in whose name each 2009 Bond is registered as of the close of business on the fifteenth day of each month immediately preceding such payment ("Record Date"). Interest payments to a person who is a holder of \$1,000,000 or more in aggregate principal amount of the 2009 Bonds not held in book-entry-only form may be made by wire transfer to an account within the continental United States upon timely receipt of a written request of such holder.

The 2009 Bonds are subject to optional and mandatory redemption prior to their maturity.

Registration, Transfers and Exchanges

2009 Bonds Held in Book-Entry-Only Form

So long as the 2009 Bonds are in book-entry-only form and are registered in the name of Cede & Co., as the nominee of DTC, the 2009 Bonds may be registered, transferred and exchanged as set forth under "Book-Entry-Only System" below.

2009 Bonds Not Held in Book-Entry-Only Form

Each 2009 Bond not held in book-entry-only form shall be transferable only upon the books of registry ("Books of Registry") of the City, which shall be kept for such purpose at the corporate trust office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such 2009 Bond, the Registrar/Paying Agent shall cause to be issued in the name of the transferee a new fully registered 2009 Bond or 2009 Bonds, of the same aggregate principal amount, interest rate, series and maturity as the surrendered 2009 Bond. Any registered owner requesting a transfer shall pay any tax or other governmental charge required to be paid with respect thereto. Any 2009 Bond surrendered in exchange for a new registered 2009 Bond shall be cancelled by the Registrar/Paying Agent.

The City and the Registrar/Paying Agent may deem and treat the person in whose name any 2009 Bond not held in book-entry-only form shall be registered as the absolute owner of such 2009 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 shall be effectual to satisfy and discharge the liability upon such 2009 Bond with respect thereto.

In the event any 2009 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 shall execute and the Registrar/Paying Agent shall authenticate and deliver a new 2009 Bond of the same interest rate and denomination and like tenor and effect in exchange or in substitution for such mutilated, lost, stolen or destroyed 2009 Bond; provided that, in the case of any mutilated 2009 Bond, such 2009 Bond shall be surrendered to the Registrar/Paying Agent, and in the case of any lost, stolen or destroyed 2009 Bond there shall be furnished to the City and the Registrar/Paying Agent evidence of such loss, theft or destruction satisfactory to the City and the Registrar/Paying Agent together with such indemnity as they shall require. In the event any such mutilated, lost, stolen or destroyed 2009 Bond shall have matured, instead of issuing a duplicate 2009 Bond, the City may pay the same. The City and the Registrar/Paying Agent may charge the holder or owner of such mutilated, lost, stolen or destroyed 2009 Bond with their reasonable fees and expenses in connection therewith.

Optional Redemption

The 2009 Bonds are subject to redemption prior to maturity on or after February 1, 2019, 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 par together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The 2009A Bonds maturing on February 1, 20__ and February 1, 20__ are subject to mandatory sinking fund redemption prior to maturity as follows:

The 2009B Bonds maturing on February 1, 20__ and February 1, 20__ are subject to mandatory sinking fund redemption prior to maturity as follows:

General Redemption Provisions; Notice

In the event the 2009 Bonds or any portion thereof shall be called for redemption, notice of the redemption, describing (among other things) the 2009 Bonds to be redeemed, specifying the redemption date and the redemption price payable on such redemption, shall 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 2009 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 2009 Bonds will be given to Cede & Co., and will be distributed by Cede & Co. as set forth under "Book-Entry-Only System" below.

If the 2009 Bonds are no longer held in book-entry-only form and less than all the 2009 Bonds of any maturity are called for redemption, the 2009 Bonds of such series and maturity to be redeemed shall be selected by lot within such maturity.

If a 2009 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 2009 Bond at the then applicable redemption price or together with the then applicable redemption premium, if any, and the interest to accrue to the redemption date on such 2009 Bond are held for the purpose of such payment by the Paying Agent/Registrar, then such 2009 Bond so called for redemption shall, on the redemption date designated in such notice, become due and payable, and interest on the 2009 Bond so called for redemption shall cease to accrue.

Book-Entry Only System

DTC will act as the securities DTC for the 2009 Bonds. The 2009 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 2009 Bond certificate will be issued for each series and maturity of the 2009 Bonds, in the aggregate principal amount of the 2009 Bonds, and will be deposited with DTC.

DTC 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. DTC holds and provides asset servicing for over 3.5 million 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, thereby eliminating the need for physical movement of securities certificates. 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 DTC 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", and together with Direct Participants, "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. (www.dtc.org)

Purchases of the 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2009 Bond ("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 2009 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 certificates representing their ownership interests in the 2009 Bonds, except in the event that use of the book-entry system for such 2009 Bonds is discontinued.

To facilitate subsequent transfers, all 2009 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 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2009 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2009 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.

Redemption notices shall be sent to DTC. If less than all of the 2009 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2009 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2009 Bonds unless authorized by a Direct Participant in accordance with DTC's 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 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2009 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 upon DTC's receipt of funds and corresponding detail information from the City or the Registrar/Paying Agent 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, the Underwriter, the Registrar/Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal 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 Registrar/Paying Agent, 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.

DTC may discontinue providing its services as securities DTC with respect to the 2009 Bonds at any time by giving reasonable notice to the City or the Registrar/Paying Agent. Under such circumstances, in the event that a successor securities DTC is not obtained, 2009 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities DTC). In that event, 2009 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 THAT THE CITY AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE UNDERWRITERS TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOREGOING INFORMATION WITH DTC OR THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS.

Each person for whom a Participant acquires an interest in the 2009 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.

So long as Cede & Co. is the registered owner of the 2009 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2009 Bonds (other than under the caption "LEGAL MATTERS – Tax Exemption and Other Tax Matters" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2009 Bonds.

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 Registrar/Paying Agent to DTC only.

For every transfer and exchange of 2009 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 UNDERWRITERS NOR THE REGISTRAR/PAYING AGENT 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 2009 BONDS UNDER THE ORDINANCES; (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 2009 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 2009 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2009 BONDS; OR (VI) ANY OTHER MATTER.

If (a) the DTC determines not to continue to act as securities DTC for the Series 2009 Bonds, and gives reasonable notice to the Registrar or the City, or (b) the City has advised the DTC of the City's determination that the DTC is incapable of discharging its duties, then the City shall attempt to retain another qualified securities DTC to replace the DTC. Upon receipt by the City or the Registrar of the Initial Bonds together with an assignment duly executed by the DTC, the City shall execute and deliver to the successor DTC, the Series 2009 Bonds of the same principal amount, interest rate and maturity. If the City is unable to retain a qualified successor to the DTC, 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 Series 2009 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 Series 2009 Bonds by mailing an appropriate notice to the DTC, upon receipt by the City of the Initial Bonds together with an assignment duly executed by the DTC, the City shall execute, authenticate and deliver to the DTC Participants the Series 2009 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 Series 2009 Bonds or the replacement of the DTC or any successor DTC shall be subject to the applicable rules and procedures of the DTC or such successor DTC on file or otherwise approved by the Securities and Exchange Commission.

SECURITY FOR THE 2009 BONDS

Pledged Revenues

The 2009 Bonds are payable solely from and are secured equally and ratably with the 1993 Bonds, the 1999 Bonds, the 2001 Bonds, the 2005 Bonds and all bonds hereafter issued on a parity therewith (with respect to the pledge of and lien upon the Net Revenues) under the General Ordinance ("Additional Bonds") by a pledge of and lien upon the Net Revenues (as defined herein) of the System.

The term "Net Revenues" means the Revenues of the System after deducting Expenses of Operating and Maintaining the System (as hereinafter defined). The term "Revenues" means all fees, tolls, rates, rentals and all other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the City from the operation of the System or arising from the System, excluding the receipts, income, revenues, fees and other charges derived from the operation of Special Facilities (as defined in Appendix C). The term "Expenses of Operating and Maintaining the System" means the costs and expenses of operating and maintaining the System in good repair and working order including wages, salaries, costs of materials and supplies, costs of routine repairs, renewals, replacements or alterations occurring in the normal course of business, the reasonable fees and charges of any paying agents and registrars of any Bonds issued pursuant to the General Ordinance or any supplemental ordinance, the costs of any audit required by the General Ordinance and the premium for all insurance required with respect to the System. Such term does not include any allowance for depreciation or renewals or replacements of capital assets of the System and amounts deemed to be payments in lieu of taxes or other equity transfers. The term "1993 Bonds," used herein, means the outstanding principal amount of \$24,470,000 of the City's \$74,765,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 1993. The term "1999 Bonds," used herein, means the outstanding principal amount of \$3,025,000 of the City's \$61,125,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 1999. The term "2001 Bonds," used herein, means the outstanding principal amount of \$37,550,000 of the City's \$41,500,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2001. The term "2005 Bonds," used herein, means the outstanding principal amount of \$60,000,000 of the City's \$60,000,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2005.

