

CITY OF COLUMBIA, SOUTH CAROLINA

FIRST SUPPLEMENTAL ORDINANCE NO. 2005-118

A FIRST SUPPLEMENTAL ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF COLUMBIA, SOUTH CAROLINA, PARKING FACILITIES REVENUE BONDS, SERIES 2005A, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$41,000,000, AND TAXABLE SERIES 2005B, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$9,000,000; 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: NOVEMBER 9, 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 General Bond Ordinance No. 2005-119 (the "General Bond Ordinance") enacted by the City Council (the "Council") on November 2, 2005 (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the General Bond Ordinance as the "Ordinance") (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this First Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

"1994 Bond Ordinances" shall mean, collectively, Ordinance No. 94-006 and First Supplemental Ordinance No. 94-007 each enacted by the Council of the City on May 4, 1994.

"1994 Bonds" shall be the \$8,605,000 original principal amount Parking Facilities Revenue Bonds, Series 1994, outstanding as of the date of this First Supplemental Ordinance in the Refunding Revenue principal amount of \$4,950,000.

"2005A Bonds" shall mean the City's not exceeding \$41,000,000 Parking Facilities Revenue Bonds, Series 2005A, authorized to be issued pursuant to Section 4 hereof.

"2005A 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 2005A Bonds.

"2005A Debt Service Reserve Fund" shall mean the Fund established pursuant to Section 10 hereof (a) to insure the timely payment of the principal of and interest on the 2005A Bonds; and (b) to provide for the redemption of the 2005A Bonds.

"2005A Reserve Fund Requirement" shall mean, subject to Section 10 hereof, an amount as of the date of its calculation equal to the least of (a) ten percent (10%) of the principal amount of the 2005A 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 2005A Bonds for the current or future Fiscal Year; or (c) 125% of the average annual debt service on the 2005A Bonds.

"2005B Bonds" shall mean the City's not exceeding \$9,000,000 Parking Facilities Revenue Bonds, Taxable Series 2005B, authorized to be issued pursuant to Section 4 hereof.

"2005B Debt Service Fund" shall mean the Fund established pursuant to Section 9 hereof to provide for the payment of the principal of and interest on the 2005B Bonds.

"2005B Debt Service Reserve Fund" shall mean the Fund established pursuant to Section 11 hereof (a) to insure the timely payment of the principal of and interest on the 2005B Bonds; and (b) to provide for the redemption of the 2005B Bonds.

"2005B Reserve Fund Requirement" shall mean, subject to Section 11 hereof, an amount as of the date of its calculation equal to the least of (a) ten percent (10%) of the principal amount of the 2005B 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 2005B Bonds for the current or future Fiscal Year; or (c) 125% of the average annual debt service on the 2005B Bonds.

"2005 Projects" shall mean, collectively, the acquisition of certain parcels of real property, the demolition of existing structures and the construction thereon of certain Off-Street Parking Facilities, including any more or one of the following: (i) Pendleton/Lincoln Street Garage; (ii) Blanding/Sumter Street Garage; (iii) Taylor/Sumter Street Garage; (iv) Lady/Lincoln Street Garage; (v) parking lots in the Five Points area; and (vi) other Facilities-related capital improvements.

"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 Insurance Policy" shall mean, collectively, the Financial Guaranty Insurance Policies issued by the Bond Insurer guaranteeing the scheduled payment of the principal of and interest on the 2005A Bonds and the 2005B Bonds, respectively.

"Bond Insurer" or **"Insurer"** shall mean CIFG Assurance North America, Inc., 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 City and the Underwriters, as amended or supplemented.

"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.

"Capitalized Interest Account of 2005A" shall mean the account by that name established pursuant to Section 8 of this First Supplemental Ordinance.

"Capitalized Interest Account of 2005B" shall mean the account by that name established pursuant to Section 9 of this First Supplemental Ordinance.

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

"Construction Fund of 2005A" shall mean the fund established pursuant to Section 15 hereof into which a portion of the proceeds of the 2005A Bonds will be deposited and from which such proceeds will be disbursed to pay the Costs of Acquisition and Construction of a portion of the 2005 Projects and Costs of Issuance.

"Construction Fund of 2005B" shall mean the fund established pursuant to Section 16 hereof into which a portion of the proceeds of the 2005B Bonds will be deposited and from which such proceeds will be disbursed to pay the Costs of Acquisition and Construction of a portion of the 2005 Projects and Costs of Issuance.

"Continuing Disclosure Agreement" shall have the meaning given that term in Section 20 hereof.

"Custodian" shall mean the bank, depository or trust company selected by the City as custodian of the Construction Fund of 2005A and the Construction of 2005B.

