

---

---

CITY OF ROCK HILL, SOUTH CAROLINA

ORDINANCE NO. 2011-\_\_\_\_\_

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF ROCK HILL, SOUTH CAROLINA, COMBINED UTILITY SYSTEM REVENUE BOND ANTICIPATION NOTES, SERIES 2011, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$13,100,000; AUTHORIZING THE MAYOR AND CITY MANAGER TO DETERMINE CERTAIN MATTERS RELATING TO THE BOND ANTICIPATION NOTES; PRESCRIBING THE FORM AND DETAILS OF THE BOND ANTICIPATION NOTES; LIMITING THE PAYMENT OF THE BOND ANTICIPATION NOTES FROM THE REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM AND PLEDGING THE REVENUES TO SUCH PAYMENT; ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; AND OTHER MATTERS RELATING THERETO.

Enacted: \_\_\_\_\_, 2011

---

---

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

Section 1. Definitions. Unless the context shall clearly indicate some other meaning, all words and terms used in this Ordinance which are defined in the Bond Ordinance of 1988 as amended by the Bond Ordinance of 1991, the Bond Ordinance of 2000A, the Bond Ordinance of 2003A and the Bond Ordinance of 2009 (each hereinafter defined) shall for all purposes of this Ordinance have the respective meanings given to them in the Bond Ordinance of 1988 as amended by the Bond Ordinance of 1991, the Bond Ordinance of 2000A, the Bond Ordinance of 2003A and the Bond Ordinance of 2009 (collectively, the “Bond Ordinance of 1988 as amended”).

Unless the context shall clearly indicate some other meaning, the terms defined in this Article 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:

"2010 BANS" shall mean the City’s \$13,000,000 Combined Utility System Revenue Bond Anticipation Note, Series 2010, dated December 16, 2010, which matures on December 16, 2011.

"Series 2011 BANS" shall mean the City of Rock Hill, South Carolina, Combined Utility System Revenue Bond Anticipation Notes, Series 2011, in the aggregate principal amount of not exceeding \$13,100,000, authorized to be issued hereunder.

"Beneficial Owner" shall mean any purchaser who acquires beneficial ownership interest in an Initial BAN 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 2011 BAN held by the Depository or its Participants in which a beneficial ownership interest is claimed.

"Bonds of 2000B" shall mean the \$10,000,000 original principal amount Combined Utility System Revenue Bonds, Series 2000B, dated July 20, 2000 and Outstanding as of the effective date of this Ordinance in the principal amount of \$10,000,000.

"Bonds of 2003A" shall mean the \$65,260,000 original principal amount Combined Utility System Revenue Improvement and Refunding Bonds, Series 2003A, dated January 29, 2003 and Outstanding as of the effective date of this Ordinance in the principal amount of \$51,440,000.

"Bonds of 2003B" shall mean the \$10,000,000 original principal amount Combined Utility System Revenue Bonds, Series 2003B, dated January 29, 2003 and Outstanding as of the effective date of this Ordinance in the principal amount of \$10,000,000.

"Bonds of 2008A" shall mean the \$7,352,000 original principal amount Combined Utility System Refunding Revenue Bond (Junior Lien), Series 2008A, dated April 2, 2008 and Outstanding as of the effective date of this Ordinance in the principal amount of \$6,263,000.

“Bonds of 2009A” shall mean the \$13,910,000 original principal amount Combined Utility System Revenue Bonds, Series 2009A, dated September 30, 2009 and Outstanding as of the effective date of this Ordinance in the principal amount of \$13,365,000.

“Bonds of 2009B” shall mean the \$16,300,000 original principal amount Combined Utility System Revenue Bonds (Build America Bonds – Taxable Series), Series 2009B, dated September 30, 2009 and Outstanding as of the effective date of this Ordinance in the principal amount of \$16,300,000.

“Bonds of 2009C” shall mean the \$14,390,000 original principal amount Combined Utility System Revenue Refunding Bonds, Series 2009C, dated October 28, 2009 and Outstanding as of the effective date of this Ordinance in the principal amount of \$12,330,000.

"Bond Ordinance of 1988" shall mean Ordinance No. 88-11 of the Council of the City adopted on May 5, 1988.