Limited Obligations

THE 2009 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 2009 BONDS SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE 2009 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 2009 BONDS.

Rate Covenant

The City has covenanted in the General Ordinance to operate the System in an efficient and economical manner and establish, levy, maintain, revise and collect such fees, rates and other charges for the use of the services and facilities furnished by the System as may be necessary or proper, which fees, rates and other charges, together with other Revenues and other available moneys, will at all times be sufficient after making due and reasonable allowance for contingencies and for a margin of error in estimates, to provide in each July 1 through June 30 fiscal year of the City, an amount equal to:

(a) 100 percent of the amounts required to pay Expenses of Operating and Maintaining the System for the then current fiscal year;

(b) 110 percent of the amounts required to be deposited into each Debt Service Fund (as herein defined) for the Bonds for the then current fiscal year;

(c) 100 percent of the amounts required to be deposited to each Debt Service Reserve Fund (as herein defined) for the Bonds for the then current fiscal year;

(d) 100 percent of the amounts required to provide for payment of any Junior Bonds (as herein defined) in the then current fiscal year; and

(e) any amounts necessary to comply in all respects with the terms of the General Ordinance.

Disposition of Revenues and Funds Established by the Ordinance

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

(f) Debt Service Fund to be held by the City, including an Interest Account and Principal Account.

(g) Debt Service Reserve Fund to be held by the City.

The Revenues of the System shall be applied at the times, in the amounts and for the purposes as provided or permitted by the General Ordinance, and in the following order of priority:

First, for the payment of Expenses of Operating and Maintaining the System;

Second, into the respective Debt Service Funds, the amounts required by the General Ordinance or any supplemental ordinance; and

Third, into the respective Debt Service Reserve Funds, the amounts required by the General Ordinance or any supplemental ordinance.

If, after applying Revenues of the System as set forth above, there are Revenues remaining, such Revenues shall then be used, first, for the payment of Junior Bonds or to meet any other obligations of the City which are or which shall become charges, liens or encumbrances upon the Revenues of the System; second, to provide adequate funds for improvements to the System and to build up proper reserves for depreciation and against contingencies; and third, as the City Council shall from time to time determine to be in the best interest of the City.

Debt Service Reserve Fund

The General Ordinance provides that the City, pursuant to an 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") to be used solely for the purpose of preventing 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"), there shall be deposited in 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 12 months.

The City has, pursuant to the Supplemental Ordinance, established a Reserve Fund Requirement with respect to the 2009 Bonds ("2009 Reserve Fund Requirement") of an amount equal to [\$AMOUNT], which is the least of (a) ten percent of the original principal amount of the 2009 Bonds (less any original issue discount when such original issue discount represents more than a *de minimis* amount); (b) the maximum annual debt service on the 2009 Bonds for the then current or any future fiscal year; or (c) 125 percent of the average annual Debt Service on the 2009 Bonds for the then current or any future fiscal year. The Supplemental Ordinance permits the 2009 Reserve Fund Requirement to be satisfied through the deposit of cash, or in lieu of depositing cash to the 2009 Debt Service Reserve Fund, the City may provide a surety bond, municipal bond debt service reserve fund policy or letter of

credit in the required amount. 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 Fund*." The 2009 Reserve Fund Requirement is anticipated to be initially satisfied through [DESCRIBE].

[RESERVE FUND SURETY BOND]

Additional and Refunding Bonds

The City may issue Additional Bonds on a parity (with respect to the pledge of and lien on Net Revenues) with the 2009 Bonds subject to certain conditions set forth in the General Ordinance, including, in the case of Additional Bonds issued other than for the purpose of refunding Bonds, the requirement that there shall be delivered a report, which report is not required to be based upon the latest audit of the City, from a firm of independent certified public accountants selected by the City (an "Accountant"), stating that the amount of the Net Revenues of the System for any consecutive 12-month period out of the last 24-month period ("Test Period") is not less than 130 percent of the sum of the highest combined interest and principal requirements in any fiscal year ("Maximum Debt Service") on the Bonds to be outstanding after the issuance of such Additional Bonds for any succeeding fiscal year, provided the amount of Net Revenues for such 12-month period may be adjusted by adding the following:

(a) in case the rates and charges for the services furnished by the System shall have been revised and such revised rates and charges shall have gone into effect prior to the delivery of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such rates and charges had been in effect during such Test Period as determined by a Consulting Engineer (as defined in Appendix C) or an Accountant, and

(b) in case an existing sewer system, existing water system or any other public utility system is to be acquired and combined or made a part of the System from the proceeds of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such existing system or systems to be acquired had been a part of the System during such Test Period (which computation of the additional amount of Net Revenues shall be based upon the method of computing Net Revenues under the General Ordinance and approved by a Consulting Engineer or an Accountant).

Without complying with the foregoing debt service coverage provisions, Additional Bonds may be issued for the purpose of refunding (including by purchase) Bonds provided that the Debt Service on all Bonds to be outstanding after the issuance of the proposed series of refunding Bonds shall not be greater than would have been the Debt Service on all Bonds not then refunded and the Bonds to be refunded. See "APPENDIX C – Summary of Certain Provisions of the Ordinance" under the heading "SUMMARY OF ORDINANCE – Additional Bonds -- *Parity Obligations*." The term "Debt Service" means, with respect to each series of Bonds and any particular fiscal year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in the applicable Debt Service Fund in such fiscal year for the payment of the principal of, redemption premium, if any, and interest (to the extent not capitalized) on such series of Bonds.

Junior Bonds and Special Facilities Bonds

The City may issue bonds secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge securing the Bonds or any other obligation or form of indebtedness, including lease purchase obligations secured by a pledge of Net Revenues, after provision has been made for all payments required to be made with respect to the Bonds ("Junior Bonds"), in such amount as it may from time to time determine. The pledge of Net Revenues shall at all times be and remain subordinate and inferior in all respects to the pledge of Net Revenues securing the Bonds. Junior Bonds may be issued to secure funds to defray the cost of improving, extending, enlarging or repairing the System, including the acquisition of a system to be combined into the System, or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction or improvement of the System. See "APPENDIX C – Summary of Certain Provisions of the Ordinance" under the heading "SUMMARY OF ORDINANCE – Additional Bonds -- *Junior Bonds*."

The City may also enter contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities which may or may not be discrete and separate units of the System. These Special Facilities may be financed through the issuance of Special Facilities Bonds, subject to certain

conditions with respect to the ability of the Special Facilities to generate sufficient revenues to pay for such Special Facilities Bonds. See "APPENDIX C – Summary of Certain Provisions of the Ordinance" under the heading "SUMMARY OF ORDINANCE – Additional Bonds – *Special Facilities Bonds*."

SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2009 Bonds are expected to be used substantially as follows:

<i>Estimated Sources of Funds</i>	
Principal Amount of 2009 Bonds	[\$AMOUNT]
[Plus][Less]: Original Issue [Premium][Discount]	
TOTAL SOURCES OF FUNDS	\$
 <i>Estimated Uses of Funds</i>	
Deposit to Construction Fund of 2009	\$
Costs of Issuance ⁽¹⁾	
TOTAL USES OF FUNDS	\$

⁽¹⁾ Includes Underwriters' Discount and Surety Bond premium, certain legal, accounting and other financing expenses incurred by the City.

PLAN OF FINANCE

An aggregate of \$_____ of the proceeds of the 2009 Bonds will be deposited with a bank designated by the City into the Construction Fund of 2009 established pursuant to the Supplemental Ordinance. Moneys on deposit in the Construction Fund of 2009 will be used, as needed, to finance the costs of the 2009 Projects, including without limitation payment of engineering, legal and all other expenses incidental to the 2009 Projects. Prior to their use, all moneys in the Construction Fund of 2009 shall be invested and reinvested in authorized investments as provided in the Ordinance. All earnings therefrom shall be added to and become a part of the Construction Fund of 2009. Withdrawals from the Construction Fund of 2009 shall be made in the manner prescribed by the City.

The 2009 Projects involve ongoing capital improvements to the System. These capital improvements include improvements, extensions and enlargements to the System, including any one or more of the following: (a) water rehab and fire protection, (b) water and sewer system expansions, (c) new water storage facilities, (d) water treatment plant upgrades, (e) sewer rehab, (f) metro WWTP upgrades, and (g) any other matters with respect to the above improvements and such other improvements as the City may deem necessary or incidental to the System. Construction is expected to begin in 2009, and scheduled to be completed by or before 2012.

