

CITY OF COLUMBIA, SOUTH CAROLINA

FOURTH SUPPLEMENTAL ORDINANCE NO. 2005-013

A FOURTH SUPPLEMENTAL ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF COLUMBIA, SOUTH CAROLINA, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2005, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$60,000,000; DELEGATING THE AUTHORITY TO THE MAYOR AND CITY MANAGER TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; AND OTHER MATTERS RELATING THERETO.

Enacted: May 18, 2005

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 Fourth Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

"1991 Bond Ordinance" shall mean Ordinance No. 85-117 of the Council of the City enacted on December 11, 1985, as amended and supplemented by Ordinance No. 91-23 of the Council of the City enacted on March 22, 1991.

"1991 Capital Appreciation Bonds" shall mean the Bonds of 1991 issued as Capital Appreciation Bonds (as such term is defined in the 1991 Bond Ordinance).

"2005 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 2005 Bonds.

"2005 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 2005 Bonds and (b) to provide for the redemption of the Series 2005 Bonds.

"2005 Projects" shall mean, collectively, certain improvements, extensions and enlargements to the System, including any one or more of the following: (a) Lake Murray Water Treatment Plant upgrade; (b) headworks improvements, construction of an Administration Building and Maintenance Shop/Laboratory and SCADA and electrical upgrade at the Metro Wastewater Treatment Plant; (c) rehabilitation of water and sewer lines in the Five Points, Devine Street and Rosewood Drive areas; (d) extension and installation of various water and sewer lines, as identified in the City's Capital Improvement Program for water and sewer projects; and (e) any other matters with respect to the above improvements and such other improvements as the City may deem necessary or incidental to the System.

"2005 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 proceeds of the Series 2005 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 2005 Bonds for the then current or future Fiscal Year; or (c) 125% of the average annual debt service on the Series 2005 Bonds.

**“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 2005 Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

**“Bond Insurer”** or **“Insurer”** shall mean Financial Security Assurance Inc., a New York stock 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 1991”** shall mean the original principal amount \$97,345,390.40 Waterworks and Sewer System Revenue Bonds, Series 1991, dated March 15, 1991, (for the 1991 Current Interest Bonds) and April 17, 1991, (for the 1991 Capital Appreciation Bonds), outstanding in the principal amount of \$8,879,361 (accrued value calculated as of May 12, 2005).

**“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 Fourth Supplemental Ordinance in the principal amount of \$44,950,000.

**“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 Fourth Supplemental Ordinance in the principal amount of \$13,730,000.

**“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 Fourth Supplemental Ordinance in the principal amount of \$41,500,000.

**“Book-Entry Form”** or **“Book-Entry System”** shall mean with respect to the Series 2005 Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Series 2005 Bonds may be transferred only through a book-entry and (b) physical Series 2005 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Series 2005 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 2005 Bonds, when subject to the Book-Entry System.

**“Business Day”** shall mean, with respect to the Series 2005 Bonds issued pursuant to this Fourth 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 2005” shall mean the account by that name established pursuant to Section 8 of this Fourth Supplemental Ordinance.

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

“Construction Fund of 2005” shall mean the Fund established pursuant to Section 13 hereof into which a portion of the proceeds of the Series 2005 Bonds will be deposited and from which such proceeds will be disbursed to pay the Costs of Acquisition and Construction of the 2005 Projects and Costs of Issuance.

“Continuing Disclosure Agreement” shall have the meaning given that term in Section 18 hereof.

“Custodian” shall mean the bank, depository or trust company selected by the City as custodian of the Construction Fund of 2005.

“Debt Service Reserve Policy” shall mean the municipal bond debt service reserve insurance policy issued by the Bond Insurer simultaneously with the issuance of the Series 2005 Bonds.

“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 2005 Bonds, and to effect transfers of the Series 2005 Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited-purpose trust company), New York, New York.

“First Supplemental Ordinance” shall mean 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 2005 Bonds initially issued in Book-Entry Form as provided in Section 5 hereof.

**“Insurance Agreement”** shall mean the Insurance Agreement between the City and the Bond Insurer relating to the Debt Service Reserve Policy.

**“Insurance Policy”** shall mean the municipal bond insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2005 Bonds when due.

**“Insurer Default”** shall mean any of the following: (a) there shall occur a default in the payment by the Bond Insurer of scheduled principal of or any interest on any Series 2005 Bond when required to be made by the Insurance Policy or the Debt Service Reserve Policy, (b) the Insurance Policy or the Debt Service Reserve Policy 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 receiver, 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 August 1, 2005, or as otherwise determined by the Mayor and City Manager.

**“Paying Agent”** shall mean The Bank of New York Trust Company, N.A., as Paying Agent for the Series 2005 Bonds.

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

**“Registrar”** shall mean The Bank of New York Trust Company, N.A., as Registrar for the Series 2005 Bonds.

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

**“Senior Lien Bonds”** shall mean the Outstanding Bonds of 1991, which Senior Lien Bonds are secured by a pledge of Revenues (as defined in the 1991 Bond Ordinance) prior and senior to the pledge of Net Revenues securing payment of the Bonds.

**“Series 2005 Bonds”** shall mean the City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2005, in the aggregate principal amount of not exceeding \$60,000,000, authorized to be issued hereunder.

**“Tax Increment Bonds”** shall mean, collectively, the original principal amount \$2,350,000 Tax Increment Bonds, Series 1999, of the City dated April 28, 1999, and outstanding as of the date of this Fourth Supplemental Ordinance in the principal amount of \$1,627,380; and the original principal amount \$25,000,000 Tax Increment Bonds, Series 2001, dated November 1, 2001, and outstanding as of the date of this Fourth Supplemental Ordinance in the principal amount of \$15,570,000.

