

---

---

ORDINANCE NO. \_\_\_\_\_

AUTHORIZING THE ISSUANCE AND SALE BY THE CITY OF ROCK HILL, SOUTH CAROLINA, OF ITS NOT EXCEEDING \$4,100,000 GENERAL OBLIGATION REFUNDING BONDS, IN ONE OR MORE SERIES, FOR THE PURPOSE OF REFUNDING THE CITY'S \$1,350,000 ORIGINAL PRINCIPAL AMOUNT GENERAL OBLIGATION BONDS, SERIES 1997, AND REFUNDING A PORTION OF THE CITY'S \$5,500,000 ORIGINAL PRINCIPAL AMOUNT GENERAL OBLIGATION BONDS, SERIES 2003; AUTHORIZING THE ISSUANCE AND SALE OF THE CITY'S NOT EXCEEDING \$1,800,000 GENERAL OBLIGATION BONDS FOR THE PURPOSE OF DEFRAYING THE COSTS OF A CAPITAL PROJECT; FIXING THE FORM AND DETAILS OF THE BONDS; AUTHORIZING THE MAYOR AND THE CITY MANAGER, TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

Enacted: \_\_\_\_\_, 2012

---

---

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROCK HILL, SOUTH CAROLINA, AS FOLLOWS:

SECTION 1. Definitions. Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall have, for all purposes of this Ordinance, the meanings hereinafter specified, with the definitions equally applicable to both the singular and plural forms and vice versa. The term:

“1997 Bond Ordinance” shall mean the Ordinance No. 97-41 enacted on September 22, 1997, authorizing the issuance and sale of the 1997 Bonds.

“1997 Bonds” shall mean the \$1,350,000 original principal amount City of Rock Hill, South Carolina, General Obligation Bonds, Series 1997, dated December 1, 1997, currently outstanding in the principal amount of \$525,000.

“2003 Bond Ordinance” shall mean the Ordinance No. 2003-19 enacted on April 28, 2003, authorizing the issuance and sale of the 2003 Bonds.

“2003 Bonds” shall mean the \$5,500,000 original principal amount City of Rock Hill, South Carolina, General Obligation Bonds, Series 2003, dated July 1, 2003, currently outstanding in the principal amount of \$3,650,000.

“Beneficial Owner” shall mean any purchaser who acquires beneficial ownership interest in an 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 Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

“Bondholders” or the term “Holders” or any similar term shall mean the registered owner or owners of any outstanding Series 2012 Bond or Series 2012 Bonds.

“Bonds to be Refunded” shall mean all or a portion of the 1997 Bonds maturing on May 1, 2013, to and including May 1, 2018, and all or a portion of the 2003 Bonds maturing on April 1, 2014, to and including April 1, 2023.

“Book-Entry Form” or “Book-Entry System” shall mean with respect to the Series 2012 Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Series 2012 Bonds may be transferred only through a book-entry and (ii) physical Series 2012 Bond certificates in fully registered form are registered only in the name of the Depository or its nominees as Holder, with the physical Series 2012 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 2012 Bonds, when subject to the Book-Entry System.

“Books of Registry” shall mean the registration books maintained by the Registrar in accordance with Section 9 hereof.

“City” shall mean the City of Rock Hill, South Carolina.

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

“Council” shall mean the City Council of the City of Rock Hill, South Carolina.

“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, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the Series 2012 Bonds, and to effect transfers of the Series 2012 Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited-purpose trust company), New York, New York.

“Escrow Agents” shall mean U.S. Bank, National Association, as successor to First Union Bank, the paying agent for the 1997 Bonds, and TD Bank, N.A., as successor to Carolina First Bank, the paying agent for the 2003 Bonds or such other bank as the Mayor and the City Manager may determine.

“Escrow Agreements” shall mean the respective Escrow Agreements dated the date of their execution between the City and the Escrow Agents.

“Government Obligations” shall mean, to the extent permitted by Section 6-5-10 of the South Carolina Code or any other authorization relating to the investment of funds by the City, any of the following: (1) cash; (2) United States Treasury Obligations – State and Local Government Series; (3) United States Treasury bills, notes, bonds or zero coupon treasury bonds all as traded on the open market; (4) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, including CATS, TIGRS and similar securities; (5) obligations of any agencies or instrumentalities which are backed by the full faith and credit of the United States of America; (6) bonds or debentures issued by any Federal Home Loan Bank or consolidated bonds or debentures issued by the Federal Home Loan Bank Board; (7) obligations of the Federal National Mortgage Association; (8) (i) general obligations of the State or any of its political units; or (ii) revenue obligations of the State or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating agencies; or (9) any legally permissible combination of any of the foregoing. Government Obligations must be redeemable only at the option of the holder thereof.

“Initial Bonds” shall mean the Series 2012 Bonds initially issued in Book-Entry Form as provided in Section 6 hereof.

“Interest Payment Date” shall mean April 1 and October 1 of each year commencing on such date as determined by the Mayor and the City Manager, or either of them acting alone.

“Letter of Representations” shall mean the Blanket Letter of Representations executed and delivered by the City to the Depository.

“Municipal Bond Act” shall mean Title 5, Chapter 21, Article 5, Code of Laws of South Carolina 1976, as amended.

“New Money Bonds” shall mean the City of Rock Hill, South Carolina, General Obligation Bonds, in one or more series, authorized to be issued pursuant to Section 3 hereof.

“Ordinance” shall mean this Ordinance.

“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 Mellon Trust Company, N.A., or such other bank as may be designated by the Mayor and the City Manager (or either of them acting alone) pursuant to Section 8 hereof.

“Record Date” shall mean the fifteenth (15<sup>th</sup>) day of the month immediately preceding each Interest Payment Date on the Series 2012 Bonds or the date of notice of any proposed redemption of the Series 2012 Bonds.

“Refunding Act” shall mean, collectively, Title 11, Chapter 15, Article 5, and Title 11, Chapter 21, of the Code of Laws of South Carolina 1976, as amended.

“Refunding Bonds” shall mean the City of Rock Hill, South Carolina, General Obligation Bonds, in one or more series, authorized to be issued pursuant to Section 3 hereof.