FINANCIAL FACTORS

Five-Year Summary

The following table sets forth a summary of the operating revenues, operating expenses, nonoperating revenues and expenses and changes in net assets of the System for the fiscal years ended June 30, 2005, through June 30, 2008, and for the fiscal year ended June 30, 2009 (unaudited). Except for the financial information presented for fiscal year 2009, 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 are the City's audited financial statements for the fiscal year ended June 30, 2008.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<i>Unaudited 2009'</i>
Operating Revenues					
Charge for Services	\$75,148,777	\$87,076,564	\$97,987,282	\$112,323,546	\$109,323,926
Other Operating Revenue	<u>1,451,912</u>	<u>1,762,359</u>	<u>317,396</u>	<u>386,898</u>	<u>389,487</u>
Total Operating Revenues	\$76,600,689	\$88,838,923	\$98,304,678	\$112,710,444	\$109,713,413
Operating Expenses					
Adm. & Maintenance	\$43,989,246	52,088,175	52,047,727	60,612,447	60,043,160
Depreciation		16,686,970	18,169,069	18,743,982	18,994,082
Bad Debt Expense	<u>823,051</u>	<u>1,259,772</u>	<u>1,389,048</u>	<u>735,521</u>	<u>300,050</u>
Total Operating Expenses	\$60,089,928	\$70,034,917	\$71,605,844	\$80,091,950	\$79,337,292
Operating Income	\$16,510,761	\$18,804,006	\$26,698,834	\$32,618,494	\$30,376,121
Non-operating Revenues (Expenses)					
Interest Revenue	\$2,063,371	\$ 3,806,915	\$ 3,397,872	5,449,196	2,943,016
Other Non Operating Revenue	144,142	80,530	81,588	79,794	89,544
Gain (Loss) From Sale of Assets	55,863	0	(126,728)	(225,213)	27,839
Interest Expense	(6,869,702)	(7,468,923)	(7,040,903)	(7,195,218)	(6,801,136)
Intergovernmental Expenses	0	0	(368,078)	(631,922)	0
Other	<u>(412,822)</u>	<u>(288,366)</u>	<u>(284,280)</u>	<u>(141,809)</u>	<u>(141,809)</u>
Income Before Transfers and Capital Contributions	\$11,491,613	\$14,934,162	\$22,358,305	\$29,953,322	\$26,493,575
Transfers	(7,295,375)	(5,740,755)	(10,402,889)	(3,962,213)	(6,429,780)
Capital Contributions	<u>8,237,095</u>	<u>13,738,679</u>	<u>12,161,089</u>	<u>12,847,905</u>	<u>8,358,780</u>
Change in Net Assets	\$12,433,333	\$22,932,086	\$24,116,505	\$38,839,014	\$28,422,575

¹Unaudited June 30, 2009, prepared on modified cash basis.

[Management's Discussion and Analysis]

Historical Debt Service Coverage of the System

The following table sets forth the Revenues, Expenses of Operating and Maintaining the System, Net Revenues (as such terms are defined in the Ordinance), debt service requirements and debt service coverage of the System for the fiscal years ended June 30, 1999 through 2008.

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenses of Operating and Maintaining the System</u>	<u>Net Revenues</u>	<u>Total Debt Service Requirements</u>	<u>Coverage</u>
1999	\$ 65,554,713	\$ 24,357,987	\$ 41,196,726	\$ 15,167,408	2.72
2000 ¹	71,342,820	27,326,824	44,015,996	16,761,644	2.63
2001	79,051,017	29,725,288	49,325,729	20,401,563	2.42
2002	77,671,344	30,065,653	47,605,690	20,405,440	2.33
2003	78,738,660	34,344,036	44,394,624	20,095,478	2.21
2004	77,856,380	41,522,519	36,333,861	20,093,839	1.81
2005	78,864,065	44,812,297	34,051,768	20,087,283	1.70
2006	92,726,369	53,347,947	39,378,422	21,967,737	1.79
2007	101,657,409	53,436,775	48,220,634	17,164,584	2.81
2008	118,249,184	61,100,493	56,666,253	17,284,000	3.28
2009					

¹ Increases from fiscal year 2000 is primarily attributable to a rate increase effective July 1, 2000.

² Increases from fiscal year 200_ is primarily attributable to a rate increase effective July 1, 200_.

Projected Debt Service Requirements of the System

The following table sets forth the debt service requirements effective at the time of issuance of the 2009 Bonds for the outstanding principal amount of the 1993 Bonds, the 1999 Bonds, the 2001 Bonds, the 2005 Bonds and the 2009 Bonds.

Fiscal Year	1993 Bonds	1999 Bonds	2001 Bonds	2005 Bonds	2009 Bonds			Total Debt Service
					Principal	Interest	Total	
2010	\$9,060,353	\$3,191,375	\$2,044,975	\$3,000,000				
2011	9,060,313		5,231,425	3,000,000				
2012	9,051,713		5,234,625	3,000,000				
2013			5,231,625	3,000,000				
2014			5,234,875	3,000,000				
2015			5,238,625	3,000,000				
2016			5,233,000	3,000,000				
2017			5,232,750	3,000,000				
2018			5,236,750	3,000,000				
2019			5,234,250	3,000,000				
2020				8,000,000				
2021				7,750,000				
2022				7,155,000				
2023				7,157,250				
2024				7,157,750				
2025				7,156,000				
2026				7,156,500				
2027				7,213,500				
2028				6,713,500				
2029				6,708,500				
2030				6,704,250				
Total*	\$36,230,055	\$6,381,750	\$51,195,830	\$111,872,250				

*Totals may not add up due to rounding.

Projected Debt Service Coverage of the System

Debt service coverage as projected and prepared by the City for the fiscal years ended June 30, 2010, through 2013, is as set forth below. For purposes of this table, Net Revenues Available for Debt Service for each of such fiscal year is assumed to be equal to Net Revenues for the year ended June 30, 2008.

<u>Fiscal Year</u>	<u>Net Revenues Available for Debt Service¹</u>	<u>Existing Debt Service Requirements</u>	<u>Projected 2009 Bonds Debt Service</u>	<u>Total Projected Debt Service Requirements</u>	<u>Coverage</u>
2010	56,666,253	17,296,703	2,995,153	20,291,855	2.79
2011	56,666,253	17,291,738	4,364,292	21,656,029	2.62
2012	56,666,253	17,286,338	4,364,292	21,650,629	2.62
2013	56,666,253	8,231,625	4,364,292	12,595,917	4.50

¹Based on actual (unaudited) Net Revenues figure for fiscal year ended June 30, 2009.

The figures set forth in the table above are estimates. The actual results of operations of the System will be dependent upon the amounts by which revenues and expenses increase or decrease. Revenues will be dependent upon the actual number of System customers, levels of customer usage, the rates charged by the City and other factors. Expenses will be dependent upon the actual levels of customer usage, the number of customers, rates, the cost of treating water and wastewater, future maintenance requirements, financing needs and other factors. Further, estimates of debt service take into account solely the 2009 Bonds, the 2005 Bonds, the 2001 Bonds, the 1999 Bonds and the 1993 Bonds, and do not take into account future indebtedness. No assurance can be given that the estimates set forth above will be realized.

Debt Structure

1993 Bonds

Pursuant to the General Ordinance and a First Supplemental Ordinance enacted by the City Council on May 21, 1993, the City issued the 1993 Bonds in the original principal amount of \$74,765,000 to advance refund a portion of the Senior Lien Bonds and all of a series of bonds issued in 1989. The 1993 Bonds are presently outstanding in the principal amount of \$24,470,000.

1999 Bonds

Pursuant to the General Ordinance and a Second Supplemental Ordinance enacted by the City Council on September 22, 1999, the City issued the 1999 Bonds in the original principal amount of \$61,125,000 to defray the costs of improvements to the System. The 1999 Bonds are presently outstanding in the principal amount of \$3,025,000. A portion of the 1999 Bonds was advance refunded with proceeds of the 2001 Bonds.

2001 Bonds

Pursuant to the General Ordinance and a Third Supplemental Ordinance enacted by the City Council on October 24, 2001, the City issued the 2001 Bonds in the original principal amount of \$41,500,000 to advance refund a portion of the Senior Lien Bonds and advance refund a portion of the 1999 Bonds. The 2001 Bonds are presently outstanding in the principal amount of \$37,550,000.

2005 Bonds

Pursuant to the General Ordinance and a Fourth Supplemental Ordinance enacted by the City Council on May 18, 2005 the City issued the 2005 Bonds in the original principal amount of \$60,000,000 to defray the costs of improvements to the System. The 2005 Bonds are presently outstanding in the principal amount of \$60,000,000.