"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.

"General Bond Ordinance" shall mean Ordinance No. 2005-119 of the Council of the City enacted on November 2, 2005.

"Initial Bonds" shall mean the Series 2005 Bonds initially issued in Book-Entry Form as provided in Section 5 hereof.

"Insurer Default" shall mean any of the following: (a) there shall occur a default in the payment by the Bond Insurer of scheduled principal of or interest on any Series 2005 Bonds when required to be made by the Bond Insurance Policy or the Reserve Surety, as the case may be; (b) the Bond Insurance Policy or the Reserve Surety, as the case may be, shall have been declared null and void or unenforceable in a final determination by a court of law; (c) a proceeding shall

have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of the Bond Insurer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of the Bond Insurer or for any substantial part of its property or for the winding-up or liquidation of its affairs and such proceeding shall remain undismissed or unstayed and in effect for a period of 30 consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding; or (d) the Bond Insurer shall voluntarily suspend transaction of its business, shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a 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 February 1, 2006, or as otherwise determined by the Mayor and the City Manager.

"Participant" shall mean any bank, brokerage house or other financial institution for which, from time to time, the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"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 relating to the Series 2005 Bonds

"Reimbursement Agreement" shall mean the Debt Service Reserve Fund Surety Bond Reimbursement Agreement dated as of the date of delivery of the Bonds, between the City and the Bond Insurer.

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

"Reserve Surety" shall mean, collectively, the debt service reserve fund surety bonds issued by the Bond Insurer guaranteeing certain payments into the 2005A Debt Service Reserve Fund and the 2005B Debt Service Reserve Fund, respectively, as provided therein and subject to the limitations set forth therein.

"Senior Lien Bonds" shall mean the outstanding Bonds of 1994, which Senior Lien Bonds are secured by a pledge of and lien upon the Net Revenues of the Facilities (each as defined in the 1994 Bond Ordinance) prior and senior to the pledge of Net Revenues securing the Bonds, including the Series 2005 Bonds.

"Series 2005 Bonds" shall mean, collectively, the 2005A Bonds and the 2005B Bonds, in the aggregate principal amounts of not exceeding \$41,000,000 and \$9,000,000, respectively, authorized to be issued hereunder.

"Underwriters" shall mean Morgan Keegan & Company, Inc., and Loop Capital Markets, LLC, as underwriters.

Section 2. Certain Findings and Determinations.

The City hereby finds and determines:

(a) This First 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. Each of the 2005 Projects constitutes a "Project" within the meaning of the quoted word as defined and used in the Ordinance.

(c) The Net Revenues pledged under the Ordinance are not presently encumbered by any lien and charge thereon or pledge thereof, other than (i) the lien and charge thereon and pledge thereof created by the Ordinance and this First Supplemental Ordinance for payment and security of the Series 2005 Bonds; (ii) the lien and charge securing the Senior Lien Bonds, which lien and charge is prior and paramount to the lien upon the Net Revenues securing the payment of the Series 2005 Bonds; and (iii) any other Bonds issued pursuant to the General Bond Ordinance on a parity with the 2005B Bonds.

(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 Facilities is in excess of 40 years from the date hereof.

(f) The estimated Costs of Acquisition and Construction of the 2005 Projects is \$45,621,000 to be financed in part with the proceeds of the Series 2005 Bonds.

(g) The 2005A Debt Service Reserve Fund established hereunder shall secure only the 2005A Bonds. The 2005A Reserve Fund Requirement will be satisfied through the purchase of the Reserve Surety issued by the Bond Insurer, payable to the Paying Agent for the benefit of the Holders of the 2005A Bonds.

(h) The 2005B Debt Service Reserve Fund established hereunder shall secure only the 2005B Bonds. The 2005B Reserve Fund Requirement will be satisfied through the

purchase of the Reserve Surety issued by the Bond Insurer, payable to the Paying Agent for the benefit of the Holders of the 2005B Bonds.

(i) The Series 2005 Bonds are being issued for the purposes of (i) improving and enlarging the Facilities; i.e., the 2005 Projects; (ii) paying interest coming due on all or a portion of the 2005A Bonds through not later than February 1, 2007, and the 2005B Bonds through not later than February 1, 2007; (iii) paying for the purchase of the respective Reserve Surety; and (iv) paying the Costs of Issuance, including the premium on the Bond 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 \$50,000,000 in accordance with the Act, the General Bond Ordinance and this First Supplemental Ordinance for the purposes set forth above.