“Registrar” shall mean The Bank of New York Mellon Trust Company, N.A., or such other bank as may be designated by the Mayor and the City Manager (or either of them acting alone) pursuant to Section 8 hereof.

“Series 2012 Bonds” shall mean, as the context shall determine, each of the Refunding Bonds or the New Money Bonds, or any portion of the foregoing.

“South Carolina Code” shall mean South Carolina Code of Laws 1976, as amended.

“State” shall mean the State of South Carolina.

SECTION 2. Findings and Determinations. The Council of the City hereby finds and determines:

(a) The City is an incorporated municipality located in York County, South Carolina, and as such possesses all powers granted to municipalities by the Constitution and laws of this State.

(b) Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended (the "Constitution"), provides that general obligation debt may be incurred by the governing body of each city of the State of South Carolina for any public and corporate purpose in an amount not exceeding eight percent of the assessed value of all taxable property of such city.

(c) Pursuant to the Municipal Bond Act, the municipal council of any municipality may issue general obligation bonds of such municipality for any corporate purpose of such municipality to any amount not exceeding the constitutional debt limit applicable.

(d) Pursuant to such constitutional, City and statutory authorizations, the City has issued the 1997 Bonds pursuant to the 1997 Bond Ordinance and the 2003 Bonds pursuant to the 2003 Bond Ordinance.

(e) The Refunding Act authorizes and provides the procedure for the issuance of general obligation bonds whose proceeds are to be used to pay, in whole or in part, sums due on general obligation bonds previously issued, and further provides that any issuer (defined to include a municipality) may issue general obligation bonds to such extent as such issuer shall be indebted by way of principal, interest, and redemption premium upon any outstanding general obligation bonds.

(f) The 1997 Bonds are currently outstanding in the amount of \$525,000. The 1997 Bonds are subject to redemption at the option of the City as a whole at any time, or in part from time to time on any interest payment date thereof (May 1 and November 1 of each year), together with the interest accrued thereon to the date fixed for redemption.

(g) The 2003 Bonds are currently outstanding in the amount of \$3,650,000. The 2003 Bonds maturing on or after April 1, 2014, are subject to redemption at the option of the City on or after April 1, 2013, as a whole at any time, or in part from time to time on any interest payment date thereof (April 1 and October 1 of each year), together with the interest accrued thereon to the date fixed for redemption.

(h) Based on current market conditions and projections of savings, the Council finds that it is in the best interest of the City to effect a refunding of the Bonds to be Refunded because a savings can be effected through the refunding and redemption of such Bonds to be Refunded. The Council recognizes, however, that current market conditions may change and that, as of the date of the enactment of this Ordinance, a determination cannot be made as to the amount of such savings, if any, will be realized through the refunding of the Bonds to be Refunded, and that certain authority relating to such refunding is delegated to the Mayor and the City Manager of the City through this Ordinance. Because the Refunding Act requires that refunding bonds be sold at public sale there can be no assurance that market conditions at the time of such sale will be similar to the prevailing

rates on the date of the adoption of this Ordinance. If the rates of interest on the refunding bonds authorized by this Ordinance do not result in satisfactory debt service savings, the Mayor and the City Manager will be empowered to reject bids for the purchase of the refunding bonds.

(i) The Municipal Bond Act requires that an election be held prior to the issuance of general obligation bonds. Title 11, Chapter 27 of the South Carolina Code as amended, provides that if an election be prescribed by the provisions of the Municipal Bond Act, but is not required by the provisions of Article X of the Constitution, then in every such instance, no election need be held (notwithstanding the requirement therefor) and the remaining provisions of the Municipal Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions. Title 11, Chapter 27 of the South Carolina Code further provides that any municipality of the State may issue bonds in fully registered form.

(j) The assessed value of all taxable property in the City is not less than \$240,582,828 which includes the 1987 assessed value of merchants' inventory in the amount of \$2,071,740. Eight percent (8%) of such sum is \$19,246,626. The outstanding general obligation debt of the City (exclusive of the Bonds to be Refunded) subject to the limitation imposed by Article X, Section 14(7)(a) of the Constitution is \$13,285,000, representing the outstanding principal balances of the following general obligation bonds of the City:

- (i) The 1997 Bonds, currently outstanding in the principal amount of \$525,000, all of which will be refunded with a portion of the proceeds of the Refunding Bonds;
- (ii) The 2003 Bonds, currently outstanding in the principal amount of \$3,650,000, of which \$3,375,000 will be refunded with a portion of the proceeds of the Refunding Bonds (the 2003 Bonds maturing on April 1, 2013 in the principal amount of \$275,000 will not be refunded);
- (iii) \$2,700,000 original principal amount General Obligation Bonds, Series 2008, dated December 30, 2008, which will be outstanding in the principal amount of \$2,310,000; and
- (v) \$10,700,000 original principal amount General Obligation Bonds, Series 2011, dated August 10, 2011, which will be outstanding in the principal amount of \$10,700,000.

Thus, excluding the outstanding principal of the Bonds to be Refunded, the City may incur \$5,961,626 of general obligation debt within its applicable constitutional debt limitation.

(j) The proceeds of the New Money Bonds shall be applied to defray the costs of the Project (as described in (k) below). The Project is necessary and in the best interest of the City. The issuance of the Series 2012 Bonds authorized by this Ordinance for such purposes is necessary and such Series 2012 Bonds will be issued for a corporate purpose and a public purpose of the City.

(k) It is now in the best interest of the City for the Council to provide for the issuance and sale of general obligation bonds of the City pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina in order to effect (i) the refunding of the Bonds to be Refunded and to authorize any Bonds to be Refunded to be called for redemption on a date or dates to be determined by the Mayor and the City Manager; and (ii) defraying a portion of the costs of an approximate 10,700 square foot addition to the City's Law Enforcement Center (the "Project").