**“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 Legg Mason Wood Walker, Inc., and Siebert Brandford Shank & Co., LLC.

**Section 2. Certain Findings and Determinations.**

The City hereby finds and determines:

(a) This Fourth Supplemental Ordinance supplements the Ordinance, constitutes and is a “Supplemental Ordinance” within the meaning of such quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance.

(b) The Series 2005 Bonds constitute and are “Bonds” within the meaning of the quoted word as defined and used in the Ordinance.

(c) 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 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 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 Ordinance and the Third Supplemental Ordinance for the payment and security of the Bonds of 2001; (iv) the lien and charge on Revenues (as defined in the 1991 Bond Ordinance) thereon and pledge thereof created by the Ordinance and this Fourth Supplemental Ordinance for the payment and security of the Series 2005 Bonds; and (v) the lien and charge securing the Senior Lien Bonds, which lien and charge is superior and paramount to the lien and charge of Net Revenues securing the payment of the Bonds of 1993, the Bonds of 1999, the Bonds of 2001, the Series 2005 Bonds and any other Bonds issued pursuant to the Ordinance on a parity therewith. The City has heretofore issued the Tax Increment Bonds which are and will be secured by a subordinate and inferior pledge of the Net Revenues of the System.

(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 2005 Projects is approximately \$60,000,000 to be financed in part with the proceeds of the Series 2005 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 2005 Debt Service Reserve Fund established hereunder shall secure only the Series 2005 Bonds. The 2005 Reserve Fund Requirement will be satisfied through the purchase of the Debt Service Reserve Policy issued by the Bond Insurer, payable to the Paying Agent for the benefit of the Holders of the Series 2005 Bonds.

(i) The Series 2005 Bonds are being issued for the purposes of (i) improving and enlarging the System, i.e., the 2005 Projects; (ii) paying interest coming due on the Series 2005 Bonds through February 1, 2006; (iii) paying the purchase for the purchase of the Debt Service Reserve Policy; and (iv) paying the Cost of Issuance, including the premium on the Insurance Policy, of the Series 2005 Bonds.

(j) It is necessary and in the best interest of the City to undertake the 2005 Projects and to issue the Series 2005 Bonds in the principal amount of not exceeding \$60,000,000 in accordance with the Ordinance, the Act, and this Fourth Supplemental Ordinance for the purposes set forth above, which Series 2005 Bonds shall be issued on a parity with the remaining Outstanding Bonds of 1993, the Bonds of 1999 and the Bonds of 2001.

Section 3. Authorization of the 2005 Projects. There is hereby approved and authorized the undertaking of the 2005 Projects. The period of usefulness of the System after the completion of the 2005 Projects is determined to be not less than thirty (30) years from the date hereof.

Section 4. Authorization of Series 2005 Bonds.

(a) There is hereby authorized to be issued a Series of Bonds designated "City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2005" (the

"Series 2005 Bonds"), in the aggregate principal amount of not exceeding \$60,000,000. The proceeds of the Series 2005 Bonds shall be used for the purposes set forth in Section 2(i) hereof.

The Series 2005 Bonds shall mature on February 1 in each of the years (the "Principal Payment Date") and in the principal amounts, and bear interest at the rates per annum (calculated on the basis of a 360-day year of twelve 30-day months), as determined by the Mayor pursuant to Section 11 hereof.

(b) Such of the Series 2005 Bonds as the Mayor 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 2005 Bonds to be redeemed, together with interest accrued from the date of redemption, in the years and in the amounts determined by the Mayor 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 2005 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 2005 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 2005 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 2005 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 2005 Bonds shall originally be dated the date of delivery of the Series 2005 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 2005 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 2005 Bonds shall be payable at the corporate trust office of the Paying Agent in Syracuse, New York. Interest on the Series 2005 Bonds shall be payable August 1, 2005, or as otherwise determined by the Mayor and City Manager, and semiannually thereafter on February 1 and August 1 of each year, 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 corporate trust office of the Paying Agent in Syracuse, New York, in the case of a Holder of \$1,000,000 or more in principal amount of Series 2005 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 2005 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, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this Fourth Supplemental Ordinance.

(g) A copy of the approving opinion to be rendered on the Series 2005 Bonds shall be attached to each Series 2005 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: *Erika D. Moore*  
Clerk

Section 5. Book-Entry System; Recording and Transfer of Ownership of the Series 2005 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 2005 Bonds or one Series 2005 Bond for each of the maturities of the Series 2005 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 Fourth 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 2005 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 2005 Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the Series 2005 Bonds, giving any notice permitted or required to be given to Bondholders under the General Bond Ordinance or this Fourth Supplemental Ordinance, registering the transfer of the Series 2005 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 2005 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 2005 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 2005 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 2005 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 2005 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 2005 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 2005 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 2005 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 2005 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 2005 Bonds.

Such of the Series 2005 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 2005 Bond, expressed as a percentage of principal amount of the Series 2005 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 2005 Bonds.

The Series 2005 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 Fourth Supplemental Ordinance. The Series 2005 Bonds shall be issued on a parity with the pledge of Net Revenues securing the remaining Outstanding Bonds of 1993, the Bonds of 1999 and the Bonds of 2001.