Section 3. Authorization of the 2005 Projects. There is hereby approve and authorized the undertaking of the 2005 Projects. Each of the 2005 Projects are hereby declared to be a part of the Off-Street Parking Facilities. The period of usefulness of the Facilities 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 two Series of Bonds designated "City of Columbia, South Carolina, Parking Facilities Revenue Bonds, Series 2005A (the "2005A Bonds"), in the aggregate principal amount of not exceeding \$41,000,000 and "City of Columbia, South Carolina, South Carolina, Parking Facilities Revenue Bonds, Taxable Series 2005B (the "2005B Bonds") in the aggregate principal amount of not exceeding \$9,000,000. 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 and City Manager pursuant to Section 13 hereof.

(b) Such of the Series 2005 Bonds as the Mayor and City Manager shall determine pursuant to Section 13 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 and the City Manager pursuant to Section 13 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 2005A Bonds and the 2005B Bonds, as the case may be, to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

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.

(c) The Series 2005 Bonds shall originally be dated the first day of the month in which they are issued and delivered or the date of their delivery, or such other date as the Mayor and the City Manager shall determine pursuant to Section 13 hereof, and shall be issued as fully registered Series 2005 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.

(d) 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 Jacksonville, Florida. Interest on the Series 2005 Bonds shall be payable semiannually on February 1 and August 1 of each year commencing February 1, 2006, or as otherwise determined by the Mayor and City Manager (the "Interest Payment Dates"), 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 Registrar, in Jacksonville, Florida, as of the close of business on the Record Date, or, 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.

(e) 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 First Supplemental Ordinance.

(f) A copy of the approving opinion to be rendered on the Series 2005 Bonds shall be attached to the back of each Series 2005 Bonds, preceding the same a certificate shall appear, which shall be signed on behalf of the City by a manual or facsimile signature of the Clerk of the City. Such certificate shall be in the form substantially as follows:

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

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Clerk

(g) The following Statement of Insurance shall be attached to the Series 2005 Bonds:

STATEMENT OF INSURANCE

CIFG Assurance North America, Inc. ("CIFG NA"), New York, New York, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payment of principal of and interest on this Bond as described hereinbelow to The Bank of New York Trust Company, N.A., or its successor, as Registrar and Paying Agent (the "Registrar and Paying Agent") for the \$ _____ City of Columbia, South Carolina, Parking Facilities Revenue Bonds, [Series 2005A][Taxable Series 2005B]. Said Policy is on file and available for inspection at the principal office of the Registrar and Paying Agent and a copy thereof may be obtained from CIFG NA or the Registrar and Paying Agent.

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 Series 2005 Bonds of the same series and maturity or any integral multiple of \$5,000.

The Initial Bonds will be issued in fully-registered form, as a single bond representing the entire principal amount of each of the 2005A Bonds and 2005B Bonds or one bond for each of the maturities of each of the 2005A Bonds and 2005B 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 First 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 First 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 or 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 series, 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 denominations; 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 and the City Manager pursuant to Section 13 hereof shall be subject to redemption prior to maturity, at the option of the City, as a whole or in part at any time in such order of their maturities as the City shall determine 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 Bond to be redeemed, as shall be determined by the Mayor and the City Manager pursuant to Section 13 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 Facilities in accordance with the provisions of the Ordinance including this First Supplemental Ordinance. The Series 2005 Bonds shall be payable subordinate and inferior to the pledge securing the Senior Lien Bonds.

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 Facilities as are hereby pledged to the payment thereof. Such pledge and lien shall be, so long as any of the Senior Lien Bonds are Outstanding, subordinate and inferior to the lien upon and pledge of Net Revenues (as defined in the 1994 Bond Ordinance) created for the payment of the Senior Lien Bonds. In the General Bond Ordinance the City has covenanted that it will not issue any further parity bonds pursuant to the authorization of the 1994 Bond Ordinance (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 constitutional 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 2005A Debt Service Fund and Capitalized Interest Account of 2005A. In accordance with Section 6.5 of the General Bond Ordinance, the 2005A Debt Service Fund is hereby established and held by the City for the benefit of the Holders of the 2005A Bonds.

There is hereby established a Capitalized Interest Account of 2005A in the 2005A Debt Service Fund. There shall be deposited into the Capitalized Interest Account of 2005A a portion of the proceeds of the 2005A Bonds which together with accrued interest, if any, on the 2005A Bonds will provide for all or a portion of the payment of the interest due and payable on the 2005A Bonds through not later than February 1, 2007. Moneys held for the credit of the Capitalized Interest Account of 2005A 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 2005A shall remain therein. Amounts on deposit in the Capitalized Interest Account of 2005A shall be transferred to the 2005A Debt Service Fund pursuant to Section 6.5 of the General Bond Ordinance.