SECTION 3. Authorization and Details of Bonds. Pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina, there is hereby authorized to be issued not exceeding \$4,100,000 principal amount of general obligation refunding bonds, in one or more series, of the City (the "Refunding Bonds") to effect the refunding of the Bonds to be Refunded and not exceeding \$1,800,000 principal amount of general obligation bonds of the City (the "New Money Bonds") to defray the costs of the Project. Each of the Series 2012 Bonds shall be issued in a principal amount determined by the Mayor and the City Manager, which amount will be sufficient to provide for the above-described purposes and all expenses incurred in connection with the issuance of the Series 2012 Bonds. The Series 2012 Bonds shall be designated "(principal amount issued) General Obligation Refunding Bonds, Series (year), of the City of Rock Hill, South Carolina" and "(principal amount issued) General Obligation Bonds, Series (year), of the City of Rock Hill, South Carolina." Notwithstanding anything herein to the contrary, the Series 2012 Bonds shall bear such additional numbers or other series designations in order to distinguish one series from another, as may be determined by the Mayor and the City Manager, or either one acting alone.

Each of the Refunding Bonds and the New Money Bonds shall be issued as fully registered bonds; shall be dated as of the date of their respective delivery or the first or the fifteenth day of the month in which such series of bonds are delivered to the initial purchaser(s) thereof or such other date as determined as the Mayor and the City Manager shall determine; shall be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of such series of bonds maturing in each year unless issued as a single bond in the entire principal amount of such series; shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from their date payable semiannually thereafter on April 1 and October 1 of each year commencing on a date determined by the Mayor and the City Manager, until such respective series of bonds mature, at such rate or rates as may be determined by the Mayor and the City Manager, at the time of the sale thereof; and shall mature serially in successive annual installments on April 1 in the years and in the principal amounts as determined by the Mayor and the City Manager pursuant to Section 5 hereof.

SECTION 4. Redemption of the Bonds to be Refunded. The refunding of any or all of the Bonds to be Refunded shall be effected with a portion of the proceeds of the Refunding Bonds which proceeds shall be used for the payment of the principal of such Bonds to be Refunded as and when such Bonds to be Refunded mature and are called for redemption in accordance with the respective provisions of the 1997 Bond Ordinance and the 2003 Bond Ordinance, at the redemption price thereof, together with accrued interest on such Bonds to be Refunded to the date fixed for redemption.

Upon the delivery of the Refunding Bonds, the principal proceeds thereof, less any accrued interest and less costs of issuance, shall be deposited with the respective Escrow Agent, and held by it under the respective Escrow Agreement in a special trust account. If necessary, the Mayor and the City Manager are authorized to direct the applicable Escrow Agent to keep such proceeds invested and reinvested to the extent that it shall be practical in obligations of the United States or any agency thereof and to apply the principal and interest of the trust so established in the manner prescribed in such Escrow Agreement.

The Mayor and the City Manager are hereby authorized and directed for and on behalf of the City to execute such agreements, to prepare, execute and file subscriptions for securities and to give such directions as shall be necessary to carry out the provisions of this Ordinance, including the execution and delivery of the applicable Escrow Agreement.

SECTION 5. Determination of Certain Matters Relating to the Series 2012 Bonds. The Mayor and the City Manager are hereby authorized and empowered to: (a) determine the original issue dates of the Series 2012 Bonds; (b) determine the aggregate principal amounts of the Series 2012 Bonds to be issued; (c) determine the respective first interest payment dates of the Series 2012 Bonds; (d) determine the redemption provisions, if any, for the Series 2012 Bonds; (e) determine the respective maturity dates and the principal amounts maturing on each maturity date (April 1) of the Series 2012 Bonds; (f) designate the Paying Agent and Registrar for each series of the Series 2012 Bonds; (g) determine the dates and times of sale of the Series 2012 Bonds; (h) determine the respective maturities and principal amounts of the Bonds to be Refunded and direct the paying agent for the Bonds to be Refunded to give a conditional notice of redemption of the Bonds to be Refunded; (i) take such actions described in Section 18 and in conjunction with the sale of each of the Refunding Bonds and the New Money Bonds, including receiving bids on behalf of the City to award the sale of each series of such bonds to the lowest respective bidder therefor, in accordance with the terms of the Notice of Sale for such series of bonds, provided that no award for the sale of the Refunding Bonds shall be made unless the Mayor and the City Manager determine that a savings can be effected through the refunding of the Bonds to be Refunded; (j) make adjustments to the principal amounts of the Series 2012 Bonds immediately following the sale; (k) determine whether any of the Series 2012 Bonds will be issued as term bonds and, if so, the principal amounts and maturity dates of the Series 2012 Bonds subject to mandatory sinking fund redemption; and (l) negotiate and execute all other contracts which may be necessary or required in connection with the issuance of the Series 2012 Bonds (provided, however, that unless otherwise expressly required by this Ordinance, the Mayor, the City Manager or the Chief Financial Officer of the City may execute such contracts alone). After each sale of a series of the Series 2012 Bonds, the Mayor and the City Manager shall submit a written report to the Council setting forth the results of the sale of such series of the Series 2012 Bonds.

SECTION 6. Book-Entry Bonds. If requested by the initial purchaser(s) of the Series 2012 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 2012 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 or one bond for each of the series and maturities of the Series 2012 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 Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Owners of the Series 2012 Bonds or their nominees in accordance with its rules and regulations.

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 Paying Agent and the Registrar 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 Paying Agent and the Registrar 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 2012 Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the Series 2012 Bonds, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2012 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 2012 Bonds under or through the Depository or any Participant, or any other person which is not shown on 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 2012 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; or any consent given or other action taken by the Depository as a Bondholder.

SECTION 7. Successor Depository. If (a) the Depository determines not to continue to act as Depository for the Series 2012 Bonds and gives reasonable notice to the Registrar and 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 2012 Bonds of the same principal amount, interest rate, series 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 2012 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 2012 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 Bonds in fully registered form, in substantially the form set forth in Section 13 of this Ordinance in the denomination of \$5,000 or any integral multiple thereof.

SECTION 8. Registrar and Paying Agent. Both the principal of and interest on the Series 2012 Bonds shall be 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. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, or a bank designated by the Mayor and the City Manager (or either of them acting alone) may act as the Registrar and the Paying Agent for the Series 2012 Bonds.

SECTION 9. Registration, Transfer and Exchange of Series 2012 Bonds. The City shall cause the Books of Registry to be kept at the offices of the Registrar for the registration and transfer of the Series 2012 Bonds. Upon presentation at its office for such purpose, the Registrar shall register or transfer, or cause to be registered or transferred, on such Books of Registry, the Series 2012 Bonds under such reasonable regulations as the Registrar may prescribe.