“Bond Ordinance of 1988 as amended” shall mean the Bond Ordinance of 1988 as amended by the Bond Ordinance of 1991, the Bond Ordinance of 2000A, the Bond Ordinance of 2003A and the Bond Ordinance of 2009.

"Bond Ordinance of 1991" shall mean Ordinance No. 91-33 of the Council of the City amending the Bond Ordinance of 1988 and authorizing the issuance of the City's \$31,645,000 original principal amount Combined Utility System Revenue Bonds, Series 1991, dated November 15, 1991, enacted on November 22, 1991.

“Bond Ordinance of 2000A” shall mean Ordinance No. 00-41 of the Council of the City amending the Bond Ordinance of 1988, as amended, and authorizing the issuance of the Bonds of 2000A enacted on June 26, 2000.

“Bond Ordinance of 2003A” shall mean Ordinance No. 2003-002 of the Council of the City amending the Bond Ordinance of 1988, as amended, and authorizing the issuance of the Bonds of 2003A enacted on January 13, 2003.

“Bond Ordinance of 2009” shall mean Ordinance No. 2009-36 of the Council of the City amending the Bond Ordinance of 1988, as amended, and authorizing the issuance of the Bonds of 2009A, the Bonds of 2009B and the Bonds of 2009C enacted on September 14, 2009.

"Book-Entry Form" or "Book-Entry System" shall mean with respect to the Series 2011 BANS, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Series 2011 BANS may be transferred only through a book-entry and (b) physical BAN certificates in fully-registered form are registered only in the name of the Depository or its nominees as Holder, with the physical BAN 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 2011 BANS when subject to the Book-Entry System.

"Books of Registry" shall mean the registration books maintained by the Registrar in accordance with Section 8 herein.

"City" shall mean the City of Rock Hill, South Carolina.

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

"Continuing Disclosure Certificate" shall have the meaning given that term in Section 17 hereof.

"Council" shall mean the City Council of the City.

"Custodian" shall mean any bank, depository or trust company duly qualified and doing business within the State selected by the City as a depository of moneys or securities held in the respective Construction Funds.

"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 2011 BANS, and to effect transfers of the Series 2011 BANS, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"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 of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina 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 organizations; or (9) any legally permissible combination of any of the foregoing. Government Obligations must be redeemable only at the option of the holder thereof.

"Holders" shall mean the registered owner or owners of any outstanding Series 2011 BANS.

"Initial BANS" shall mean the Series 2011 BANS initially issued in Book-Entry Form as provided in Section 6 hereof.

"Letter of Representations" shall mean the Letter of Representations executed and delivered by the City to the Depository.

“Ordinance” shall mean this Ordinance No. \_\_\_\_\_ duly enacted on \_\_\_\_\_, 2011, by the Council of the City, authorizing the issuance of the Series 2011 BANS.

"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 paying agent appointed pursuant to Section 4(d) of this Ordinance.

"Record Date" shall mean the fifteenth (15<sup>th</sup>) day of the month (whether or not a Business Day) of the calendar month immediately preceding the maturity date of the Series 2011 BANS.

"Registrar" shall mean the registrar appointed pursuant to Section 4(d) of this Ordinance.

"Revenue Bonds" shall mean the Combined Utility System Revenue Bonds to be issued with respect to the Series 2011 BANS pursuant to the Bond Ordinance of 1988 as amended and one or more subsequent ordinances of the City.

“Senior Lien Bonds” shall mean, collectively, the Bonds of 2000B, the Bonds of 2003A, the Bonds of 2003B, the Bonds of 2008A, the Bonds of 2009A, the Bonds of 2009B, the Bonds of 2009C, any Additional Bonds (as defined in the Bond Ordinance of 1988 as amended) hereafter issued pursuant to the Bond Ordinance of 1988 as amended, and any Junior Bonds (as defined in the Bond Ordinance of 1988 as amended) hereafter issued.

“SRF Loans” shall mean, collectively, the not exceeding \$5,500,000 Promissory Note to the South Carolina Water Quality Revolving Fund Authority dated December 30, 2004 and the not exceeding \$2,950,000 Promissory Note to the South Carolina Water Quality Revolving Fund Authority dated May 6, 2005.