Junior Lien Pledge

The City's payment obligations under the Series 2009 Swap, including any termination payment, if any, are secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge hereof securing the Bonds.

THE CITY AND THE SYSTEM

General Description

The System is owned and operated by the City, located in the geographic center of the State. The City, which was founded in 1786, is the county seat of Richland County and the capital of the State. In addition to being the governmental center of the State, the City is also a business, finance, education and transportation center of the State.

The System provides water treatment and distribution services through its waterworks unit ("Waterworks Unit") to approximately 133,649 billed water accounts in the Columbia Metropolitan Statistical Area ("Columbia MSA"), including approximately 39,799 in-City customers and 93,850 out-of-City customers. The System provides sewer treatment and collection services through its sewer unit ("Sewer Unit") to approximately 68,507 billed sewer customers in the Columbia MSA, including approximately 32,503 in-City customers and 36,004 out-of-City customers. See "-Service Area" herein for further information on the territory served by the System.

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>
Robert D. Coble, Mayor	Attorney	7/1/90
E.W. Cromartie, II	Attorney	4/6/83
Sam Davis	S.C. Department of Disabilities and Special Needs	7/1/98
Tameika Isaac Devine	Attorney	7/1/02
Kirkman Finlay, III	Business Owner	7/1/06
Belinda Gergel	Retired Educator	4/1/08
Daniel J. Rickenmann	Business Owner	7/1/04

Steven A. Gantt was appointed the Interim City Manager in _____, 2009. Prior to his current position, he served as the Senior Assistant City Manager for Operations beginning in July, 2002. Mr. Gantt graduated from Clemson University and later earned a Master's Degree in Public Administration from the University of South Carolina. Over the last 30 years, Mr. Gantt has held various managerial positions in both the private and public sectors including serving as the Executive Director of the Irmo-Chapin Recreation Commission and the Special Projects Administrator of the City.

William H. Ellis was appointed the Deputy Finance Director – Controller on _____, 2009. Prior to his current position, he served as the _____ from _____ to _____. Mr. Ellis graduated from _____. Mr. Ellis has held various accounting positions in both the private and public sectors including serving as the [describe].

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

Administration of the System

The System is administered by the City through the City Manager. Under the City Manager's direction, the financial operations of the System are administered by the Finance Director of the City. The Utilities Department operates the System's two water treatment plants, water storage and pumping stations and the wastewater plant and sewer lift stations and maintains all water distribution and treatment sewer collection mains. A total of approximately 464 persons are employed in managerial, clerical, maintenance and other capacities relating to the System.

The Director of Utilities and Engineering is John J. Dooley, Jr., a registered professional engineer with over 35 years experience. Mr. Dooley was in private practice as an engineer prior to coming to the City in 1989. He first served as City Engineer from 1989 to 1991 and then from 1991 to 2004 served as Director of Utilities. He was appointed to his current position in 2004.

Initial recommendations for expansion or renovation of the System are made by the Director of Utilities and Engineering. The recommendations are then reviewed by the City Manager and submitted to the City Council for review and approval as part of the budget process. Increases in rates for the System are always reviewed and adopted by the City Council prior to going into effect.

Accounting Policies

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss or unauthorized use or disposition and to ensure that adequate accounting data are compiled to allow for preparation of financial statements of the City in conformity with generally accepted accounting principles.

The City has a policy of preparing its general purpose financial statements (including that portion relating to the System) in conformity with generally accepted accounting principles. In addition, Section 5-7-240, Code of Laws of South Carolina 1976, as amended, requires that the financial statements be audited annually by independent certified public accountants.

Budgeting Procedure

The City uses a modified program budget based on the various functions and activities in the City. The budget process begins with the development of an Annual Activity Work Plan by each department and division. These plans are due by the end of November. The City Manager reviews these plans in December and gives departments and divisions input on what the City Manager wants to emphasize in the upcoming budget. Budgets are then developed in the departments and divisions and submitted to the City Manager by the beginning of February. The City Manager reviews and revises these budgets in March, and the City Manager's recommended budget is submitted in April to City Council for final approval prior to the beginning of each fiscal year on July 1. The operating budget includes proposed expenditures and means of financing them. Public hearings are conducted at City Hall to obtain taxpayer comments. The budget is legally enacted through passage of an ordinance. The City Manager is authorized to administer the budget and may authorize the transfer of appropriated funds within and between departments and funds as necessary to achieve the goals of the budget.

The budget is monitored on a monthly basis and revisions are made as necessary to account for changes in anticipated revenues and expenditures.

Service Area

The service area of the Waterworks Unit includes all of the City of Columbia and portions of Richland County and Lexington County, and also includes the Towns of Forest Acres, Arcadia Lakes, Irmo and Chapin and the Fort Jackson Military Reservation ("Fort Jackson"). The service area of the Sewer Unit includes all of the City of Columbia and portions of Richland County including Fort Jackson and portions of Lexington County and the City of West Columbia. The System covers approximately 848 square miles with a population of approximately 375,000 persons living within that area. The population in the overall service area of the System has generally been increasing since the 1950s due in large measure to the growth of the service area of the System outside of the City.

The City has exclusive rights to provide water and sewer services within the City limits and non-exclusive rights outside of the City limits. Both Richland County and Lexington County have the legal authority to provide water and sewer service within the unincorporated areas of those counties not presently served by municipalities or special purpose districts, but each has only provided services on a limited basis. Richland County currently provides water or sewer services only in small, isolated areas. Lexington County and several municipalities in Lexington County have formed a joint municipal water and sewer commission ("Commission") for the purpose of providing water and sewer services on an integrated, county-wide basis, but it is the City's understanding that neither the Commission nor Lexington County intends to provide water or sewer services in unincorporated areas of that county already being served by the City. Several municipalities in Richland and Lexington Counties currently provide water or sewer services to residents within those municipalities. One large special purpose district, East Richland Public Service District, provides sewer services to a portion of Richland County (including certain of the incorporated municipalities therein, e.g., Forest Acres).

Service to areas outside of the City limits currently accounts for approximately 73% of the revenues of the Waterworks Unit and 58% of the revenues of the Sewer Unit of the City. The water rates outside the City are 1.5 times the inside City rates and the sewer rates are double outside the City compared to inside the City. Because the City already has an extensive water and sewer system in place in large areas of both Richland and Lexington Counties, and because it can offer services to prospective new customers at competitive rates, the City believes that it can continue enlarging the size of its service area in the unincorporated areas of Richland and Lexington Counties.

Ten Largest Customers

The following table sets forth the ten largest water and sewer customers for fiscal year 2008.

Customer	Meters	Consumption	Revenue		
			Water	Sewer	Total
State of South Carolina	452	1,085,365	\$ 2,088,812	\$ 2,615,179	\$ 4,703,991
Palmetto Health	39	236,668	288,351	531,859	820,210
IBP Columbia Cooked Meats	2	160,437	84,891	698,488	783,379
McEntire Products Inc.	3	87,297	205,753	472,015	677,768
Fort Jackson	7	725,701	568,988	-	568,988
Shaw Industries Group Inc	3	232,041	523,871	-	523,871
Trane	1	62,225	142,701	252,184	394,885
Pepsi Bottling Group Inc Us	2	211,968	361,390	25,393	386,783
WJBD Veterans Hospital	1	81,530	114,675	189,571	304,246
American Italian Pasta	6	52,840	23,549	236,112	259,661

Waterworks Unit

General

The sources of raw water for the Waterworks Unit are the Broad River, via the Columbia Canal (which has an average flow of 3,000 cfs (cubic feet per second)) and Lake Murray. The City has purchased rights to raw water under contracts with South Carolina Electric & Gas Company ("SCE&G"), which owns these water rights. The contract with respect to water from Lake Murray is for a term that is coterminous with SCE&G's license to operate its Saluda Hydro Station and provides for up to 75 million gallons per day ("MGD"), increasing to 100 MGD by 2010. In 2002, the City acquired the Columbia Hydro Station and the Columbia Canal.

The water treatment plant located on the Columbia Canal ("Columbia Plant") has a raw water pumping capacity of 90 MGD. The Columbia Plant was originally constructed in 1906 and expanded in 1916, 1942, 1954, 1958, 1968 and 2006. The Columbia Plant has a rated capacity for treatment of raw water of 84 MGD. The Columbia Plant is currently producing an average flow of approximately 35 MGD with a maximum demand of 60 MGD. The finished water pumping rated capacity is 102 MGD. The Columbia Plant generally serves the area south of Interstate 20 and east of the Broad River. A major building renovation and filter upgrade was completed in 1998.