Each Series 2012 Bond shall be transferable only upon the Books of Registry of the City, which shall be kept for such purpose at the principal office of the Registrar, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Series 2012 Bond, the Registrar on behalf of the City shall issue in the name of the transferee a new fully registered Series 2012 Bond or Series 2012 Bonds of the same aggregate principal amount, interest rate, series and maturity as the surrendered Series 2012 Bond. Any Series 2012 Bond surrendered in exchange for a new registered Series 2012 Bond pursuant to this Section shall be canceled by the Registrar.

The City, the Registrar and the Paying Agent may deem or treat the person in whose name any fully registered Series 2012 Bond shall be registered upon the Books of Registry as the absolute owner of such Series 2012 Bond, whether such Series 2012 Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Series 2012 Bond and for all other purposes; and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2012 Bond to the extent of the sum or sums so paid, and neither the City nor the Registrar shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Series 2012 Bonds is exercised, the

City shall execute and the Registrar shall authenticate and deliver Series 2012 Bonds in accordance with the provisions of this Ordinance. Neither the City nor the Registrar shall be obliged to make any such transfer of Series 2012 Bonds during the fifteen (15) days preceding an interest payment date on such Series 2012 Bonds.

SECTION 10. Record Date. The City hereby establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Series 2012 Bonds, and such record date shall be not more than fifteen (15) days preceding an Interest Payment Date on such Series 2012 Bond or, in the case of any proposed redemption of Series 2012 Bonds, such record date shall be not more than fifteen (15) days (whether or not a business day) prior to the mailing of notice of redemption of Series 2012 Bonds.

SECTION 11. Mutilation, Loss, Theft or Destruction of Series 2012 Bonds. In case any Series 2012 Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the City shall execute and the Registrar shall authenticate and deliver at the principal office of the Registrar, or send by registered mail to the owner thereof at his request, risk and expense a new Series 2012 Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Series 2012 Bond, or in lieu of or in substitution for such lost, stolen or destroyed Series 2012 Bond. In any such event, the applicant for the issuance of a substitute Series 2012 Bond shall furnish the City and the Registrar evidence or proof satisfactory to the City and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Series 2012 Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State of South Carolina or such greater amount as may be required by the City and the Registrar. Any duplicate Series 2012 Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Series 2012 Bond or in substitution for any allegedly lost, stolen or wholly destroyed Series 2012 Bond shall be entitled to the identical benefits under this Ordinance as was the original Series 2012 Bond in lieu of which such duplicate Series 2012 Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Series 2012 Bonds of the same series issued hereunder.

All expenses necessary for the providing of any duplicate Series 2012 Bond shall be borne by the applicant therefor.

SECTION 12. Execution of Series 2012 Bonds. The Series 2012 Bonds shall be executed in the name of the City with the manual or facsimile signature of the Mayor of the City attested by the manual or facsimile signature of the Municipal Clerk of the City under a facsimile of the seal of the City which shall be impressed, imprinted or reproduced thereon. The Series 2012 Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each Series 2012 Bond shall bear a certificate of authentication manually executed by the Registrar in substantially the form set forth herein.

SECTION 13. Form of Series 2012 Bonds. The Series 2012 Bonds shall be in substantially the following form. In the event either series of the Series 2012 Bonds will be held by a single

Bondholder, the form of bond may be revised as a single fully registered bond for each such series which sets forth any or all maturing principal amounts:

(FORM OF SERIES 2012 BOND)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CITY OF ROCK HILL  
GENERAL OBLIGATION [REFUNDING] BOND, SERIES (year)

No. R-

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>ORIGINAL</u> <u>ISSUE DATE</u>	<u>CUSIP</u>
--------------------------------	--------------------------------	--------------------------------------	--------------

REGISTERED HOLDER:

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the City of Rock Hill, South Carolina (the “City”), is justly indebted and, for value received, hereby promises to pay to the registered holder named above, or registered assigns, the principal amount shown above on the maturity date shown above, upon presentation and surrender of this Bond at the principal office of The Bank of New York Mellon Trust Company, N.A., as paying agent (the “Paying Agent”) in Jacksonville, Florida, and to pay interest on such principal sum from the date hereof at the interest rate per annum shown above until this Bond matures. Interest on this Bond is payable semiannually on April 1 and October 1 of each year commencing \_\_\_\_\_, until this Bond matures and shall be payable by check or draft mailed to the person in whose name this Bond is registered on the registration books of the City maintained by the registrar, presently The Bank of New York Mellon Trust Company, N.A., as registrar (the “Registrar”), in Jacksonville, Florida, at the close of business on the fifteenth (15th) day of the calendar month preceding each semiannual interest payment date. The principal 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 check or draft as set forth above.

This Bond shall not be entitled to any benefit under the Ordinance (as defined herein), 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 a series of Bonds of like date of original issue, tenor and effect, except as to number, denomination, date of maturity, redemption provisions, date of authentication and rate of interest, aggregating \_\_\_\_\_ (\$ \_\_\_\_\_) issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X, Section 14 of the

Constitution of the State of South Carolina, 1895, as amended; Title 5, Chapter 21, Article 5, [Title 11, Chapter 15, Article 5, Title 11, Chapter 21,] and Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended; and Ordinance No. \_\_\_\_\_ duly enacted on \_\_\_\_\_, 2012, by the Council (the “Ordinance”).

[New Money Bonds: For the payment of the principal and interest on this Bond and the series of Bonds of which it is one, as they respectively mature, and for the creation of a sinking fund to aid in the retirement and payment thereof, the full faith, credit and taxing power of the City are irrevocably pledged, and there shall be levied and collected annually upon all taxable property in the City an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes.]

[Refunding Bonds: For the payment of the principal and interest on this Bond and the series of Bonds of which it is one, as they respectively mature, and for the creation of such sinking fund as may be necessary to provide for the prompt payment thereof, the full faith, credit, taxing power and resources of the City are irrevocably pledged, and there shall be levied and collected annually upon all taxable property of the City an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes.]