"Tax Increment Bonds" shall mean, collectively, the \$1,650,000 Tax Increment Bond, Series 2007, dated March 22, 2007, presently outstanding in the principal amount of \$885,000; the \$10,500,000 Tax Increment Bond (Red River Redevelopment Projects) Series 2009, dated October 23, 2009, presently outstanding in the principal amount of \$10,500,000; the \$3,500,000 Tax Increment Bond (Textile Corridor Projects), Series 2011A, dated March 24, 2011, presently outstanding in the principal amount of \$3,500,000; and the \$3,000,000 Tax Increment Bond (Textile Corridor Projects), Series 2011B, dated March 30, 2011, presently outstanding in the principal amount of \$3,000,000; and any other tax increment bonds hereafter issued by the City.

Section 2. Finding and Determinations. The Council hereby finds and determines:

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

(b) In the exercise of the powers vested in it by the Constitution and statutes of the State of South Carolina, and proceeding in conformity with the provisions thereof, the City has heretofore acquired and constructed a waterworks system, a wastewater system and an electrical distribution system, each of which has been continuously operated and maintained since its establishment. By ordinance adopted on March 11, 1968, such systems were combined into a single system designated as the Combined Utility System of the City (the "System").

(c) The System is operated under the direction of the Council, and furnishes water, wastewater and electrical service throughout the City and in certain territory adjacent thereto.

(d) Title 11, Chapter 17, Code of Laws of South Carolina, 1976, as amended (the "BAN Act"), provides that any borrower, the definition of which includes the City, whenever authorized by general or special law to issue bonds, may, pending the sale and issuance thereof, borrow in anticipation of the receipt of the proceeds of such bonds and evidence the debt by a note or notes.

(e) The Net Revenues of the System presently are pledged as security for and payment of the Senior Lien Bonds, the Tax Increment Bonds and the SRF Loans.

(f) The City has heretofore issued the Senior Lien Bonds which are and will be subject to a lien upon the Net Revenues which is prior and paramount to the lien upon the Net Revenues securing the payment of the Series 2011 BANS. The City has also issued the Tax Increment Bonds and the SRF Loans which are secured by a pledge of the Revenues of the System which is subordinate and inferior to the pledge thereof for the payment and security for the Senior Lien Bonds and the Series 2011 BANS. The Series 2011 BANS issued pursuant to this Ordinance will be subordinate and inferior to the lien and pledge on the Net Revenues created for the payment and security of the Senior Lien Bonds. The pledge of Net Revenues for payment of the Series 2011 BANS shall be prior to the pledge thereof for payment of amounts due on the Tax Increment Bonds and SRF Loans.

(g) The proceeds of the Series 2011 BANS shall be used to: (i) pay the principal and, if necessary, interest on the 2010 BANS; and (ii) pay the costs of issuance of the Series 2011 BANS.

(h) The Series 2011 BANS authorized by this Ordinance will be issued in anticipation of the Revenue Bonds to be issued pursuant the Bond Ordinance of 1988 as amended, and one or more subsequent ordinances of the City, and for the purposes for which such Revenue Bonds are authorized.

(i) Pending the issuance and sale of the Revenue Bonds, it is in the best interest of the City to provide for the issuance of the Series 2011 BANS in the aggregate principal amount of not exceeding \$13,100,000 in anticipation of the issuance of the Revenue Bonds and the receipt of the proceeds thereof.

Section 3. Authorization of Revenue Bonds. The Council irrevocably obligates and binds the City to effect the issuance of one or more series of Revenue Bonds prior to the stated maturity of any of the Series 2011 BANS authorized by this Ordinance, the proceeds of which shall be used to meet the payment of principal and, if necessary, interest on the Series 2011 BANS. This provision

shall constitute a covenant between the City and the Holders from time to time of the Series 2011 BANS issued pursuant to this Ordinance. Nothing herein shall prohibit the City from renewing or refunding the Series 2011 BANS.

Section 4. Authorization of Series 2011 BANS; Sale of Series 2011 BANS.