Section 9. Establishment of 2005B Debt Service Fund and Capitalized Interest Account of 2005B. In accordance with Section 6.5 of the General Bond Ordinance, the 2005B Debt Service Fund is hereby established and held by the City for the benefit of the Holders of the 2005B Bonds.

There is hereby established a Capitalized Interest Account of 2005B in the 2005B Debt Service Fund. There shall be deposited into the Capitalized Interest Account of 2005B a portion of the proceeds of the 2005B Bonds which together with accrued interest, if any, on the 2005B Bonds will provide for all or a portion of the payment of the interest due and payable on the 2005B Bonds through not later than February 1, 2007. Moneys held for the credit of the Capitalized Interest Account of 2005B 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 2005B shall remain therein. Amounts on deposit in the Capitalized Interest Account of 2005B shall be transferred to the 2005B Debt Service Fund pursuant to Section 6.5 of the General Bond Ordinance.

Section 10. Establishment of the 2005A Reserve Fund Requirement and 2005A Debt Service Reserve Fund. In accordance with Section 6.6 of the General Bond Ordinance, the 2005A Debt Service Reserve Fund is hereby established on the date of the original delivery of the 2005A Bonds with regard to the 2005A Bonds and held by the City. In this connection, in accordance with Section 6.6 of the General Bond Ordinance, the 2005A Debt Service Reserve

Fund shall be funded by the City on the date of original delivery of the 2005A Bonds, and thereafter maintained at, the 2005A Reserve Fund Requirement, for the benefit of the Holders of the 2005A Bonds, all as provided in the General Bond Ordinance; provided, however, that in the event of any full or partial defeasance of 2005A Bonds under Article XII of the General Bond Ordinance, then the 2005A Reserve Fund Requirement shall be recalculated based on the then Outstanding principal amount of the 2005A Bonds. The 2005A Reserve Fund Requirement initially will be satisfied by the City with the purchase of the Reserve Surety issued by the Bond Insurer, payable to the Paying Agent for the benefit of the Holders of the 2005A Bonds.

Section 11. Establishment of the 2005B Reserve Fund Requirement and 2005B Debt Service Reserve Fund. In accordance with Section 6.6 of the General Bond Ordinance, the 2005B Debt Service Reserve Fund is hereby established on the date of the original delivery of the 2005B Bonds with regard to the 2005B Bonds and held by the City. In this connection, in accordance with Section 6.6 of the General Bond Ordinance, the 2005B Debt Service Reserve Fund shall be funded by the City on the date of original delivery of the 2005B Bonds, and thereafter maintained at, the 2005B Reserve Fund Requirement, for the benefit of the Holders of the 2005B Bonds, all as provided in the General Bond Ordinance; provided, however, that in the event of any full or partial defeasance of 2005B Bonds under Article XII of the General Bond Ordinance, then the 2005B Reserve Fund Requirement shall be recalculated based on the then Outstanding principal amount of the 2005B Bonds. The 2005B Reserve Fund Requirement initially will be satisfied by the City with the purchase of the Reserve Surety issued by the Bond Insurer, payable to the Paying Agent for the benefit of the Holders of the 2005B Bonds.

Section 12. Designation of Registrar and Paying Agent. The Council hereby designates The Bank of New York Trust Company, N.A., as Registrar and as Paying Agent, respectively, for the Series 2005 Bonds. The Registrar and Paying Agent shall signify their acceptance of their respective duties upon delivery of the Series 2005 Bonds.

Section 13. Sale and Issuance of Series 2005 Bonds; Official Statement; Collateral Agreements.

(a) The Mayor of the City and the City Manager are hereby authorized and empowered to determine the original issue date of the 2005A Bonds and the 2005B Bonds; (if less than authorized by this First Supplemental Ordinance) the aggregate principal amount of each of the 2005A Bonds and 2005B Bonds; the principal amount of each maturity of the 2005A Bonds and the 2005B Bonds (if less than authorized by this First Supplemental Ordinance); the interest rates for the 2005A Bonds and the 2005B Bonds; the 2005A Bonds and the 2005B Bonds to be subject to mandatory and optional redemption; the redemption prices of the 2005A Bonds and the 2005B Bonds subject to optional redemption; the portion of the proceeds of the 2005A Bonds and the 2005B Bonds, respectively, to be deposited into the Capitalized Interest Account of 2005A and into the Capitalized Interest Account of 2005B; and any Underwriters' or original issue discount or original issue premium at which the 2005A Bonds and the 2005B Bonds will be sold.