[Redemption provisions] [This Bond and the series of which it is one will not be subject to redemption prior to maturity]. [This Bond and the series of which it is one maturing on or prior to April 1, 2022 shall not be subject to redemption prior to their stated maturities. This Bond and the series of which it is one maturing on and after April 1, 2023 shall be subject to redemption at the option of the City on or after April 1, 2022, 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 a redemption price equal to 100% of the principal amount to be redeemed together with the interest accrued on such principal amount to the date fixed for redemption.]

This Bond and the series of which it is one is transferable as provided in the Ordinance, only upon the books of the City kept for that purpose at the principal office of the Registrar by the registered holder 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 holder or his duly authorized attorney. Thereupon, a new fully registered Bond or Bonds of the same aggregate principal amount, interest rate, and maturity shall be issued to the transferee in exchange therefor as provided in the 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 hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina, this Bond and the interest hereon are exempt from all State, county, municipal, City 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 and recited that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed

precedent to or in the issuance of this Bond exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed the applicable limitation of indebtedness under the laws of the State of South Carolina and that provision has been made for the levy and collection annually upon all taxable property in the City an ad valorem tax, without limitation as to rate or amount, sufficient to pay the principal of and interest on this Bond and the series of Bonds of which it is one, as the same shall respectively mature, [New Money Bonds: and to create a sinking fund to aid in the retirement and payment thereof][Refunding Bonds: and to create such sinking fund as may be necessary to provide for the prompt payment thereof].

IN WITNESS WHEREOF, CITY OF ROCK HILL, SOUTH CAROLINA, has caused this Bond to be signed with the [manual or facsimile] signature of the Mayor of the City, attested by the [manual or facsimile] signature of the Municipal Clerk of the City and the seal of the City impressed, imprinted or reproduced hereon.

CITY OF ROCK HILL, SOUTH CAROLINA

\_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
Municipal Clerk

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

Date of Authentication:

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

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.

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

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

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the  
entireties

\_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
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.

[Remainder of page intentionally blank]

(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(s) 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.

A copy of the final approving legal opinion to be rendered shall be attached to the back of each Bond and preceding the same a certificate shall appear, which shall be signed on behalf of the City with a facsimile signature of the Municipal Clerk of the City. Said certificate shall be in substantially the following form:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final legal opinion (except for date and letterhead) of McNair Law Firm, P.A., Greenville, South Carolina, approving the issue of bonds of which the within bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for such bonds, and a copy of which is on file with the City of Rock Hill, South Carolina.

CITY OF ROCK HILL, SOUTH CAROLINA

By: \_\_\_\_\_  
Municipal Clerk

SECTION 14. Security for New Money Bonds. The full faith, credit and taxing power of the City are hereby irrevocably pledged for the payment of the principal of and interest on the New Money Bonds, as they respectively mature, and for the creation of a sinking fund to aid in the retirement and payment thereof, and there shall be levied and collected annually upon all taxable

property in the City an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes.

The appropriate official of the City shall be notified as to the delivery of and payment for the New Money Bonds and is hereby directed to levy and collect annually upon all taxable property in the City an ad valorem tax, without limitation as to rate or amount, sufficient to pay the principal and interest of the New Money Bonds, as they respectively mature, and for the creation of a sinking fund to aid in the retirement and payment thereof.

SECTION 15. Security for Refunding Bonds. The full faith, credit and taxing power of the City are hereby irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds, as they respectively mature, and for the creation of such sinking fund as may be necessary to provide for the prompt payment thereof, and there shall be levied and collected annually upon all taxable property in the City an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes.

The appropriate official of the City shall be notified as to the delivery of and payment for the Refunding Bonds and is hereby directed to levy and collect annually upon all taxable property in the City an ad valorem tax, without limitation as to rate or amount, sufficient to pay the principal and interest of the New Money Bonds, as they respectively mature, and for the creation of such sinking fund as may be necessary to provide for the prompt payment thereof.

SECTION 16. Defeasance. The obligations of the City under this Ordinance and the pledges, covenants and agreements of the City herein made or provided for, shall be fully discharged and satisfied as to any portion of the Series 2012 Bonds, and such Series 2012 Bond or Series 2012 Bonds shall no longer be deemed to be outstanding hereunder when:

(a) such Series 2012 Bond or Series 2012 Bonds shall have been purchased by the City and surrendered to the City for cancellation or otherwise surrendered to the City or the Paying Agent and is canceled or subject to cancellation by the City or the Paying Agent; or

(b) payment of the principal of and interest on such Series 2012 Bonds either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Paying Agent in trust and irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment, or (2) Government Obligations (hereinafter defined) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the Paying Agent. At such time as the Series 2012 Bonds shall no longer be deemed to be outstanding hereunder, such Series 2012 Bonds shall cease to draw interest, and, except for the purposes of any such payment from such moneys or Government Obligations as set forth in (ii) above, shall no longer be secured by or entitled to the benefits of this Ordinance.

SECTION 17. Exemption from State Taxes. Both the principal of and interest on the Series 2012 Bonds shall be exempt, in accordance with the provisions of Section 12-2-50 of the South

Carolina Code, 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.

SECTION 18. Sale of Series 2012 Bonds; Form of Notice of Sale. The Series 2012 Bonds shall be sold at public sale. A Notice of Sale with respect to each of the Series 2012 Bonds, in the form set forth below, shall be distributed to prospective bidders, and a summary of such Notice of Sale shall be published in a newspaper having general circulation in the State of South Carolina not less than seven (7) days prior to the date set for such sale; provided, however, that nothing herein shall prohibit the Refunding Bonds and the New Money Bonds from being sold at the same time or to require them to be issued and sold at all or in a particular order.

The Notice of Sale shall be in substantially the following form:

NOTICE OF SALE  
\$\_\_\_\_\_ GENERAL OBLIGATION [REFUNDING] BONDS, SERIES 2012,  
OF CITY OF ROCK HILL  
STATE OF SOUTH CAROLINA

Time and Place of Sale: NOTICE IS HEREBY GIVEN that bids for the purchase of \$\_\_\_\_\_ General Obligation [Refunding] Bonds, Series 2012, of the City of Rock Hill, South Carolina (the "Bonds") will be received on behalf of the City of Rock Hill (the "City"), South Carolina, by the Mayor of the City in the Rock Hill City Hall, Council Chambers, 155 Johnston Street, Rock Hill, South Carolina, until 12:00 Noon, South Carolina time, on \_\_\_\_\_, 2012, or such other date and time as may be established by the City and communicated by Thompson Municipal Market Monitor not less than 48 hours prior to the time proposals are to be received.