The Series 2005 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. Such pledge and lien shall be, so long as any of the Bonds of 1991 are Outstanding, junior and subordinate only to the lien upon and pledge of Revenues (as defined in the 1991 Bond Ordinance) created for the payment of the Bonds of 1991. In the General Bond Ordinance the City has covenanted that it will not issue any further parity bonds pursuant to the authorization of the Bond Ordinance of 1985 (as defined in the General Bond Ordinance). No recourse shall be had for the payment of the Series 2005 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 2005 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 2005 Bonds, and the Series 2005 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 2005 Debt Service Fund and Capitalized Interest Account of 2005.

In accordance with Section 6.5 of the Ordinance, the 2005 Debt Service Fund is hereby established on the date of the original delivery of the Series 2005 Bonds and held by the City for the benefit of the Holders of the Series 2005 Bonds.

There is hereby established a Capitalized Interest Account of 2005 in the 2005 Debt Service Fund. There shall be deposited into the Capitalized Interest Account of 2005 a portion of the proceeds of the Series 2005 Bonds which together with accrued interest, if any, on the Series 2005 Bonds will provide for the payment of the interest due and payable on the Series 2005 Bonds to and including February 1, 2006. Moneys held for the credit of the Capitalized Interest Account of 2005 may be invested in Permitted Investments. Unless otherwise determined by the City Manager or Finance Director, investment earnings on the moneys on deposit in the Capitalized Interest Account of 2005 shall remain therein. Amounts on deposit in the Capitalized Interest Account of 2005 shall be transferred in to the 2005 Debt Service Fund pursuant to Section 6.5(a) of the Ordinance.

Section 9. Establishment of the 2005 Reserve Fund Requirement and 2005 Debt Service Reserve Fund.

In accordance with Section 6.6 of the Ordinance, the 2005 Debt Service Reserve Fund is hereby established on the date of the original delivery of the Series 2005 Bonds with regard to the Series 2005 Bonds and held by the City. In this connection, in accordance with Section 6.6 of the Ordinance, the 2005 Debt Service Reserve Fund shall be satisfied by the City on the date of the original delivery of the Series 2005 Bonds, and thereafter maintained at, the 2005 Reserve Fund Requirement, for the benefit of the Holders of the Series 2005 Bonds, all as provided in the Ordinance; provided, however, that in the event of any full or partial defeasance of Series 2005 Bonds under Article X of the Ordinance, then the 2005 Reserve Fund Requirement shall be recalculated based on the then Outstanding principal amount of Series 2005 Bonds. The 2005 Reserve Fund Requirement initially will be satisfied by the City with the purchase of the Debt Service Reserve Policy issued by the Bond Insurer, payable to the Paying Agent for the benefit of the Holders of the Series 2005 Bonds.

Section 10. Designation of Registrar/Paying Agent.

The Council hereby designates The Bank of New York Trust Company, N.A. as the Registrar and the Paying Agent, respectively, for the Series 2005 Bonds. The Registrar and the Paying Agent shall signify its acceptance of its duties upon delivery of the Series 2005 Bonds.

Section 11. Sale and Issuance of Series 2005 Bonds; Official Statement; Collateral Agreements.

(a) The Mayor of the City is hereby authorized and empowered to determine the original issue date of the Series 2005 Bonds; the aggregate principal amount of the Series 2005 Bonds, if less than authorized by this Ordinance; the principal amount of each maturity of the Series 2005 Bonds; the interest rates for the Series 2005 Bonds; the Series 2005 Bonds to be subject to mandatory and optional redemption; the redemption prices of the Series 2005 Bonds subject to optional redemption; and any Underwriters' or original issue discount or original issue premium at which the Series 2005 Bonds will be sold.

(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 2005 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 shall negotiate and approve, and authorizes and directs the Mayor to execute the Bond Purchase Agreement, as so modified and amended, and deliver the same to the Underwriters, the Mayor's execution and delivery of the Bond Purchase Agreement constituting conclusive evidence of his approval of the matters therein contained.

(c) The Council hereby ratifies and approves the form of Preliminary Official Statement relating to the Series 2005 Bonds, copies of which have been presented to Council at this meeting, together with such amendments and modifications to the form thereof (the "Preliminary Official Statement") as the Mayor shall negotiate and approve. The Mayor 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 2005 Bonds, substantially in the form of the Preliminary Official Statement presented at this meeting, with such modifications as the Mayor and the City Manager approve (the "Final Official Statement"); the Mayor 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 Fourth Supplemental Ordinance) and the information contained herein and therein in the connection with the public offering and sale of the Series 2005 Bonds by the Underwriters.

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

(f) The Council hereby authorizes the Mayor and 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 2005 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 action of the City Manager and Finance Director heretofore undertaken with regard to applications for the bond insurance policy and the reserve policy relating to the 2005 Reserve Fund Requirement, other credit enhancements, and liquidity arrangements relating to the Series 2005 Bonds from municipal bond insurance companies or other 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 2005 Bonds.

Section 12. Disposition of Proceeds of Series 2005 Bonds and Certain Other Moneys.

The proceeds derived from the sale of the Series 2005 Bonds, net of the original issue discount or original discount premium or both, the Underwriters' discount and the premiums on the Insurance Policy and the Debt Service Reserve Policy, plus accrued interest, if any, on the Series 2005 Bonds, shall be deposited with the City and used for the following purposes:

(a) An amount equal to the interest accrued, if any, upon the Series 2005 Bonds from the date thereof to the date of delivery thereof and payment therefor shall be deposited in the Interest Account in the 2005 Debt Service Fund to be applied to the payment of the first installment of interest on the Series 2005 Bonds.