(a) Pending the issuance and delivery of the Revenue Bonds and pursuant to the BAN Act, there are hereby authorized to be issued Combined Utility System Revenue Bond Anticipation Notes designated "City of Rock Hill, South Carolina, Combined Utility System Revenue Bond Anticipation Notes, Series 2011" (the "Series 2011 BANS").

(b) The Series 2011 BANS shall be in fully registered form, registered in the name of the Holder thereof; shall be dated as of the date of its or their initial delivery; shall be in denominations as determined by the Mayor and City Manager; shall be numbered as determined by the Registrar; shall be subject to redemption prior to maturity upon such terms and conditions as the Mayor and City Manager and the initial purchaser thereof agree upon; shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from their date and a rate of interest approved by the Mayor and City Manager; and shall mature not more than one year from their initial date.

Bond anticipation notes ("Refunding BANS") may be issued to refund the outstanding principal of and, if necessary, accrued interest on any outstanding Series 2011 BANS issued pursuant to this Ordinance ("BANS to be Refunded"). In the event the City issues one or more series of Refunding BANS, the principal amount of the BANS to be Refunded shall not be included when calculating the aggregate principal amount of Series 2011 BANS issued pursuant to this Ordinance.

(c) The City shall cause the Books of Registry to be kept at the offices of the person or entity so designated by the City as the Registrar for the registration and transfer of the Series 2011 BANS. 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 2011 BANS under such reasonable regulations as the Registrar may prescribe. The Registrar shall be a bank, trust company, depository or transfer agent located either within or outside the State of South Carolina or the Municipal Clerk of the City, as determined by the Mayor and City Manager.

The Series 2011 BANS shall be transferable only upon the Books of Registry of the City, which shall be kept for such purpose at the office of the Registrar, by the Holders 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 2011 BANS, the Registrar on behalf of the City shall issue in the name of the transferee one or more new fully registered Series 2011 BANS of the same aggregate principal amount, interest rate and maturity as the surrendered Series 2011 BANS. Any Series 2011 BAN surrendered in exchange for a new registered Series 2011 BAN pursuant to this paragraph shall be canceled by the Registrar.

(d) Both the principal of and interest on the Series 2011 BANS shall be payable to the

Holders thereof in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. Principal of and interest on the Series 2011 BANS shall be payable at the office of the Paying Agent. The Paying Agent shall be a bank, trust company or depository located either within or without the State or the Municipal Clerk of the City, as determined by the Mayor and City Manager.

Section 5. Delegation of Authority to Determine Certain Matters Relating to the Series 2011 BANS; Execution and Form of Series 2011 BANS; Sale of Series 2011 BANS.

(a) Without further authorization, the Council hereby delegates to the Mayor and the City Manager the authority to: (a) offer the Series 2011 BANS for sale at such date or dates and time or times as deemed to be in the best interest of the City; (b) determine the respective principal amounts of the Series 2011 BANS to be issued at one time or from time to time; (c) determine the respective maturity dates of the Series 2011 BANS; (d) determine the redemption provisions, if any, for the Series 2011 BANS; (e) award the sale of the Series 2011 BANS to the lowest bidder therefor in accordance with the terms of the Notice of Sale for the Series 2011 BANS; (f) designate the Registrar and Paying Agent for the Series 2011 BANS; (g) determine the original issue date of the respective Series 2011 BANS; and (h) determine whether and when to issue any Refunding BANS to refund the outstanding principal of and, if necessary, accrued interest on any BANS to be Refunded.

(b) The Series 2011 BANS shall be executed in the name of the City with the manual or facsimile signature of the Mayor attested by the manual or facsimile signature of the Municipal Clerk with the seal of the City impressed or affixed thereon or a facsimile thereof. The Series 2011 BANS shall be issued in substantially the form attached hereto as Exhibit A. The Series 2011 BANS set forth shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each such BAN shall bear a certificate of authentication manually executed by the Registrar in substantially the form set forth in Exhibit A. In the event the BAN is purchased by a financial institution to be held in its own account, the form of the BAN shall be modified to the extent necessary to reflect a single Holder.