(b) The Council hereby finds and determines that the terms and provisions of the Bond Purchase Agreement submitted by the Underwriters for the purchase of the Series 2005 Bonds 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 approves the form of Preliminary Official Statement relating to the Series 2005 Bonds, copies of which have been presented to Council at the meeting of Council at which this First Supplemental Ordinance was enacted, 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 City 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 such meeting, with such modifications as the Mayor approves (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 and distribution of the Preliminary Official Statement, the Final Official Statement, the Ordinance (including this First Supplemental Ordinance) and the information contained herein and therein in connection with the public offering and sale of the Series 2005 Bonds by the Underwriters.

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

(f) The Council hereby ratifies, confirms and approves the actions of the City Manager and Finance Director heretofore undertaken with regard to applications for bond insurance and the debt service reserve fund policies relating to the Series 2005 Bonds from municipal bond insurance companies or other financial institutions and further authorizes and empowers the Mayor and City Manager 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.

(g) 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.

(h) The City 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 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 14. Disposition of Proceeds of Series 2005 Bonds. The proceeds derived from the sale of the Series 2005 Bonds, net of the original issue discount or original issue premium or both, the Underwriters' discount and the premiums on the Municipal Bond Insurance Policy and the Reserve Surety, 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 2005A Bonds from the date thereof to the date of delivery thereof and payment therefor shall be deposited in the Interest Account in the 2005A Debt Service Fund to be applied to the payment of the first installment of interest on the 2005A Bonds.

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

(c) An amount shall be deposited to the Capitalized Interest Account of 2005A to be used to pay all or a portion of the interest coming due on the 2005A Bonds through not later than February 1, 2007.

(d) An amount shall be deposited to the Capitalized Interest Account of 2005B to be used to pay all or a portion of the interest coming due on the 2005B Bonds through not later than February 1, 2007.

(e) The remainder of the proceeds of the Series 2005 Bonds shall be deposited at the direction of the City Manager or the Finance Director into the Construction Fund of 2005A and the Construction Fund of 2005B, respectively, established in Section 15 and Section 16 hereof to pay Costs of Acquisition and Construction of the 2005 Projects and Costs of Issuance.

The respective amounts specified in this Section 14 shall be determined by the City upon delivery of the Series 2005 Bonds.

Section 15. Construction Fund of 2005A. There is hereby created and established the Construction Fund of 2005A, which fund shall be held by the Custodian. The Construction Fund of 2005A 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 2005A shall be used and applied to the payment of the Costs of the Acquisition and Construction of the 2005 Projects and to pay all Costs of Issuance incidental to the issuance and sale of the 2005A Bonds.

Moneys held for the credit of the Construction Fund of 2005A 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 2005A 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 2005A, such excess shall be paid into the 2005A Debt Service Fund and shall be used only for the payment of the principal of and interest on the 2005A Bonds or, in the alternative, to acquire Outstanding 2005A Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof.

Section 16. Construction Fund of 2005B. There is hereby created and established the Construction Fund of 2005B, which fund shall be held by the Custodian. The Construction Fund of 2005B 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 2005B 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 2005B Bonds.

Moneys held for the credit of the Construction Fund of 2005B 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 2005B 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 2005B, such excess shall be paid into the 2005B Debt Service Fund and shall be used only for the payment of the principal of and interest on the 2005B Bonds or, in the alternative, to acquire Outstanding 2005B Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof.

Section 17. Federal Tax Covenant. The City hereby covenants and agrees with the Holders of the 2005A Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the 2005A Bonds to become includable in the gross income of the Bondholders for federal income tax purposes pursuant to the applicable provisions of the Code and the regulations promulgated thereunder in effect on the date of original issuance of the 2005A Bonds and that no use of the proceeds of the 2005A Bonds shall be made which, if such use had been reasonably expected on the date of issue of the 2005A Bonds would have caused the 2005A 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 2005A 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 18. Bond Insurance Policy and Special Provisions Required Thereby.

So long as there shall be Series 2005 Bonds Outstanding or the Bond Insurer is owed any amounts in connection herewith and no Insurer Default has occurred and is continuing, the City has covenanted to the Bond Insurer as follows:

(a) *Consent of the Bond Insurer.* Any provision of the General Bond Ordinance or this First Supplemental Ordinance expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer thereunder or hereunder without the prior written consent of the Bond Insurer.

(b) *Consent of the Bond Insurer in Addition of Bondholder Consent.* Whenever the General Bond Ordinance requires the consent of the Holders of the Series 2005 Bonds, the Bond Insurer's consent shall also be required.