The water treatment plant on Lake Murray ("Lake Murray Plant") has a raw water pumping capacity of 75 MGD. The Lake Murray Plant, which was completed in 1982, has been expanded to increase high service (finished water) pumping capacity from 40 MGD to 83 MGD and water treatment capacity from 30 MGD to 55 MGD. The Lake Murray Plant generally serves the area north of Interstate 20 and west of the Broad River. The average raw water pumping rate at the Lake Murray Plant is 35 MGD and the average high service (finished water) pumping rate is 30 MGD. An expansion was completed to increase capacity to 75 MGD.

The City believes that the water sources provided by the Broad River and Lake Murray are adequate to provide ample water to meet the current and foreseeable needs of the System, and that the Columbia Plant and the Lake Murray Plant will be adequate to continue to meet water treatment needs of the System for at least the next 15 years.

Approximately 2,200 miles of predominantly ductile and plastic pipelines, ranging in size from 4-inch to 54-inch diameters, comprise the Waterworks Unit's distribution network. Approximately 55% of the pipelines have been installed within the last 20 years through both expansion and upgrade of the System. The City places considerable emphasis on replacing smaller and deteriorated water mains and installing additional fire hydrants for optimal fire protection, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. The City maintains two 3-MG storage reservoirs for finished water at the Canal Plant, two 5-MG storage reservoirs at the Lake Murray Plant and 27 other storage tanks with an aggregate storage capacity of 50 MG.

The City owns all of the pipes, storage tanks, pumping stations and water treatment facilities that it uses to distribute water to customers. The pipes and all other parts of the water delivery system are expected to have at least a 75-year useful life. Existing pipes are typically installed in rights-of-way owned by the City, Richland or Lexington County or the State, with new lines being placed in exclusive easements. The City owns in fee simple the land on which the Columbia Plant and Lake Murray Plant are located and most of the land on which pump stations and storage tanks are located.

The City maintains an ongoing program of upgrading, modernization and providing rehabilitation of the Waterworks Unit, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. See "Capital Expenditures" herein.

Operations

The total number of customers of the Waterworks Unit has grown by over 31% over the past ten years. The major part of the growth has occurred as a result of new out-of-City customers being added. Information on revenues is set forth for both the Waterworks Unit and Sewer Unit on a combined basis in "FINANCIAL FACTORS." The table below shows the number of water customers during the past ten fiscal years:

Number of Billed Customers on Waterworks Unit			
<u>Fiscal Year</u>	<u>In-City</u>	<u>Out-of-City</u>	<u>Total</u>
2000	32,408	69,449	101,857
2001	32,167	72,589	105,756
2002	34,178	74,496	108,674
2003	34,897	78,002	112,899
2004	35,436	79,375	114,811
2005	36,943	83,450	120,394
2006	37,396	86,784	124,180
2007	38,442	88,755	127,196
2008	39,332	92,897	132,229
2009	39,799	93,850	133,649

Special Contracts

The City has entered into contracts with Fort Jackson and the Town of Chapin to provide water service. The contract with Fort Jackson, which was entered into as of March 25, 1987, provides that the City will be paid at rates subject to renegotiation upon the request of either party with reasonable cause. A 16% rate increase went into effect for water service provided to Fort Jackson on January 1, 1994. A five-year contract was negotiated, effective

January 1, 1995, with another 11 percent increase at that time. A 16% rate increase went into effect for water service provided to Fort Jackson in July 2003.

The City's contract with the Town of Chapin ("Chapin"), which was entered into on June 29, 1988, provided for the acquisition of the entire water system of Chapin and provided for the City to enjoy the exclusive right to furnish water to Chapin for a period of 30 years. Chapin customers are charged the normal out-of-City rates.

Waterworks Unit Rates

Information on rates and fees of the Waterworks Unit is set forth in "Water and Sewer Rates and Fees" herein.

Federal and State Requirements

The City of Columbia currently holds a license from the South Carolina Department of Health and Environmental Control ("DHEC") to operate a water treatment and distribution system. The Waterworks Unit currently meets all federal and State requirements in regard to quality of water. See "Environmental Matters – General."

Sewer Unit

The Sewer Unit consists of over 1,100 miles of sewer lines ranging in diameter from 4 inches to 60 inches, 70 sewage lift stations and a central treatment facility known as the Metropolitan Wastewater Treatment Plant ("Metropolitan Plant"). The Metropolitan Plant, an advanced secondary treatment facility located on the Congaree River three miles south of the City, was built in 1970 and expanded in 1982 to 40 MGD and in 1998 to 60 MGD. Currently the average daily flow is 36 MGD. The City expects that the Metropolitan Plant, as expanded and upgraded, will be adequate to provide sewage treatment for the Sewer Unit through the year 2015.

The City owns all of the sewer lines, lift stations and treatment facilities of the Sewer Unit. The lines and all other parts of the Sewer Unit are expected to have at least a 50-75 year useful life, with proper maintenance. The wastewater collection system is also projected to require approximately \$5.0 million worth of maintenance, upkeep and rehabilitation per year. Existing sewer lines are typically installed in rights-of-way owned by the City, Richland or Lexington County or the State, with new lines being placed in exclusive easements. The City owns in fee simple the land on which the Metropolitan Plant and all lift stations are located.

The City maintains an ongoing program of upgrading and modernization of the Sewer Unit, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. See "Capital Expenditures" herein.

Operations

The total number of customers of the Sewer Unit has grown by over 22% over the past ten fiscal years. The major part of the growth has occurred as a result of new out-of-City customers being added. Information on revenues is set forth for both the Sewer Unit and the Waterworks Unit on a combined basis in "FINANCIAL FACTORS." The table below shows the number of customers of the Sewer Unit over the past ten fiscal years.

Number of Billed Customers on Sewer Unit

<u>Fiscal Year</u>	<u>In-City</u>	<u>Out-of-City</u>	<u>Total</u>
2000	28,080	28,194	56,274
2001	28,624	29,244	57,868
2002	29,230	29,829	59,059
2003	29,744	30,817	60,561
2004	30,235	31,188	61,423
2005	31,114	32,137	63,253
2006	31,110	32,932	64,042
2007	31,820	34,028	65,848
2008	32,280	35,506	67,786
2009	32,503	36,004	68,507

Special Contracts

The City entered into a contract with the City of West Columbia in 1975 and with Fort Jackson in 1967. The parties agreed to contribute financially to the construction, operation, maintenance, supervision and repair of certain components of the Sewer Unit. The City assumed responsibility for the operation of these components, in return for which the City is paid a base monthly charge plus various other charges based on gallons of sewage discharged.

Sewer Unit Rates

Information on rates and fees of the Sewer Unit is set forth in "Water and Sewer Rates and Fees" herein. The most recent rate increase became effective July 1, 2008.

Federal and State Requirements

The Sewer Unit currently holds a license from DHEC to operate a sewage treatment system. The Sewer Unit currently meets all federal and State requirements in regard to sewage treatment. See "Environmental Matters – General."

Water and Sewer Rates and Fees

General

The rates charged by the City for water and sewer service are not subject to approval by any federal or State regulatory body. The City's rates, as increased effective July 1, 2008, are set forth below. The average monthly water and sewer bill, based upon water usage of 800 cubic feet, for an in-City user based on such revised rates, is \$39.22 and for an out-of-City user is \$68.06. The City has regularly increased rates as necessary, and effected rate increases in 1996, 1998, 2000, 2002, 2006, 2007 and 2008, to provide sufficient revenues for payment of projected increased costs of operation, expansion of the System, increases in debt service and to maintain required debt service coverage ratios. See "Historical Debt Service Coverage of the System" and "Projected Debt Service Coverage of the System."

Water Rates

<u>Monthly Water Use (in cubic feet)</u>	<u>Meter Size</u>	<u>Monthly Water Service Rates</u>	
		<u>In-City</u>	<u>Out-of-City</u>
Minimum 300	5/8"	\$5.45	\$8.82
	1"	9.10	14.72
	1 1/2"	12.75	20.62
	2"	20.00	32.36
	3"	34.58	55.93
	4"	63.68	102.99
	6"	136.47	220.73
		<u>Additional Rates (per 100 cubic feet)¹</u>	
		<u>In-City</u>	<u>Out-of-City</u>
Next 9,700		\$1.71	\$ 2.77
Next 90,000		1.60	2.59
Over 100,000		1.52	2.47

¹Applicable to all residential and commercial users and all industrial users where monthly consumption is less than 1,000 cubic feet.