(b) An amount shall be deposited to the Capitalized Interest Account of 2005 to be used to pay the interest coming due on the Series 2005 Bonds through February 1, 2006.

(c) The remainder of the proceeds of the Series 2005 Bonds shall be deposited into the Construction Fund of 2005 established in Section 13 hereof to pay Costs of Acquisition and Construction for the 2005 Projects and Cost of Issuance for the Series 2005 Bonds.

The respective amounts specified in this Section 12 shall be determined by the City upon delivery of the Series 2005 Bonds.

### Section 13. Construction Fund of 2005.

There is hereby created and established the Construction Fund of 2005, which fund shall be held by the Custodian. The Construction Fund of 2005 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 2005 shall be used and applied to the payment of the Cost of the Acquisition and Construction of the 2005 Projects and to pay all Costs of Issuance incidental to the issuance and sale of the Series 2005 Bonds.

Moneys held for the credit of the Construction Fund of 2005 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 2005 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 2005 Projects or after adequate provision has been made for such payment any moneys remain in the Construction Fund of 2005, such excess shall be paid into the 2005 Debt Service Fund and shall be used only for the payment of the principal of and interest on the Series 2005 Bonds or, in the alternative, to acquire Outstanding Series 2005 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 2005 Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2005 Bonds to become includable in the gross income of the Bondholders 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 2005 Bonds and that no use of the proceeds of the Series 2005 Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Series 2005 Bonds would have caused the Series 2005 Bonds to be "arbitrage bonds," as defined in the Code; and to that end the City hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as any of the Series 2005 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. Bond Insurance and Special Provisions Required Thereby. The following provisions shall apply notwithstanding anything to the contrary in the General Bond Ordinance or this Fourth Supplemental Ordinance.

Claims Upon the Insurance Policy and Payments by and to the Bond Insurer.

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or Principal Payment Date (“Payment Date”) there is not on deposit with the Paying Agent, after making all transfers and deposits required under this Fourth Supplemental Ordinance and the General Bond Ordinance, moneys sufficient to pay the principal of and interest on the Series 2005 Bonds due on such Payment Date, the Paying Agent shall give notice to the Bond Insurer and to its designated agent (if any) (the “Bond Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 Noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2005 Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Bond Insurer and the Bond Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2005 Bonds and the amount required to pay principal of the Series 2005 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Registrar shall authenticate and deliver to affected Bondholders who surrender their Series 2005 Bonds a new Series 2005 Bond or Series 2005 Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2005 Bond surrendered. The Registrar shall designate any portion of payment of principal on Series 2005 Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2005 Bonds registered to the then current Bondholder, whether the Depository or its nominee or otherwise, and shall issue a replacement Series 2005 Bond to the Bond Insurer, registered in the name of Financial Security Assurance Inc., through the facilities of the Depository if the Series 2005 Bonds are then held in a Book Entry System or otherwise, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Registrar’s failure to so designate any payment or issue any replacement Series 2005 Bond shall have no effect on the amount of principal or interest payable by the City on any Series 2005 Bond or the subrogation rights of the Bond Insurer.

(c) The Paying Agent shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (described below) and the

allocation of such funds to payment of interest on and principal paid in respect of any Series 2005 Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

(d) Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Holders of Series 2005 Bonds referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of Holders of Series 2005 Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Holders of the Series 2005 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2005 Bonds under the sections hereof and of the Ordinance regarding payment of Series 2005 Bonds. It shall not be necessary for such payment to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything to the contrary otherwise set forth in the General Bond Ordinance, and to the extent permitted by law, in the event amounts paid under the Insurance Policy are applied to claims for payment of principal of or interest on the Series 2005 Bonds, interest on such principal of and interest on such Series 2005 Bonds shall accrue and be payable from the date of such payment at the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") or its successor at its principal office in the City of New York, as its prime or base lending rate plus 3%, and (ii) the then applicable rate of interest on the Series 2005 Bonds; provided that in no event shall such rate exceed the maximum rate permissible under applicable usury or similar laws limiting interest rates.

(e) Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Bond Insurer.

#### Defeasance of Series 2005 Bonds.

Notwithstanding anything to the contrary set forth herein or in the General Bond Ordinance so long as the Insurance Policy is in effect and has not been wrongfully dishonored by the Bond Insurer, the following provisions shall apply with respect to the defeasance of the Series 2005 Bonds.

(a) Only (1) cash; (2) non-callable direct obligations of the United States of America ("Treasuries"); (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries 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 Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated; or (4) pre-refunded

municipal obligations rated "AAA" and "Aaa" by Standard & Poor's Rating Services ("S&P") and Moody's Investors Service, Inc. ("Moody's"), respectively; (5) subject to the prior written consent of the Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P; or (6) any combination thereof, shall be authorized to be used to effect defeasance of the Series 2005 Bonds unless the Bond Insurer otherwise approves.

(b) To accomplish defeasance the City shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable by the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2005 Bonds in full on the maturity or redemption date ("Verification"); (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer); and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2005 Bonds are no longer "Outstanding" under the General Bond Ordinance; and (iv) a certificate of discharge of the Paying Agent with respect to the Series 2005 Bonds. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City, the Paying Agent and the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

(c) Series 2005 Bonds shall be deemed "Outstanding" under the General Bond Ordinance and this Fourth Supplemental Ordinance unless and until they are in fact paid and retired or the above criteria are met.

(d) Amounts paid by the Bond Insurer under the Insurance Policy shall not be deemed paid for purposes hereof or of the General Bond Ordinance and shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the provisions of this Fourth Supplemental Ordinance.