(c) *Consent of the Bond Insurer in the Event of Insolvency.* Any reorganization or liquidation plan with respect to the City must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Holders of Series 2005 Bonds absent a default by the Bond Insurer under the Bond Insurance Policy.

(d) *Control of Rights and Remedies Upon Default.* Anything in the General Bond Ordinance or this First Supplemental Ordinance to the contrary notwithstanding, upon the

occurrence and continuance of an Event of Default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Series 2005 Bonds or the Paying Agent for the benefit of the Holders of the Series 2005 Bonds under the General Bond Ordinance or this First Supplemental Ordinance.

(e) *Notices to be Given to the Bond Insurer.* The City shall furnish to the Bond Insurer:

(1) Any notice that is required to be given to the Holders of the Series 2005 Bonds, nationally recognized municipal securities information repositories or state information depositories pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Paying Agent pursuant to the General Bond Ordinance or this First Supplemental Ordinance shall also be provided to the Bond Insurer.

(2) Within 180 days of the end of the City's Fiscal Year, a copy of the audited financial statements of the City and a copy of the Annual Budget of the City shall be sent to CIFG Assurance North America, Inc., 825 Third Avenue, 6th Floor, New York, New York, 10022, Attn: Surveillance (or, at the option of the City via electronic mail to both: surveillance@cifg.com and to general.counsel@cifg.com).

(f) *Information to be Provided to the Bond Insurer.* The Bond Insurer shall have the right to receive such additional information as it may reasonably request. The City will permit the Bond Insurer to discuss the affairs, finances and accounts of the City or any information the Bond Insurer may reasonably request regarding the security for the Series 2005 Bonds with appropriate officers of the City. The City will permit the Bond Insurer to have access to the facilities, books and records of the City relating to the Series 2005 Bonds on any Business Day upon reasonable prior notice. Following an Event of Default (or an event which, with the lapse of time or giving of notice, would become an Event of Default) under the General Bond Ordinance or, in other circumstances for reasonable cause shown, the Bond Insurer shall have the right to direct an accounting at the City's expense and the City's failure to comply with such direction within 30 days after written notice of the direction from the Bond Insurer shall be deemed a default under this First Supplemental Ordinance.

(g) *Defeasance.* Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 2005 Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Series 2005 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the pledge of and lien upon the Net Revenues and all covenants, agreements and other obligations of the City to the Holders of the Series 2005 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Holders.

In addition to the requirements of Article XII of the General Bond Ordinance, the following additional items must be delivered in connection with the defeasance of the Series 2005 Bonds:

- (1) an escrow agreement,
- (2) an opinion regarding the validity and enforceability as to the City of the escrow agreement,
- (3) a verification report by a certified public accountant, and
- (4) a defeasance opinion and an opinion that the defeasance of the Series 2005 Bonds will not adversely impact the exclusion from gross income for federal income tax purposes of the Series 2005 Bonds (both of which can rely upon the verification report described in (3) above);

provided, however, that the escrow agreement must provide that (a) any substitution of securities shall require a verification report from a certified public accountant and the prior written consent of the Bond Insurer, (b) the City will not exercise any optional redemption of the Series 2005 Bonds subject to the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (1) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the bonds issued to refund the Series 2005 Bonds, and (2) as a condition of any such redemption there shall be provided to the Bond Insurer a verification report of a certified public accountant as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following such redemption, and (c) the City shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Bond Insurer.

(h) *Payment Procedure Pursuant to Bond Insurance Policy.* As long as the Bond Insurance Policy shall be in full force and effect, the following provisions shall apply:

(1) In the event that on the second Business Day prior to an Interest Payment Date or Principal Payment Date with respect to the Series 2005 Bonds, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Series 2005 Bonds due on the second following Business Day, the Paying Agent shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or electronic mail, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(2) If any deficiency is made up in whole or in part prior to or on such Interest Payment Date or Principal Payment Date, the Paying Agent shall so notify the Bond Insurer or its designee.

(3) In addition, if the Paying Agent has notice that any Holder of Series 2005 Bonds has been required to disgorge payments of principal or interest on the Series 2005 Bonds pursuant to a final non-appealable order by a court of competent

jurisdiction that such payment constitutes an avoidable preference to such Holder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Bond Insurer or its designee of such fact by telephone or electronic mail, confirmed in writing by registered or certified mail.