Mailed or Hand-Delivered Proposals: Each hand-delivered proposal should be enclosed in a sealed envelope marked "Proposal for \$\_\_\_\_\_ General Obligation [Refunding] Bonds, Series 2012, of City of Rock Hill, South Carolina" and should be mailed or hand-delivered to the Chief Financial Officer of the City at the address in the first paragraph hereof.

Facsimile Proposals: The City will accept the facsimile transmission of a manually signed Official Bid Form or other form of bid at the risk of the bidder. The City shall not be responsible for the confidentiality of bids submitted by facsimile transmission. Any delay in receipt of a facsimile bid, and any incompleteness or illegible portions of such bid are the responsibility of the bidder. Bids by facsimile should be transmitted to the attention of Anne Poag Harty, Chief Financial Officer; Fax 803.329.8759.

E-mail Proposals: E-mail proposals may be e-mailed to the attention of Mrs. Anne Poag Harty, e-mail: [aharty@cityofrockhill.com](mailto:aharty@cityofrockhill.com).

Electronic Proposals: Electronic proposals may be submitted through i-Deal's Ipreo Electronic Bid Submission System ("Ipreo"). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of

Ipreo may be obtained from i-Deal, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Customer Support, telephone 212.849.5021.

**PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION, BY E-MAIL, OR BY ELECTRONIC BID, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE CITY AT THE PLACE, DATE AND TIME APPOINTED, AND THE CITY SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.**

Municipal Bond Insurance: A bidder may, at its option, purchase a policy of insurance relating to the Bonds to be effective as of the date of their issuance. Notice of obtaining a commitment for such insurance will be transmitted by the bond insurers. If a bidder for the Bonds desires to have the Bonds so insured, the bidder should specify in its bid for the Bonds whether bond insurance will be purchased. The premium on such bond insurance must be paid at or prior to the closing by the successful bidder. Any failure of the Bonds to be so insured or for any such policy of insurance to be issued shall not constitute cause for a failure or refusal by the purchaser of the Bonds to accept delivery of and pay for the Bonds.

Book-Entry Only Bonds: The Bonds will be issued in fully registered form. If requested by the successful bidder, a single Bond or one Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and each such Bond will be immobilized in the custody of DTC. DTC will act as the securities depository for the Bonds. Individual purchases will be made in book-entry-only form in the principal amount of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC. Notwithstanding the foregoing, at the request of the successful bidder, the Bonds will be issued as one single fully registered bond and not issued through the book-entry system.

Bonds: The Bonds will be dated the date of their delivery (expected to be \_\_\_\_\_, 2012), and will mature in annual installments on April 1 in each of the years and in the principal amounts as follows:

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

---

\*Preliminary, subject to adjustment as described below.

The Bonds will bear interest from their date of delivery payable semiannually on April 1 and October 1 of each year, commencing \_\_\_\_\_, until the Bonds mature. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Adjustment of Maturity Schedule: The City reserves the right to adjust the principal amount of any of the maturities of the Bonds (all calculations to be rounded to the near \$5,000); [provided, such adjustment will not increase or decrease the total par amount (\$\_\_\_\_\_) of the Bonds]. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the City in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the principal amount of any of the maturities of the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment of the principal amount of the maturities of the Bonds pursuant to this paragraph. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

[Redemption Provisions:] [The Bonds will not be subject to redemption prior to maturity]. [The Bonds maturing on or prior to April 1, 2022 shall not be subject to redemption prior to their stated maturities. The Bonds maturing on and after April 1, 2023 shall be subject to redemption at the option of the City on or after April 1, 2022, 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 a redemption price equal to 100% of the principal amount to be redeemed together with the interest accrued on such principal amount to the date fixed for redemption.]

Bidders' Special Option for Term Bonds: Bidders submitting proposals may specify that all the principal amount of Bonds maturing on any two or more consecutive annual payment dates may, in lieu of maturity on each of such dates, be combined to comprise one or more maturities of the Bonds scheduled to mature on the latest of such annual payment dates (the "Term Bonds"). Term Bonds shall be subject to redemption through mandatory sinking fund installments in the principal amount that would have matured in each year as set forth in this Notice of Sale, on each of the annual principal payment dates, except for the principal amount of Bonds scheduled to mature on the latest such annual payment date, which Bonds shall mature on such annual principal payment date. Bidders may specify one or more of such Term Bonds and such specifications must be made in the bidder's proposal.

Mandatory Sinking Fund Redemption: The Bonds will be subject to mandatory redemption if and to the extent the option to establish Term Bonds is exercised by the successful bidder.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the

Bonds are to bear, to be expressed in multiples of 1/20 or 1/8 or 1/100 of 1% with no greater difference than three (3%) percent between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. A BID FOR LESS THAN ALL THE BONDS, OR A BID AT A PRICE LESS THAN PAR, WILL NOT BE CONSIDERED.

Award of Bid: The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost (TIC) to the City. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount all debt service payments on the Bonds (computed at the interest rates specified in the bid and on the basis of a 360-day year comprised of twelve 30-day months) to the dated date of the Bonds, results in an amount equal to the price bid for the Bonds. In the case of a tie bid, the winning bid will be awarded by lot. The City reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of the sale.

For the purpose of calculating the yield on the Bonds for Federal tax purposes as a condition precedent to the award of the Bonds, the successful bidder will, within 30 minutes after being notified of its winning bid, advise the City by telephone confirmed by facsimile transmission of the initial offering prices of the Bonds to the public (expressed as a price, exclusive of accrued interest, or yield per maturity).

Good Faith Deposit: No good faith deposit is required.

Bid Form: It is requested but not required that you submit your bid on the attached bid form.

Registrar/Paying Agent: The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, will act as registrar and paying agent of the Bonds.