(e) This Fourth Supplemental Ordinance shall not be discharged with respect to the Series 2005 Bonds unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

#### Additional Provisions Relating to Bond Insurance

Notwithstanding anything to the contrary contained herein or in the General Bond Ordinance so long as the Insurance Policy is in effect and has not been wrongfully dishonored by the Bond Insurer or the Bond Insurer is owed any amounts in connection therewith and no Insurer Default has occurred and is continuing, the following provisions shall apply with respect to the Bond Insurer and the Insurance Policy.

(a) The Bond Insurer shall be deemed to be the sole Holder of the Series 2005 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the Series 2005 Bonds are entitled to take pursuant to Articles X and XI (pertaining to defaults and remedies) of the General Bond

Ordinance. The Paying Agent shall take no action except with the consent, or at the direction, of the Bond Insurer. The Series 2005 Bonds insured shall not be accelerated without the consent of the Bond Insurer.

(b) Without limiting the obligations of the Bond Insurer under the Insurance Policy, in the event the Series 2005 Bonds are accelerated, the Bond Insurer may elect, in its sole discretion, to pay principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the City) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Insurance Policy with respect to such Series 2005 Bonds shall be fully discharged.

(c) No grace period for a covenant default under the General Bond Ordinance shall exceed 30 days, nor be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(d) The Bond Insurer shall be included as a third party beneficiary to the General Bond Ordinance and this Fourth Supplemental Ordinance.

(e) Other than as provided in paragraph A of Article IX of the General Bond Ordinance no modification or amendment to the General Bond Ordinance, this Fourth Supplemental Ordinance or any other transaction document (each a "Related Document") may become effective except upon obtaining the prior written consent of the Bond Insurer. Copies of any modification or amendment to the General Bond Ordinance, this Fourth Supplemental Ordinance or any other Related Document shall be sent to S&P and Moody's at least 10 days prior to the effective date thereof.

(f) Unless the Bond Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or the occurrence and continuance of an event which with notice or lapse of time or both would constitute an Event of Default amounts on deposit in the Construction Fund of 2005 shall not be disbursed but shall instead be applied to the payment of debt service or redemption price of the Series 2005 Bonds.

(g) The rights granted to the Bond Insurer under this Fourth Supplemental Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Holders of the Series 2005 Bonds nor does such action evidence any position of the Bond Insurer, positive or negative, as to whether consent of the Holders of the Series 2005 Bonds is required in addition to consent of the Bond Insurer.

(h) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2005 Bonds, become subrogated to the rights of the recipients of such

payments in accordance with the terms of the Insurance Policy. The obligations to the Insurer shall survive discharge or termination of this Fourth Supplemental Ordinance or the Related Documents.

(i) The City shall pay or reimburse the Bond Insurer for any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense of preservation of any rights or security in the General Bond Ordinance, this Fourth Supplemental Ordinance or any Related Document, (ii) the pursuit of any remedies under this Fourth Supplemental Ordinance or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Fourth Supplemental Ordinance or any other Related Document whether or not executed or completed, (iv) the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with this Fourth Supplemental Ordinance or any other Related Document or the transactions contemplated thereby, other than the amounts resulting from the failure of the Bond Insurer to honor its obligations under the Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Fourth Supplemental Ordinance or any other Related Document.

(j) Without limiting the obligations of the Bond Insurer under the Insurance Policy, the Bond Insurer shall be entitled to pay principal of or interest on the Series 2005 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such terms are defined in the Insurance Policy) by the City and any amounts due on the Series 2005 Bonds as a result of acceleration of the maturity thereof in accordance with the General Bond Ordinance, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(k) The Bond Insurer shall be provided by the City with the following information:

- (i) Annual audited financial statements relating to the System within 180 days after the end of the City's Fiscal Year and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Bond Insurer shall reasonably request in writing from time to time;
- (ii) Notice of any draw upon the 2005 Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the 2005 Debt Service Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of the Series 2005 Bonds;
- (iii) Notice of any default known to the City within five Business Days after actual knowledge thereof;
- (iv) Prior notice of the advance refunding or redemption of any of the Series 2005 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

- (v) Notice of the resignation or removal of the Paying Agent and Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (vi) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
- (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2005 Bonds;
- (viii) A full original transcript of all proceedings relating to the execution of any amendment or supplement to this Fourth Supplemental Ordinance; and
- (ix) All reports, notices and correspondence to be delivered under the terms of the General Bond Ordinance or this Fourth Supplemental Ordinance .

(l) Notwithstanding satisfaction or other conditions to the issuance of Bonds pursuant to section 3.3 and 3.4 of the General Bond Ordinance, no such issuance may occur (1) should any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing unless such Default shall be cured upon such issuance and (2) unless all debt service reserve funds with respect to any Bonds are fully funded at the respective requirements, if any, upon the issuance of such additional Bonds, in either case unless otherwise permitted by the Bond Insurer.

(m) No contract shall be entered into nor any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Series 2005 Bonds may be impaired or prejudiced except upon obtaining the prior written consent of the Bond Insurer.

(n) The written consent of the Bond Insurer shall be required prior to any sale or other disposition of assets of the System constituting more than ten (10%) percent of the total book value of the assets of the System.

**Section 16. Debt Service Reserve Policy and Special Provisions Required**

**Thereby.**

Notwithstanding anything to the contrary contained in this Fourth Supplemental Ordinance or in the General Bond Ordinance, so long as the Debt Service Reserve 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 following provisions shall apply with respect to the Bond Insurer and the Debt Service Reserve Policy.