Commercial Water Rates - Out-of-City

<u>Monthly Water Use (in cubic feet)</u>	<u>Commercial Monthly Water Service Rates (Out-of-City)</u>
Minimum 100	Meter Size (see above)
Additional Rates (per 100 cubic feet)	
Next 9,700	\$2.65
9701- 90,000	\$2.47
Over 90,001	\$2.34

Sewer Rates

<u>Consumption (in cubic feet)</u>	<u>Monthly Sewer Service Rates</u>	
	<u>In-City</u>	<u>Out-of-City</u>
300	\$ 12.47	\$ 22.44
500	17.57	31.62
700	22.67	40.80
1,100	32.87	59.16
1,900	53.27	95.88
3,500	94.07	169.32
7,500	196.07	352.92
10,800	280.22	504.39
20,900	537.77	967.98

<u>Monthly Water Use (in cubic feet)</u>	<u>Monthly Sewer Service Rates</u>	
	<u>In-City</u>	<u>Out-of-City</u>
Base	\$4.82	\$8.67
For each additional 100 cubic feet add	2.55	4.59

Maximum sewer service rates on single-family residences during the months of April through October are based on a use of 1,400 cubic feet of water and during the months of November through March are based on actual usage. Sewer rates for apartment buildings and trailer parks are the base rate per dwelling unit plus the rate per 100 cubic feet reflected by water consumption. Sewer rates for hotels, motels, dormitories and rooming houses are one-half of the base rate plus the rate per 100 cubic feet reflected by water consumption.

Comparison of Water Rates in the Columbia MSA

Currently, there are six providers of water in the Columbia area: Lexington Water System, Carolina Water Service, Midlands Utilities, the City of Columbia, the City of West Columbia and the City of Cayce. The chart below compares current average monthly water bills for each of the three largest providers of water service.

<u>Company/Municipality</u>	<u>Average Monthly Water Bill*</u>	
	<u>(in-city)</u>	<u>(out-of-city)</u>
City of Columbia	\$ 12.29	\$ 19.90
City of West Columbia	13.10	27.35
City of Cayce	18.89	37.78

*Based on 5,250 gallons of water

Water and Sewer Tap Fees

The City charges new customers to the Waterworks Unit a tap fee that ranges from \$2,512.00 for a 5/8-inch meter to \$8,490.00 for a 2-inch meter. The City charges new customers to the Sewer Unit a tap fee of \$3,940.00 for each tap. Water and sewer tap fees generated a total of \$6,338,210 in revenues for the System in fiscal year 2008.

Sewer Plant Expansion Fees

The City began charging new customers of the Sewer Unit a sewer plant expansion fee on October 1, 1987. The fee is intended to provide an additional source of moneys for upgrading and expansion of the Metropolitan Plant. Sewer Unit plant expansion fees generated a total of \$4,666,020 in revenues in fiscal year 2008.

Water and Sewer Billing and Collection Policies

New account fees are charged to customers (new and existing) with request for service. Bills are mailed to customers on a periodic basis throughout the month and are payable upon receipt. Customers receiving both water and sewer services receive combined bills for these services. Water or sewer service accounts two months in arrears are terminated for non-payment. Advance notice of 10 days is given prior to such action.

Capital Expenditures

The City has expanded and improved the System with proceeds of revenue bonds and Revenues of the System. During fiscal years 2005 through 2009, the City allocated a total of \$144,396,345 from Revenues for System expansion and improvement. In this regard, the City has used a combination of year ended June 30, 2008, and accumulated System Revenues to defray the costs of such improvements. The following table shows the amounts allocated from System Revenues for capital improvements during fiscal years 2005 through 2009.

<u>Fiscal Year Ended June 30</u>	<u>Capital Improvements Financed from System Revenues</u>
2005	\$ 23,823,329
2006	11,709,254
2007	37,798,928
2008	33,112,622
2009	<u>37,952,212</u>
TOTAL	144,396,345

The City's ongoing plan for capital expenditures is structured as a series of five-year Capital Improvements Programs. These programs are updated annually. The City's Capital Improvements Program for fiscal years 2009-2013 projects expenditures of approximately \$350,908,838 for engineering, storage tanks, water plant additions, increased sewer capacity, lines, pump stations, easements and land. The City expects to pay for its Capital Improvements Program with a combination of Revenues of the System and proceeds of Bonds.

A summary of the Capital Improvements Program for the fiscal years ending June 30, 2009-2013 is as follows:

<u>Fiscal Year</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2009	\$ 48,433,200	\$ 50,700,000	\$ 99,133,200
2010	45,804,735	49,502,086	95,306,821
2011	11,802,076	52,371,300	64,173,396
2012	24,021,709	33,921,940	57,943,649
2013	<u>13,177,959</u>	<u>21,173,813</u>	<u>\$34,351,772</u>
TOTAL	\$ 143,239,699	\$ 207,669,139	\$ 350,908,838

Of the total set forth above, the City expects the following amounts to be paid from System Revenues. The balance will be paid from the proceeds of Bonds as necessary:

<u>Fiscal Year</u>	<u>Total Costs Paid from System Revenues</u>
2009	\$ 18,947,088
2010	15,886,015
2011	15,136,133
2012	14,117,538
2013	<u>18,752,787</u>
TOTAL	\$ 82,839,561

Environmental Matters

General

Operation of the System is subject to regulation by certain federal, State and local authorities. Federal and State standards and procedures that currently regulate and control operation of the System may change from time to time as a result of continuing legislative, regulatory and judicial action. Therefore, there is no assurance that the facilities comprising the System currently in operation, under construction or contemplated will always remain subject to the regulations currently in effect, or will always be in compliance with future regulations.

An inability to comply with various governmental regulations and standards could result in reduced operating levels or complete shutdown of such facilities not in compliance. Furthermore, compliance with such governmental regulations and standards may substantially increase capital and operating costs.

Permits and Ordinances

The System currently is in compliance with all regulatory requirements of the United States Environmental Protection Agency ("EPA") and DHEC, and the requirements and conditions of all permits required to operate the System are in order. The City currently either has the following permits in effect or expects to make the following permit applications:

<u>Permit</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Description</u>
EPA Water Pollution Control Permit #SC0020940	September 1, 2006	August 31, 2009	Authorization to discharge wastewater in accordance with the National Pollutant Discharge Elimination System into waters of the Congaree River
Air Quality Control Permit #1900-0021	April 30, 2009	March 31, 2019	Authorization to operate incinerators for wastewater sludge disposal
Annual Operating Permit, System #401001	Permitted annually	July 1, 2010	Authorization to operate a water treatment plant
S.C. Water Resources Commission, Interbasin Transfer Permit 1013-IB	August 29, 2008	August 29, 2028	Authorization to transfer water between river basins in South Carolina

The City has had a Wastewater Services Ordinance in place since March 19, 1974. Subsequent revisions to this ordinance have been made to reflect changes in federal, State and local standards. The City has operated an Industrial Pretreatment Program pursuant to the Federal General Pretreatment Regulations and approved by DHEC

since October 1, 1984. The City includes the City of West Columbia under this program pursuant to an interjurisdictional agreement executed January 8, 1986. Five categorical and eight significant non-categorical industries are currently regulated under this Program.

The City is permitted under a storm water group permit for the Metropolitan Plant.

Fringe Benefits, Retirement and Health Insurance and Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") approved the final set of accounting standards applicable to Other Post-Employment Benefits ("OPEB"), which are non-pension benefits provided after a person leaves employment. The standards are explained in GASB Statement Nos. 43 and 45. For the City, eligible full-time employees are members of the South Carolina Retirement System ("Retirement System") and are covered by its pension plan. The Retirement System is a cost-sharing, multiple-employer, defined benefit pension plan. The Retirement System provides both retirement and death benefits on an employee and employer contribution basis. Member employees currently contribute 6.5% of their annual compensation. Employer contribution is 10.95% which includes a 3.25% surcharge to fund retiree health and dental insurance coverage. Total employer retirement contributions to the Retirement System paid on behalf of the System amounted to \$_____ (unaudited) for the fiscal year ended June 30, 2009.

The City has paid, as required, contributions for fringe benefits and insurance as they come due, and there are no liabilities for underfunding of the current amounts due for these benefits.

The new GASB accounting standards were implemented and took effect with respect to the City's financial statements during the fiscal year ending June 30, 2009. In anticipation of that effective date, the City engaged the services of an actuarial firm to make a determination of the City's OPEB liability that would be recognized for the fiscal year ending June 30, 2009. [WHEN WILL THIS FIGURE BE KNOWN]

Currently, the City's OPEB benefits are unfunded, in that there is no separate trust fund or equivalent arrangement into which the State makes contributions to advance fund the obligation. There is no present requirement by GASB or any state or federal statute or regulation to pre-fund the OPEB obligations. The new accounting standard requires only that the City measure, recognize, and disclose the obligation in its financial statements.