Official Statement: The City deems the Preliminary Official Statement to be “final” as described in SEC Rule 15c2-12(b)(1) for the purposes of such Rule. Upon the award of the Bonds, the City will prepare a Final Official Statement (the “Official Statement”) in substantially the same form as the Preliminary Official Statement subject to minor additions, deletions and revisions as required to complete the Official Statement. Within seven (7) business days after the award of the Bonds, the City will provide the successful bidder, a sufficient quantity of the Official Statement to comply with Rule G-32 of the Municipal Securities Rulemaking Board. The successful bidder agrees to supply to the City all necessary pricing information and any Underwriter identification necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Continuing Disclosure: In order to assist the bidders in complying with S.E.C. Rule 15c2-12(b)(5), the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement.

Purpose: [Refunding Bonds: The Bonds are issued for the purpose of refunding certain outstanding general obligation bonds of the City.] [New Monday Bonds: The Bonds are issued for the purpose of defraying the costs associated with an addition to the City's Law Enforcement Center].

Legal Opinions: The City Council shall furnish upon delivery of the Bonds the final approving opinion of McNair Law Firm, P.A., Greenville, South Carolina, which opinion shall be attached to each Bond, together with the usual closing documents, including a certificate that no litigation is pending affecting the Bonds. Certain legal matters will be approved by Spencer & Spencer, P.A., attorneys for the City.

Certificate as to Issue Price: The successful bidder must provide a certificate to the City by the date of delivery of the Bonds, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate is attached as Exhibit D to the Preliminary Official Statement or may be obtained from Bond Counsel.

Delivery: At the request of the successful bidder, the Bonds will be delivered through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2012, at the expense of the City, or at such other place as may be agreed upon with the purchaser at the expense of the purchaser. The balance of the purchase price then due must be paid in federal funds or other immediately available funds. Any cost of printing the Bonds will be borne by the City.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the City provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

Postponement: The City reserves the right to postpone, from time to time, the date established for the receipt of bids. The City will communicate any such change in the sale date through Thomson Municipal Market Monitor not less than 48 hours prior to the time bids are to be received. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date will be announced through Thomson Municipal Market Monitor at least 48 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a sealed, facsimile, or electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date of sale and except for the changes

announced through Thomson Municipal Market Monitor at the time the sale date and time are announced.

Additional Information: Persons seeking information should communicate with:

Anne Poag Harty  
Chief Financial Officer  
City of Rock Hill  
155 Johnston Street  
Rock Hill, SC 29630  
Telephone: 803.329.8764  
E-Mail: [apoag@cityofrockhill.com](mailto:apoag@cityofrockhill.com)

Daniel R. McLeod, Jr., Esq.  
McNair Law Firm, P.A.  
Post Office Box 447  
Greenville, SC 29602  
Telephone: 864.271.4940  
E-Mail: [dmcLeod@mcnair.net](mailto:dmcLeod@mcnair.net)

Michael W. Burns, Esq.  
McNair Law Firm, P.A.  
Post Office Box 447  
Greenville, SC 29602  
Telephone: 864.271.4940  
E-Mail: [mburns@mcnair.net](mailto:mburns@mcnair.net)

## CITY OF ROCK HILL, SOUTH CAROLINA

SECTION 19. Preliminary and Final Official Statement. The Council hereby authorizes and directs the Mayor, the City Manager, and the Chief Financial Officer of the City to prepare, or cause to be prepared, a Preliminary Official Statement with respect to each of the Series 2012 Bonds, to be distributed to prospective purchasers of such Series 2012 Bonds, together with the Notice of Sale. The Council authorizes the Mayor, the City Manager, the Finance Director and the Treasurer, or any two of them acting together, to “deem final” such Preliminary Official Statements for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Mayor, the City Manager, and the Chief Financial Officer, are further authorized to see to the completion of the final form of the Official Statement relating to each series of the Series 2012 Bonds upon the sale thereof so that it may be provided to the purchaser(s) of such series of the Series 2012 Bonds.

SECTION 20. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of a Continuing Disclosure Certificate in substantially the form attached hereto as Exhibit A (the “Continuing Disclosure Certificate”). Notwithstanding any other provisions of this Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default, and no liability for damages shall attach therefor. The sole remedy for such failure to comply shall be that any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section.

SECTION 21. Filings with Central Repository. In compliance with Section 11-1-85 of the South Carolina Code, the City covenants that it will file or cause to be filed with a central repository for further availability in the secondary bond market when requested: (a) a copy of the annual audit of the City within thirty (30) days of the City's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, relevant information of an event which, in the opinion of the City, adversely affects more than five percent (5%) of the City's revenue or its tax base.

SECTION 22. Deposit and Use of Proceeds.

(a) The proceeds derived from the sale of the New Money Bonds shall be deposited in a special fund, separate and distinct from all other funds, and applied solely to the purposes for which the New Money Bonds are issued except that the premium, if any, shall be placed in the sinking fund established pursuant to Section 5-21-400 of the Municipal Bond Act, and the accrued interest, if any, shall be used to discharge in part the first interest to become due on such New Money Bonds. If any surplus remain with respect to the New Money Bonds, it shall be deposited in the sinking fund required by the provisions of Section 5-21-400 of the Municipal Bond Act to be established for the payment of the New Money Bonds.

(b) The proceeds derived from the sale of the Refunding Bonds shall be deposited in a special fund, separate and distinct from all other funds, and applied solely to the purposes for which the Refunding Bonds are issued except that the accrued interest, if any, shall be used to discharge in part the first interest to become due on such Refunding Bonds.

SECTION 23. Federal Tax Covenants. The City hereby covenants and agrees with the holders of the Series 2012 Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2012 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 2012 Bonds and that no use of the proceeds of the Series 2012 Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Series 2012 Bonds would have caused the Series 2012 Bonds to be "arbitrage bonds", as defined in Section 148 of the Code, and to that end the City hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Series 2012 Bonds are outstanding;

(b) establish such funds, make such calculations and pay such amounts in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and

(c) make such reports of such information at the time and places required by the Code.

The Mayor, City Manager and Chief Financial Officer of the City, or any of them acting alone, are hereby authorized to adopt written procedures to ensure the City's compliance with federal tax matters relating to the Series 2012 Bonds.