(a) The City shall repay any draws (but solely from Revenues of the System) under the Debt Service Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Bond Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of

(a) the greater of (i) the per annum rate of interest, publicly announced from time to time by Chase at its principal office in the City of New York, as its prime or base lending rate (the "Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2005 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 365 days. In the event Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Debt Service Reserve Policy will be increased by a like amount, subject to the terms of the Debt Service Reserve Policy.

All cash and investments in the 2005 Debt Service Reserve Fund established for the Series 2005 Bonds (the "Reserve Fund") shall be transferred to the 2005 Debt Service Fund for payment of debt service on Series 2005 Bonds before any drawing may be made on the Debt Service Reserve Policy or any other credit facility, if any, credited to the 2005 Debt Service Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Debt Service Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2005 Debt Service Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the 2005 Debt Service Reserve Fund.

(b) If the City shall fail to pay any Policy Costs in accordance with the provisions of Section 16(a) hereof, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Fourth Supplemental Ordinance other than (i) acceleration of the maturity of the Series 2005 Bonds or (ii) remedies which would adversely affect Holders of the Series 2005 Bonds.

(c) This Fourth Supplemental Ordinance shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Series 2005 Bonds.

(d) The rate covenant (Section 7.1 of the General Bond Ordinance) is hereby modified to also expressly provide for at least one times coverage of the City's obligations with respect to repayment of Policy Costs then due and owing.

(e) The Paying Agent is required to ascertain the necessity for a claim upon the Debt Service Reserve Policy and to provide notice to the Bond Insurer in accordance with the terms of the Debt Service Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2005 Bonds. Where deposits are required to be made by the City with the Paying Agent to the 2005 Debt Service Fund more often than semi-annually, the Paying Agent shall give notice to the Bond Insurer of any failure of the Issuer to make timely payment in full of such deposits within two Business Days after the date due.

#### Section 17. 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 C (the "Continuing Disclosure Agreement") with such changes as may be approved by the City Manager, upon advice of counsel. Notwithstanding any other provision of the Ordinance or this Fourth 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 Fourth Supplemental Ordinance. The Continuing Disclosure Agreement shall be executed by the City Manager prior to the delivery of the Series 2005 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 17 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 Fourth 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 Bond Insurer, the Registrar and the Paying Agent or the Registered Holders of any Series 2005 Bond.

#### Section 18. Further Actions.

The Mayor, City Manager, City Clerk, Finance Director 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 of the Series 2005 Bonds pursuant to the Bond Purchase Agreement, to purchase the Insurance Policy and the Debt Service Reserve Policy including the execution and delivery of the commitment relating thereto and the Insurance Agreement and to carry out the intentions of this Fourth Supplemental Ordinance. The Council hereby retains the law firms of McNair Law Firm, P.A. and Stephen K. Benjamin as co-bond counsel in connection with the issuance of the Series 2005 Bonds.

**Section 19. 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 Fourth Supplemental Ordinance.

**Section 20. Notices.**

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

If to the City:

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

If to the Registrar and the Paying Agent:

The Bank of New York Trust Company, N.A.  
10161 Centurion Parkway  
Jacksonville, Florida 32256  
Attention: Corporate Trust

If to the Bond Insurer:

Financial Security Assurance Inc.  
31 West 52<sup>nd</sup> Street  
New York, New York 10019  
Attention: Managing Director – Surveillance: Re: Policy No. \_\_\_\_\_  
Telephone: (212) 826-0100; Telecopier: (212) 339-3556

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 and 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 21. Repeal of Inconsistent Ordinances and Resolutions.

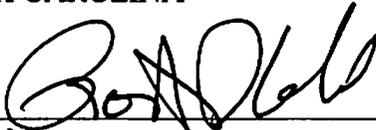
All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this Fourth Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 22. Effective Date.

This Fourth Supplemental Ordinance shall become effective upon its enactment.

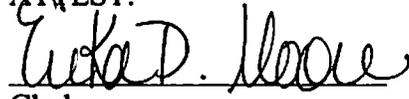
Enacted by the City Council of the City of Columbia, South Carolina, this 18th day of May, 2005.

CITY COUNCIL OF THE CITY OF COLUMBIA,  
SOUTH CAROLINA

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

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Clerk

Date of First Reading: February 16, 2005  
Date of Second Reading: May 18, 2005

## FORM OF SERIES 2005 BOND

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on the Series 2005 Bonds to The Bank of New York Trust Company, N.A., \_\_\_\_\_, \_\_\_\_\_, or its successor, as paying agent for the Series 2005 Bonds (the "Paying Agent"). Said Policy is on file, and is available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

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 2005

REGISTERED

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

<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
_____ 1, 2005	<i>(As set forth in Schedule A)</i>		

REGISTERED HOLDER: CEDE &amp; 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 The Bank of New York Trust Company, N.A., as paying agent (the "Paying Agent") in Syracuse, New York, 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 of twelve 30-day months) on August 1, 2005, 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 Bank of New York (the "Registrar"), in Syracuse, New York, 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 Sixty Million Dollars (\$60,000,000) 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 Fourth Supplemental Ordinance No. 2005-\_\_ of the Council enacted on \_\_\_\_\_, 2005 (the "Fourth Supplemental Ordinance," 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 certain definitions of the "Debt Service" and "Maximum Debt Service", and to provide for the calculation of interest on Variable Rate Bonds for purposes of the additional bonds' test have been amended by the Third 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; such pledge and lien shall be junior and subordinate to the lien upon and pledge of the Revenues created for the payment of the Bonds of 1991 (as defined in the Fourth Supplemental Ordinance) of the City heretofore issued, and on a parity with the Bonds of 1993 and the Bonds of 1999 (as such terms are defined in the Fourth 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:

<u>Period During Which Redeemed (both dates inclusive)</u>	<u>Redemption Prices</u>
--	------------------------------

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 2005 Debt Service Fund (as defined in the Fourth 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:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

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 2005 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:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

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:

Wika D. Moore

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.