(4) The Paying Agent shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2005 Bonds as follows:

(a) If there is a deficiency in amounts required to pay interest on the Series 2005 Bonds, the Paying Agent shall (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent for such Holders in any legal proceeding related to the payment of and an assignment to the Bond Insurer of the claims for interest on the Series 2005 Bonds, (ii) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment from the Bond Insurer with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Holders; and

(b) If there is a deficiency in amounts required to pay principal of the Series 2005 Bonds, the Paying Agent shall (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent for such Holder in any legal proceeding related to the payment of such principal and an assignment to the Bond Insurer of the Series 2005 Bonds surrendered to the Bond Insurer (but such assignment shall be delivered only if payment from the Bond Insurer is received), (ii) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment therefor from the Bond Insurer, and (iii) disburse the same to such Holders.

(5) Payments with respect to claims for interest on and principal of Series 2005 Bonds disbursed by the Paying Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the City with respect to such Series 2005 Bonds, and the Bond Insurer shall become the owner of such unpaid Series 2005 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

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

(a) It recognizes that to the extent the Bond Insurer makes payments directly or indirectly (e.g., by paying through the Paying Agent), on account of principal of or interest on the Series 2005 Bonds, the Bond Insurer will

be subrogated to the rights of such Holders to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in the General Bond Ordinance and this First Supplemental Ordinance and the Series 2005 Bonds; and

(b) It will accordingly pay to the Bond Insurer the amount of such principal and interest, with interest thereon as provided in the General Bond Ordinance and this First Supplemental Ordinance and the Series 2005 Bonds, but only from the sources and in the manner provided therein and herein for the payment of principal of and interest on the Series 2005 Bonds to Holders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

(i) *Bond Insurer Deemed to be Holder of Series 2005 Bonds.* Notwithstanding the provisions of subsection (b) above, for all purposes under the General Bond Ordinance in which a vote, consent or approval of the Holders of the Series 2005 Bonds is required or permitted, the Bond Insurer shall be deemed to be the Holder of all Outstanding Series 2005 Bonds.

(j) *Provisions Relating to the Paying Agent.* Notwithstanding any provisions of the General Bond Ordinance or this First Supplemental Ordinance, so long as the Bond Insurance Policy is in effect:

(1) The Bond Insurer shall receive prior written notice of any name change of the Paying Agent or the resignation or removal of the Paying Agent.

(2) No removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to the Bond Insurer, shall be appointed.

(k) *Amendments and Supplements.* If the City makes any amendment or supplement to the General Bond Ordinance or this First Supplemental Ordinance pursuant to Section 9.1(A) of the General Bond Ordinance, the Bond Insurer must be given prompt notice of any such amendments or supplements. If the City makes any amendment or supplement to the General Bond Ordinance or this First Supplemental Ordinance pursuant to Section 9.1(B) of the General Bond Ordinance, the Bond Insurer's prior written consent is required. Copies of any amendments or supplements to the General Bond Ordinance or this First Supplemental Ordinance which are consented to by the Bond Insurer shall be sent promptly to the rating agencies which have assigned a rating to the Series 2005 Bonds. Notwithstanding any other provision of the General Bond Ordinance or this First Supplemental Ordinance, in determining whether the rights of the Holders of the Series 2005 Bonds will be adversely affected by any action taken pursuant to the terms and provisions thereof, the Paying Agent shall consider the effect on the Holders of the Series 2005 Bonds as if there were no Bond Insurance Policy.

(l) *Reimbursement of Expenses.* To the extent permitted by law, the City shall agree to pay or reimburse the Bond Insurer for any and all charges, fees, costs and expenses

which the Bond Insurer may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Bond Insurance Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the General Bond Ordinance including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the City) relating to the General Bond Ordinance, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the General Bond Ordinance, or the pursuit of any remedies under the General Bond Ordinance, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, or (iv) any amendment, waiver or other action with respect to, or related to, the General Bond Ordinance whether or not executed or completed; and the Bond Insurer shall reserve the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the General Bond Ordinance.

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

(1) any omission or action (other than of or by the Bond Insurer) in connection with the offering, issuance, sale or delivery of the Series 2005 Bonds;

(2) the negligence, bad faith, willful misconduct, misfeasance, malfeasance or theft committed by any council member, officer, employee or agent of the City in connection with any transaction arising from or relating to this First Supplemental Ordinance;

(3) the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it;

(4) the breach by the City of any representation, warranty or covenant under this First Supplemental Ordinance or the occurrence, in respect of the City, under this First Supplemental Ordinance of any Event of Default or any event which, with the giving of notice or lapse of time or both, would constitute any Event of Default; or

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

(n) *Payments on the Bond Insurance Policy.* The Bond Insurer shall be entitled to pay any amount payable under the Bond Insurance Policy in respect of Regular Payments (as defined in the Bond Insurance Policy) on the Series 2005 Bonds, including any amount payable upon its election on the Series 2005 Bonds on an accelerated basis, whether or not any notice and certificate shall have been Received (as defined in the Bond Insurance Policy) by the Bond Insurer as provided in the Bond Insurance Policy.