SECTION 24. Declaration of Intent to Reimburse Certain Expenditures. This Ordinance shall constitute the City's declaration of official intent pursuant to Regulation §1.150-2 of the Code to reimburse the City from a portion of the proceeds of the New Money Bonds for expenditures it anticipates incurring (the "Expenditures") with respect to the Project prior to the execution and delivery of the New Money Bonds. The Expenditures which are reimbursed are limited to Expenditures which are: (a) properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Regulation §1.150-2 of the Code) under general federal income tax principals; or (2) certain *de minimis* or preliminary Expenditures satisfying the requirements of Regulation §1.150-2(f) of the Code. The source of funds for the Expenditures with respect to the acquisition of the Equipment will be the City's general fund. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid; or (b) the date such project was placed in service, but in no event more than three (3) years after the original Expenditures.

SECTION 25. Miscellaneous. The Council hereby authorizes the Mayor, City Manager, Municipal Clerk, Chief Financial Officer and City Attorney to execute such documents and instruments as may be necessary to effect the issuance of the Series 2012 Bonds or make modifications in any documents including but not limited to the form of the Bond or Notice of Sale. The Mayor, the City Manager, the Chief Financial Officer, are hereby authorized to negotiate the terms of, and execute in the name and on behalf of the City, investment agreements, forward delivery agreements, repurchase agreements and other agreements in connection with the Series 2012 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.

SECTION 26. Repeal of Conflicting Ordinances. All rules, regulations, ordinances, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Series 2012 Bonds are, to the extent of such conflict, hereby repealed, and this Ordinance shall take effect and be in full force from and after its enactment.

[Signature page follows]

Enacted by the City Council of the City of Rock Hill, South Carolina, this \_\_\_\_ day of \_\_\_\_\_, 2012.

CITY OF ROCK HILL, SOUTH CAROLINA

(SEAL)

ATTEST:

\_\_\_\_\_  
Anne Poag Harty  
Municipal Clerk

\_\_\_\_\_  
A. Douglas Echols, Jr., Mayor

\_\_\_\_\_  
John A. Black, III, Mayor Pro Tempore

\_\_\_\_\_  
Susie B. Hinton, Councilmember

\_\_\_\_\_  
Kathy S. Pender, Councilmember

\_\_\_\_\_  
James C. Reno, Jr., Councilmember

\_\_\_\_\_  
Osbey Roddey, Councilmember

\_\_\_\_\_  
Kevin H. Sutton, Councilmember

Date of First Reading: \_\_\_\_\_, 2012

Date of Second Reading: \_\_\_\_\_, 2012

[Signature page]

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Rock Hill, South Carolina (the “City”) in connection with the issuance of \$ \_\_\_\_\_ original principal amount General Obligation [Refunding] Bonds, Series 2012 (the “Bonds”). The Bonds are being issued pursuant to Ordinance No. \_\_\_\_\_ enacted by the City Council of the City on \_\_\_\_\_, 2012 (the “Ordinance”). The City covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the beneficial owners and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

**SECTION 2. Definitions.** The following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Bonds**” shall mean the \$ \_\_\_\_\_ original principal amount General Obligation [Refunding] Bonds, Series 2012, City of Rock Hill, South Carolina, dated \_\_\_\_\_, 2012.

“**Dissemination Agent**” shall mean the City or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**National Repository**” shall mean for purposes of the Rule, the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

“**Participating Underwriter**” shall mean \_\_\_\_\_ and any other original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Repository**” shall mean each National Repository and each State Depository, if any.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State Depository**” shall mean any public or private repository or entity designated by the State of South Carolina as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

**SECTION 3. Provision of Annual Reports.**

(a) The City shall, or shall cause the Dissemination Agent to provide, not later than February 1 of each year, commencing in 20\_\_, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to

such date the City shall provide the Annual Report to the Dissemination Agent, if other than the City; provided, that if the audited financial statements required pursuant to Section 4 hereof to be included in the Annual Report are not available for inclusion in the Annual Report as of such date, unaudited financial statements of the City may be included in such Annual Report in lieu thereof, and the City shall replace such unaudited financial statements with audited financial statements within fifteen (15) days after such audited financial statements become available for distribution. 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 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report.

(b) If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a), the City shall send a notice to the Municipal Securities Rulemaking Board and State Depository, if any, in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Depository, if any; and

(2) if the Dissemination Agent is other than the City, file a report with the City and (if the Dissemination Agent is not the Registrar) the Registrar certifying whether the Annual Report has been provided pursuant to this Disclosure Certificate, and, if provided, stating the date it was provided, and listing the Repository to which it was provided.

#### SECTION 4. Content of Annual Reports.

(a) The City's Annual Report shall contain or incorporate by reference the most recent audited financial statements, which shall be prepared in conformity with generally accepted accounting principles (or, if not in such 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) applicable to governmental entities such as the City, and shall, in addition, contain or incorporate by reference the following:

- (a) City population for the current fiscal year;
- (b) Total anticipated state appropriations subject to withholding under Article X, Sec. 14, South Carolina Constitution for current fiscal year;
- (c) Outstanding indebtedness of the City;
- (d) Market value/assessment summary of taxable property in City;
- (e) Tax levy for City for current fiscal year;
- (f) Tax collections for City for preceding fiscal year; and
- (g) Five largest taxpayers (including fee-in-lieu-of-tax) for City for preceding fiscal year.

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

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

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (the “Listed Events”):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution, or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the City;
- (14) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event described in subsections (a)(2), (7), (8), (11), (14), or (15) above, the City shall as soon as possible determine if such event would be material under applicable federal securities laws. If the City determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the City shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Depository.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) above, the City shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Depository.

(d) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9), and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds. For the purposes of the event identified in (a)(13) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the City, to the effect that such amendment or waiver 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.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City, or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the City, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the City, or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless 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

attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters, and Holders from time to time of the Bonds and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate 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.

CITY OF ROCK HILL, SOUTH CAROLINA

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

Dated: \_\_\_\_\_, 2012

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Rock Hill, South Carolina

Name of Bond Issue: \$\_\_\_\_\_ original principal amount General Obligation [Refunding] Bonds, Series 2012, City of Rock Hill, South Carolina

Date of Issuance: \_\_\_\_\_, 2012

NOTICE IS HEREBY GIVEN that the City of Rock Hill, South Carolina (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the City as Dissemination Agent. The City has notified us in writing that the Annual Report will be filed by \_\_\_\_\_.

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

CITY OF ROCK HILL, SOUTH CAROLINA