The Bank of New York Trust Company, N.A.,  
Registrar

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

By: \_\_\_\_\_  
Authorized Officer

(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

\_\_\_\_\_  
(Cust) Custodian (Minor)  
under Uniform Gifts to  
Minors Act \_\_\_\_\_  
(State)

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

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: Walter D. Moore  
Clerk

SCHEDULE A

\$ \_\_\_\_\_

City of Columbia, South Carolina  
Waterworks and Sewer System Revenue Bonds,  
Series 2005

Maturity  
(February 1)

Principal  
Amount

Interest  
Rate

CUSIP  
Number

FORM OF BOND PURCHASE AGREEMENT

**\$60,000,000**

**CITY OF COLUMBIA, SOUTH CAROLINA  
WATERWORKS AND SEWER SYSTEM REVENUE BONDS  
SERIES 2005**

**PURCHASE CONTRACT**

May 24, 2005

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

The undersigned, Legg Mason Wood Walker, Inc., on behalf of itself and as representative of Siebert Brandford Shank & Co., L.L.C., as the Underwriter (the "Underwriter"), offers to enter into this Purchase Contract with the City of Columbia, South Carolina (the "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 May 24, 2005, 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 \$60,000,000 aggregate principal amount of the City's Waterworks and Sewer System Revenue Bonds, Series 2005 (the "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 \$ \_\_\_\_\_, less original issue 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 (the "Enabling Act"); (ii) a bond ordinance enacted by the City Council of the City (the "City Council") on May 21, 1993 (the "Bond Ordinance"); and (iii) a fourth supplemental ordinance enacted by the City Council on May \_\_, 2005 (the "Supplemental Ordinance") (collectively, the Bond Ordinance and the 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; (ii) to pay the interest coming due on the Bonds through February 1, 2006; (iii) to satisfy the initial reserve requirement for the Bonds through the purchase of a debt service reserve policy (the "Reserve Policy") issued by Financial Security Assurance Inc. (the "Insurer"); (iv) to pay the premium of the municipal bond insurance

policy (the "Policy") issued by the Insurer; and (v) 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 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 solely by the Net Revenues derived by the City from the System.

3. The City has previously provided to the Underwriter copies of the Preliminary Official Statement with respect to the Bonds dated May 13, 2005 (the "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 (the "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. We agree that we 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 the information contained in the Preliminary Official Statement or the 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 or 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 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 (as defined in the Ordinance) 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 it 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 that remain after payment of the cost of operation and maintenance 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 June 15, 2005, 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, plus accrued interest, 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. For the purpose of expediting the checking and packaging of the Bonds, the City shall make the Bonds available for inspection by the Underwriter at a location designated by the Underwriter in New York, New York, or elsewhere, not later than 10:00 a.m., local time, on the business day prior to the Closing.

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 at the direction of DTC, to The Bank of New York, as trustee (the "Trustee") 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 Trustee 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 June 14, 2005 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. ("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 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 dated the date of Closing, addressed to the City and delivered to the Underwriter, in substantially the forms of Appendix "D" of the Official Statement, and (B) a supplemental opinion of the McNair Law Firm, P.A. dated the date of Closing and addressed to the Underwriter, in substantially the form 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 James S. Meggs, Esquire, Counsel to the City, addressed to the City and delivered to 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 "Aaa" by Moody's Investors Service, Inc. and "AAA" by 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;

(ix) a consent letter from J. W. Hunt and Company, LLP, addressed to the City and the Underwriter and delivered to the Underwriter in substantially the form attached hereto as Exhibit E;

(x) an opinion of Haynsworth Sinkler Boyd, P.A., Counsel to the Underwriter, addressed to the Underwriter and dated the date of Closing in substantially the form attached hereto as Exhibit F;

(xi) the original Policy and 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 Bond Counsel, and such additional opinions, as 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 June 15, 2005, 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 therefor, in form satisfactory to Bond Counsel, signed by the Underwriter.

9. The City will furnish to the Underwriter a reasonable supply of copies of the opinion of 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 Bond Counsel and any other experts or consultants retained by the City, including the City's Counsel, Bond Counsel, Independent Engineers, Accountants, Consultants and the charges of Standard & Poor's and Moody's Investors Service, Inc.; and (d) fees and costs of the Trustee.

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; and (c) the fees and disbursements of the Counsel to the Underwriter including 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 Legg Mason Wood Walker, Inc., 3399 Peachtree Road NE, Suite 2050, Atlanta, Georgia 30326, ATTENTION: Lyman Wray.

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 officer, agent or employee thereof. All personal liability of any character against every such 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 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,

By: LEGG MASON WOOD WALKER, INC.