(o) *Insurer as Third-Party Beneficiary.* The City acknowledges and agrees that the Bond Insurer is a third party beneficiary under the General Bond Ordinance or this First Supplemental Ordinance and may enforce any right, remedy or claim conferred, given or granted under or by reason thereof and hereof.

Section 19. Debt Service Reserve Policy and Special Provisions Required Thereby.

As long as the Reserve Surety shall be in full force and effect, the City and the Paying Agent agree to comply with the following provisions:

(a) To the extent that the 2005A Debt Service Reserve Fund or the 2005B Debt Service Reserve Fund, or both, is funded in part with a reserve surety issued by an entity other than the Bond Insurer and in part with the Reserve Surety, in the event of any draw upon the 2005A Debt Service Reserve Fund or the 2005B Debt Service Reserve Fund, as the case may be, the Paying Agent must make claims pro rata (in the proportion which the maximum amount available under the Reserve Surety bears to the total 2005A Reserve Fund Requirement or 2005B Reserve Fund Requirement, or both, as the case may be) against the Reserve Surety and all other reserve surety on deposit in the 2005A Debt Service Reserve Fund or the 2005B Debt Service Reserve Fund, as the case may be.

(b) The Paying Agent shall deliver to the Bond Insurer a notice of nonpayment at least two Business Days prior to the date on which payment under the Reserve Surety is required.

(c) In addition to the existing requirements of Section 7.1 of the General Bond Ordinance, the City covenants that it shall fix, establish and maintain such rates, rentals or other charges for the use of the Off-Street Parking Facilities, so as to produce in each Fiscal Year, the sum of Net Revenues at least equal to 100% of the Policy Costs (as defined in the Reimbursement Agreement) then due and owing.

(d) The Paying Agent shall maintain adequate records, which shall be open to

inspection by the Bond Insurer at any time, as to the amount available to be drawn at any time under the Reserve Surety and as to the amounts paid and owing to the Bond Insurer under the terms of the Reimbursement Agreement.

Section 20. 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. Notwithstanding any other provision of the Ordinance or this First 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 First Supplemental Ordinance. The Continuing Disclosure Agreement shall be executed by the City Manager prior to the delivery of the Series 2005 Bonds and shall be in substantially the form attached hereto as Exhibit C with such changes as the Mayor shall approve.

(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 30 days of an event adversely affecting more than five percent (5%) of the Revenues of the City's tax base.

The only remedy for failure by the City to comply with the covenant of this paragraph (b) of Section 20 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 First Supplemental Ordinance. Notwithstanding anything to the contrary in the 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 21. Further Actions. The Mayor, City Manager, Senior Assistant City Manager for Operations, Interim Chief Financial Officer, Finance Director, City Clerk and the City Attorney are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance of the Series 2005 Bonds pursuant to the Bond Purchase Agreement, to purchase the Reserve Surety and Bond Insurance Policy including the execution and delivery of the commitment relating thereto and the Reimbursement Agreement and to carry out the intentions of this First Supplemental Ordinance.

Section 22. 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 First Supplemental Ordinance.

Section 23. 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 or certified mail, postage prepaid, or given when dispatched by telegram addressed as provided in the General Bond Ordinance or as follows:

If to the City:

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

If to the Registrar or the Paying Agent:

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

If to the Bond Insurer:

CIFG Assurance North America, Inc.
Attn: General Counsel
825 Third Avenue, 6th Floor
New York, New York 10022
electronic mail: surveillance@cifg.com and general.counsel@cifg.com

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

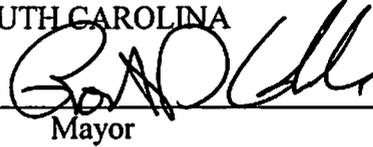
Section 24. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this First Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 25. Effective Date. This First Supplemental Ordinance shall become effective upon its enactment.

Enacted by the City Council of the City of Columbia, South Carolina, this 9th day of November, 2005.

CITY COUNCIL OF THE CITY OF COLUMBIA,
SOUTH CAROLINA

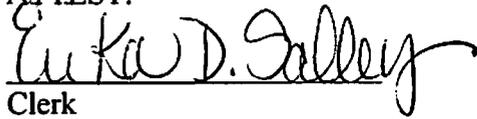
By: _____



Mayor

(SEAL)

ATTEST:



Clerk

Date of First Reading: October 26, 2005

Date of Second Reading: November 9, 2005

[Signature Page]