At this time, it cannot be predicted what effect the implementation of GASB Statement Nos. 43 and 45 will have on the City.

Liability Insurance

The City maintains fire and casualty insurance on the Columbia Plant, the Lake Murray Plant, the Metropolitan Plant and other parts of the System. Subject to specific immunity set forth in the South Carolina Tort Claims Act, the City, like other local governments, is liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate for torts. No punitive or exemplary damages are permitted under the Tort Claims Act. The City currently self-insures against tort liability up to the limits set forth in the South Carolina Tort Claims Act.

INTEREST RATE SWAPS AND OTHER OBLIGATIONS

The City has entered into an ISDA Master Agreement and an accompanying schedule and a credit support annex (collectively, the "Master Agreement") with JP Morgan Chase Bank, N.A. (in such capacity, the "Swap Provider"), all effective on or prior to the date hereof, to establish the general terms under which various interest rate swap and other derivative transactions may be entered between such parties.

The Series 2009 Swap

As authorized under the Fifth Supplemental Ordinance, and pursuant to the written confirmation to the Master Agreement dated September 20, 2007 between the City and the Swap Provider, the City entered into a forward starting "fixed payor" interest rate swap agreement with the Swap Provider (the "Series 2009 Swap") in anticipation that the 2009 Bonds would be issued as variable rate obligations. The purpose of the Series 2009 Swap was to

enable the City to synthetically hedge a portion of its anticipated variable rate interest exposure relative to the 2009 Bonds during the term of the Series 2009 Swap. The Series 2009 Swap commences on September 15, 2009 unless earlier terminated by the City.

The City has elected to issue the 2009 Bonds as fixed rate obligations. Accordingly, the City will terminate the Series 2009 Swap prior to its effective date. In the event of an early termination of the Series 2009 Swap, the City may owe a termination payment to the Swap Provider or, conversely, the Swap Provider may owe a termination payment to the City. Such a termination payment generally would be based upon the market value of the Series 2009 Swap on the date of termination. Presently, the amount of the termination payment owed to [to be paid by the Swap Provider to] the City is \$_____.

Additional Derivative Agreements

In addition to the Series 2009 Swap, the City may in the future enter into one or more additional interest rate swap or other derivative transactions, whether pursuant to the Master Agreement or otherwise and whether with the Swap Provider or one or more other swap counterparties, to the extent not prohibited by the Ordinance. The extent or effect of any such additional transactions cannot be known as of the date of this Official Statement.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the 2009 Bonds upon an event of default under the Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code, the Ordinance and the 2009 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2009 Bonds (including the approving opinions to be delivered by co-Bond Counsel) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits enacted before or after such delivery.

LEGAL MATTERS

Litigation

No litigation, to the knowledge of the City, is threatened in any court to restrain or enjoin the issuance or delivery of the 2009 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 2009 Bonds or, in any way contesting or affecting the validity of the 2009 Bonds or the General Ordinance or Supplemental Ordinance, the power to collect, pay or receive the moneys with which to pay the 2009 Bonds or the organization or the powers of the City, including the power to operate the System and to collect revenues therefrom.

Opinions of Co-Bond Counsel

Certain legal matters with regard to the issuance of the 2009 Bonds are subject to the approval of McNair Law Firm, P.A., Columbia, South Carolina, and The Charleston Group, Columbia, South Carolina, as Co-Bond Counsel, whose approving opinions will be available at the time of the delivery of the 2009 Bonds. In the opinion of McNair Law Firm, P.A., as Bond Counsel, based upon existing statutory rulings and court decisions, and subject to the qualifications set forth under "Tax Exemption and Other Tax Matters" below, the interest on the 2009 Bonds is excludable from gross income for federal income tax purposes. The proposed forms of Co-Bond Counsels' opinions appear as Appendix D to this Official Statement.

Tax Exemption and Other Tax Matters

The Internal Revenue Code of 1986, as amended ("Code"), includes provisions that relate to tax-exempt obligations, such as the 2009A Bonds, including, among other things, permitted uses and investment of the proceeds of the 2009A Bonds and the rebate of certain net arbitrage earnings from the investment of such proceeds to the United States Treasury. Noncompliance with these provisions may result in interest on the 2009A Bonds becoming subject to federal income taxation retroactive to the date of issuance of the 2009A Bonds. The City has covenanted

to comply with the requirements of the Code to the extent required to maintain the exclusion of interest on the 2009A Bonds from gross income for federal tax purposes. Failure of the City to comply with the covenant could cause the interest on the 2009A Bonds to be taxable retroactively to the date of issuance. The 2009B Bonds are being issued as obligations the interest on which is not excludable from gross income for federal income purposes. Prospective purchasers of the 2009B Bonds should consult their own tax advisors regarding the federal tax consequences of purchasing, owing and disposing of 2009B Bonds.

The Code imposes an alternative minimum tax on a taxpayer's alternative minimum taxable income. Interest on the 2009A Bonds is not an item of tax preference for purposes of the individual and corporate alternative minimum tax, and interest on the 2009A Bonds will not be includable in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax imposed on corporations.

South Carolina Taxation

The interest on the 2009 Bonds is exempt from all State taxation except inheritance or other transfer taxes and certain franchise taxes. Section 12-11-20, Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed at the rate of 4.5% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that the term "entire net income" includes income derived from any source whatsoever including interest on obligations of any state and any political subdivision thereof. Interest on the 2009 Bonds will be included in such computation.

Underwriting

The 2009 Bonds are being purchased for reoffering by Morgan Keegan & Co., Inc., on behalf of itself and as representative of Grigsby & Associates, Inc. (collectively, "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the 2009A Bonds at a purchase price of \$_____ (which reflects an original issue premium of \$_____ and Underwriters' Discount of \$_____). The Underwriters have agreed, subject to certain conditions, to purchase the 2009B Bonds at a purchase price of \$_____ (which reflects an original issue premium of \$_____ and Underwriters' Discount of \$_____). The initial public offering prices are set forth on the inside cover page of this Official Statement. The Underwriters are obligated to purchase all of the 2009 Bonds, if any are purchased, such obligation being subject to certain conditions precedent.

The Underwriters may offer and sell the 2009 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 Underwriters.

Original Issue Premium Bonds

As indicated on the cover page, the 2009A Bonds maturing on February 1, 20__ ("Premium Bonds"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning Premium Bonds.

Original Issue Discount Bonds

As indicated on the cover page, the 2009A Bonds maturing on February 1, 20__ ("OID Bonds"), are being sold at initial offering prices which are less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the OID Bonds is sold and (b) the principal amount payable at maturity of such OID

Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

In the case of an owner of the OID Bond, the amount of original issue discount on such OID Bond is treated as having accrued daily over the term of such OID Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner's cost basis of such OID Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption or other disposition of OID Bonds which are attributable to accrued original issue discount on such OID Bonds will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals. However, it should be noted that with respect to certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues to such corporate owners of OID Bonds in each year will be taken into account in determining the adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on such corporations and may result in other collateral federal income tax consequences for certain taxpayers in the year of accrual. Consequently, corporate owners of OID Bonds should be aware that the accrual of original issue discount on any OID Bond in each year may result in a federal alternative minimum tax liability or other collateral federal income tax consequences, even though such corporate owners may not have received any cash payments attributable to such original issue discount in such year.

Original issue discount is treated as compounding semiannually (which yield is based on the initial public offering price of such OID Bond) at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price difference from the initial offering price during the initial offering of the 2009A Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

Other Legal Matters

Certain legal matters incident to the authorization, issuance and sale of the 2009 Bonds are subject to the approval of the legality of issuance thereof by McNair Law Firm, P.A., Columbia, South Carolina, and The Charleston Group, Columbia, South Carolina, as Co-Bond Counsel. Certain matters will be passed upon for the Underwriters by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and the Starkes Law Firm as Underwriters' Counsel. Certain legal matters will be passed upon on behalf of the City by its counsel, Kenneth E. Gaines, Esquire, Columbia, South Carolina.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), have assigned their municipal bond ratings of "Aa2" and "___," respectively, to the 2009 Bonds. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the 2009 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the 2009 Bonds. Neither the market price nor the ratings of the 2009 Bonds is guaranteed.

FINANCIAL ADVISOR

Merchant Capital, L.L.C., Atlanta, Georgia, has served as Financial Advisor to the City in connection with the offer and sale of the 2009 Bonds. As such, it has participated in the preparation of and review of the various financing documents related to the 2009 Bonds. The Financial Advisor will be paid from the proceeds of the 2009 Bonds.