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

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

CITY OF COLUMBIA, SOUTH CAROLINA

By:   
Its: City Manager

**EXHIBIT A**

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

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
February 1, 2020	\$4,225,000			
February 1, 2021	4,435,000			
February 1, 2022	4,655,000			
February 1, 2023	4,890,000			
February 1, 2024	5,135,000			
February 1, 2025	5,390,000			
February 1, 2026	5,660,000			
February 1, 2027	5,940,000			
February 1, 2028	6,240,000			
February 1, 2029	6,550,000			
February 1, 2030	6,880,000			

**SUPPLEMENTAL OPINION OF BOND COUNSEL**

**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 May 24, 2005 (the "Purchase Contract"), between the City of Columbia, South Carolina (the "City") and Legg Mason Wood Walker, Inc., on behalf of itself and as representative of Siebert Brandford Shank & Co., L.L.C., as 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 May 24, 2005, 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 May 24, 2005 (the "Official Statement"), relating to the \$60,000,000 City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2005 (the "Bonds"), or the validity, due authorization and execution of the Purchase Contract, the Disclosure Dissemination Agent Agreement dated June \_\_, 2005, 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 May 13, 2005 (the "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 Purchaser 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 June \_\_, 2005.

CITY OF COLUMBIA, SOUTH CAROLINA

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

**OPINION OF CITY ATTORNEY**

**CONSENT LETTER FROM ACCOUNTANTS**

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

Legg Mason Wood Walker, Inc.  
Atlanta, Georgia

We consent to the inclusion of our report dated February 1, 2005 related to the City of Columbia's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004, in the Preliminary Official Statement dated May 13, 2005 and the Official Statement dated May 24, 2005 for the City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2005.

J. W. HUNT AND COMPANY, LLP

---

Columbia, South Carolina  
June \_\_, 2005

June \_\_, 2005

Legg Mason Wood Walker, Inc.  
on behalf of itself and as representative of  
Siebert Brandford Shank & Co., L.L.C.  
Atlanta, Georgia

Re: \$60,000,000 City of Columbia, South Carolina Waterworks and Sewer System  
Revenue Bonds, Series 2005

Gentlemen:

We have acted as counsel to Legg Mason Wood Walker, Inc. on behalf of itself and as representative of Siebert Brandford Shank & Co., L.L.C., as the underwriter (the "Underwriter") in connection with your purchase of \$60,000,000 aggregate principal amount of City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2005 (the "Bonds"). The Bonds are being issued pursuant to a bond ordinance enacted by the City Council (the "City Council") of the City of Columbia, South Carolina (the "City") on May 21, 1993 and a fourth supplement ordinance enacted by the City Council on May 18, 2005. As such counsel we have examined executed copies of (i) the Purchase Contract, dated May 24, 2005 (the "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 May 24, 2005, with respect to the Bonds (which Official Statement is herein referred to as the "Official Statement") under the headings "INTRODUCTION", "THE 2005 BONDS", "SECURITY FOR THE 2005 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,

HAYNSWORTH SINKLER BOYD, P.A.

## FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of \_\_\_\_\_, 2005, 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 Finance Director 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.

“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 any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. 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. Bloomberg Municipal Repository  
100 Business Park Drive  
Skillman, New Jersey 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
[http://www.bloomberg.com/markets/muni\\_contactinfo.html](http://www.bloomberg.com/markets/muni_contactinfo.html)  
Email: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)
2. DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
<http://www.dpcdata.com>  
Email: [nrmsir@dpcdata.com](mailto:nrmsir@dpcdata.com)
3. FT Interactive Data  
Attn: NRMSIR  
100 William Street  
New York, New York 10038  
Phone: (212) 771-6999  
Fax: (212) 771-7390 (Secondary Market Information)  
(212) 771-7391 (Primary Market Information)  
<http://www.interactivedata.com>  
Email: [NRMSIR@FTID.com](mailto:NRMSIR@FTID.com)

4. **Standard & Poor's Securities Evaluations, Inc.**  
55 Water Street  
45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
[www.jjkenny.com/jjkenny/pser\\_descrip\\_data\\_rep.html](http://www.jjkenny.com/jjkenny/pser_descrip_data_rep.html)  
Email: [nrmsir\\_repository@sandp.com](mailto:nrmsir_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 Texas**  
P.O. Box 2177  
Austin, Texas 78768-2177  
Phone: (512) 476-6947  
Fax: (512) 476-6403  
<http://www.mactexas.com>  
Email for filings: [mac@mactexas.com](mailto:mac@mactexas.com)
  
2. **Municipal Advisory Council of Michigan**  
1445 First National Building  
Detroit, Michigan 48226-3517  
Phone: (313) 963-0420  
Fax: (313) 963-0943  
<http://www.macmi.com>  
Email for filings: [jackie@macmi.com](mailto:jackie@macmi.com)

3. Ohio Municipal Advisory Council  
9321 Ravenna Road, Unit K  
Twinsburg, OH 44087-2445  
Phone: (330) 963-7444  
Toll-free: (800) 969-OMAC (6622)  
Fax: (330) 963-7553  
<http://www.ohiomac.com>  
<http://www.ohiosid.com>  
Email for filings: [sid\\_filings@ohiomac.com](mailto:sid_filings@ohiomac.com)

“Trustee” means the institution identified as such in the ordinance under which the Bonds were issued.

“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, together with a copy for the Trustee, not later than 30 days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to 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, 2005. 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, together with a copy for the Trustee, 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.

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

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

TO THE EXTENT PERMITTED BY LAW THE ISSUER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISCLOSURE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEY'S FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S NEGLIGENCE OR WILLFUL MISCONDUCT.

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 neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The 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 Trustee of the Bonds, 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: Charles P. Austin, Sr.  
Title: City manager



**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 2005

Date of Issuance:        \_\_\_\_\_, 2005

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 \_\_\_\_\_, 2005, 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 should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

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

---

Issuer's Six-Digit CUSIP Number:

---

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

---

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

Description of Material Events 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 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
13.  Other material event notice (specify) \_\_\_\_\_

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.