FINANCIAL STATEMENTS

The audited basic financial statements of the City for the year ended June 30, 2008, are attached hereto as Appendix A. The System's financial position, changes in financial position and cash flows are reported as a major fund in the proprietary fund financial statements contained therein. The financial statements were audited by Webster Rogers LLP, certified public accountants in Florence, South Carolina. In connection with such audit, the City received an opinion of such accountants that the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information present fairly, in all material respects, the respective financial position, changes in financial position and cash flows, where applicable, thereof for the year ended June 30, 2008, in conformity with the accounting principles generally accepted in the United States of America.

MISCELLANEOUS

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 2009 Bonds and the determinations of the City Council relating thereto are qualified in their entirety by reference to the definitive forms of the 2009 Bonds 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 2009 Bonds is fully set forth in the Ordinance and neither any advertisement for the 2009 Bonds nor this Official Statement is to be construed as constituting an agreement with the holders of the 2009 Bonds.

Anyone having questions should direct them to William H. Ellis, Deputy Finance Director-Controller, City of Columbia, 1136 Washington Street – Fourth Floor, Columbia, South Carolina 29201, and telephone (803) 545-3406.

The delivery of this Official Statement and its use in connection with the sale of the 2009 Bonds has been duly authorized by the City.

CITY OF COLUMBIA, SOUTH CAROLINA

Robert D. Coble, Mayor

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2008

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF COLUMBIA

APPENDIX C

SUMMARY OF CERTAIN PROVISION OF THE ORDINANCE

APPENDIX D
FORMS OF OPINIONS OF CO-BOND COUNSEL

APPENDIX E
DISCLOSURE DISSEMINATION AGENT AGREEMENT

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of _____, 2009, is executed and delivered by the City of Columbia, South Carolina (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) 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 (the "Rule").

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

"Annual 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 and defined in paragraphs (f)(9) and (b)(5)(i) of the Rule, respectively, and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 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 or Notice Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice 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 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.

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

“Effective Date” means July 1, 2009, or such later date as the Securities and Exchange Commission shall state as the effective date for the amendments to the Rule pursuant to Release No. 34-59062 (Dec. 5, 2008).

“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 the Annual Financial Information, the Audited Financial Statements (if any), the Notice Event notices, and the Voluntary Reports.

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

“National Repository” means, prior to the Effective Date, any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule and, thereafter, the MSRB. Prior to the Effective Date, the list of National Repositories maintained by the United States Securities and Exchange Commission shall be conclusive for purposes of determining National Repositories. Currently, the following are National Repositories:

1. DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701 (phone)
(201) 947-0107 (fax)
Email: nrmsir@dpcdata.com
2. Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 Williams Street, 15th Floor
New York, New York 10038
(212) 771-6999 (phone)
(212) 771-7390 (fax for secondary market information)
(212) 771-7391 (fax for primary market information)
Email: NRMSIR@interactivedata.com
3. Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
(609) 279-3225 (phone)
(609) 279-5962 (fax)
Email: Munis@Bloomberg.com

4. Standard & Poor's Securities Evaluations Inc.
55 Water Street
45th Floor
New York, New York 10041
(212) 438-4595 (phone)
(212) 438-3975 (fax)
Email: nrnsir_repository@sandp.com

“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 the Bonds, as listed on Appendix A.

“Repository” means the MSRB, each National Repository and the State Depository (if any).

“State Depository” means any public or private depository or entity designated by the State of South Carolina as a state information depository (if any) for the purpose of the Rule. The list of state information depositories maintained by the United States Securities and Exchange Commission shall be conclusive as to the existence of a State Depository. Currently, the following depositories are listed by the Securities and Exchange Commission as available State Depositories:

1. Municipal Advisory Council of Michigan
1445 First National Building
Detroit, Michigan 48226-3517
(313) 963-0420 (phone)
(313) 963-0943 (fax)
MAC@macmi.com
2. Municipal Advisory Council of Texas
PO Box 2177
Austin, TX 78768-2177
(512) 476-6947 (phone)
(512) 476-6403 (fax)
mac@mactexas.com
3. Ohio Municipal Advisory Council
9321 Ravenna Road, Unit K
Twinsburg, OH 44087-2445
(330) 963-7444 (phone)
(800) 969-OMAC (6622) (phone)
(330) 963-7553 (fax)
sid_filing@ohiomac.com

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the Issuer pursuant to Section 7.

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, 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 each National Repository and the State Depository (if any) not later than seven months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2009. 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 each National Repository or the MSRB and the State Depository (if any) in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a 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 each National Repository or the MSRB and the State Depository (if any) in substantially the form attached as Exhibit B.

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

(e) The Disclosure Dissemination Agent shall:

(i) determine the name and address of each Repository each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Section 2(a) with each National Repository and the State Depository, (if any);

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with each National Repository and the State Depository (if any);

(iv) upon receipt, promptly file the text of each disclosure to be made with each National Repository or the MSRB and the State Depository (if any) together with a

completed copy of the MSRB Material Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the box therein indicated below when filing pursuant to the Section of this Disclosure Agreement indicated:

1. "Principal and interest payment delinquencies," pursuant to Sections 4(c) and 4(a)(1);
2. "Non-Payment related defaults," pursuant to Sections 4(c) and 4(a)(2);
3. "Unscheduled draws on debt service reserves reflecting financial difficulties," pursuant to Sections 4(c) and 4(a)(3);
4. "Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties," pursuant to Sections 4(c) and 4(a)(4);
5. "Substitution of credit or liquidity providers, or their failure to perform," pursuant to Sections 4(c) and 4(a)(5);
6. "Adverse tax opinions or events affecting the tax-exempt status of the Bonds," pursuant to Sections 4(c) and 4(a)(6);
7. "Modifications to rights of Bond Holders," pursuant to Sections 4(c) and 4(a)(7);
8. "Bond calls," pursuant to Sections 4(c) and 4(a)(8);
9. "Defeasances," pursuant to Sections 4(c) and 4(a)(9);
10. "Release, substitution, or sale of property securing repayment of the Bonds," pursuant to Sections 4(c) and 4(a)(10);
11. "Ratings changes on the Bonds," pursuant to Sections 4(c) and 4(a)(11);
12. "Failure to provide annual financial information as required," pursuant to Sections 2(b)(ii), 2(c), 4(a)(12) and/or 4(c), together with a completed copy of Exhibit B to this Disclosure Agreement;
13. "Other material event notice (specify)," pursuant to Sections 4(a)(13), 4(c) and/or 7 of this Agreement, together with the summary description provided by the Disclosure Representative.

(v) 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, Trustee (if any) and the Repositories, 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 following information provided in the Official Statement:

(1) The financial statements of the City 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 City'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 "THE CITY AND THE SYSTEM."

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 City, which have been submitted to each of the Repositories or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") as described in the Official Statement will be included in the Annual Report. If the Issuer's Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 2 hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Report within 15 days of their availability. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference 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 each of the National 1 Repositories or the Securities and Exchange Commission. 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;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond Holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes on the Bonds;
12. Failure to provide annual financial information as required; and
13. Other material event notice.

The Issuer shall promptly notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(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 five business days of receipt of such notice, 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), together with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

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

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, and Voluntary Reports filed pursuant to Section 7(a), 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 information with the Repositories, from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a "Voluntary Report").

(b) 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, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice 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, Annual Financial Statement, Voluntary Report or Notice Event notice.

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 of such issue, 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, 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 herein.

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

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

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

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

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.

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.

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
Name of Issue: \$ _____ Waterworks and Sewer System Revenue Bonds,
Series 2009
Date of Issuance: _____, 2009
Date of Official Statement: _____, 2009

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
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EXHIBIT B
NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Issuer City of Columbia, South Carolina

Name of Issue: \$ _____ Waterworks and Sewer System Revenue Bonds, Series 2009

Date of Issuance: _____, 2009

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Dissemination Agent Agreement, dated as of _____, 2009, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

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

cc: Issuer

EXHIBIT C
MATERIAL EVENT NOTICE COVER SHEET

This cover sheet and material event notice will be sent 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 certificates to which this material event notice relates:

Number of pages of attached material event notice: _____

_____ Description of Material Event Notice (Check One):

1. Principal and interest payment delinquencies
2. Non-Payment related defaults
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 or events affecting the tax-exempt status of the security
7. Modifications to rights of securities holders
8. Bond calls
9. Defeasances
10. Release, substitution, or sale of property securing repayment of the securities
11. Rating changes
12. Other material event notice (specify) _____

_____ 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.

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please print the material event notice attached to this cover sheet in 10-point type or larger, The cover sheet and notice may be faxed to the MSRB at (703) 683-1930 or sent to CDINet, Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314. Contact the MSRB at (703) 797-6600 with questions regarding this form or the dissemination of this notice.