(c) The Series 2011 BANS shall be sold by competitive sale. A Notice of Sale for the Series 2011 BANS shall be provided to prospective purchasers of the Series 2011 BANS as determined by the Chief Financial Officer of the City. In the Notice of Sale, the City may either fix the sale date or reserve the right to set the actual sale date by 48 hours notice disseminated by an electronic information service. If a fixed date is set, the City may reserve the right to modify such date by notice disseminated by an electronic information service at least 48 hours prior to the time set for receipt of proposals. The Notice of Sale shall be in substantially the form set forth in Exhibit B hereto. The City Manager may provide for proposals to be received in electronic format.

Section 6. Book-Entry System; Recording and Transfer of Ownership of the Series 2011 BANS. If requested by the Holder, the Initial Series 2011 BANS 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 Series 2011 BANS 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 the Series 2011 BANS or any integral multiple of \$5,000.

The respective Series 2011 BANS will be issued in fully registered form, as a single note (representing the entire principal amount of such BAN), in the name of Cede & Co., as the nominee of the Depository. When the principal of and interest on the Initial Series 2011 BANS becomes due, the City shall transmit or cause the Paying Agent to transmit to the Depository an amount equal to such principal 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 Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Initial Series 2011 BANS 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 2011 BANS 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 Series 2011 BANS, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the Initial Series 2011 BANS. 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 2011 BANS registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the Series 2011 BANS, giving any notice permitted or required to be given to Holders under this Ordinance, registering the transfer of Series 2011 BANS, obtaining any consent or other action to be taken by Holders 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 2011 BANS 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 or interest, if any, on the Series 2011 BANS or the sending of any transaction statements; any notice which is permitted or required to be given to Holders thereunder; the selection of Holders to receive payments upon any partial redemption of the Series 2011 BANS; 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 2011 BANS 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, 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 Series 2011 BANS together with an assignment duly executed by the Depository, the City shall execute and deliver to the successor Depository the Series 2011 BANS of the same principal amount, interest rate, redemption provisions, if any, 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 2011 BANS 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 2011 BANS by mailing an appropriate notice to the Depository, upon receipt by the City of the Initial Series 2011 BANS together with an assignment duly executed by the Depository, the City shall execute, authenticate and deliver to the Depository Participants' Series 2011 BANS in fully registered form, in substantially the form set forth in Exhibit A attached to this Ordinance in the denomination of \$5,000 or any integral multiple thereof.

Section 8. Books of Registry. 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 2011 BANS. 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 2011 BANS under such reasonable regulations as the Registrar may prescribe.

Each BAN shall be transferable only upon the Books of Registry of the City, which shall be kept for such purpose at the 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 BAN, the Registrar on behalf of the City shall issue in the name of the transferee a new fully registered BAN or Series 2011 BANS of the same aggregate principal amount, interest rate and maturity as the surrendered BAN. Any BAN surrendered in exchange for a new registered BAN 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 BAN shall be registered upon the Books of Registry as the absolute owner of such BAN, whether such BAN shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such BAN 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 BAN to the extent of the sum or sums so paid, and neither the City nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary.

Section 9. Disposition of Proceeds of Series 2011 BANS. The proceeds derived from the sale of the Series 2011 BANS shall be used (1) to refund the outstanding principal of and, if necessary, interest on the 2010 BANS; and (2) to pay for the costs of issuance of the Series 2011 BANS. The respective amounts specified in this Section 9 shall be determined by the City upon the delivery of the Series 2011 BANS. Proceeds derived from the Sale of the Series 2011 BANS to be used to refund the outstanding principal of and, if necessary, interest on the 2010 BANS will be deposited with The Bank of New York Mellon Trust Company, N.A., as Paying Agent for the Series 2010 BANS. Proceeds derived from the sale of the Series 2011 BANS to be used to pay costs of issuance of the Series 2011 BANS shall be deposited with a bank or other financial institution selected by the City.

Section 10. Covenants of the City. The City hereby covenants with the Holders of the Series 2011 BANS, as follows:

(a) The City will attempt to sell on or before the maturity date of the Series 2011 BANS a sufficient amount of Revenue Bonds, the proceeds of which shall be used to pay the principal of and, if necessary, interest on the applicable Series 2011 BANS or the City will renew or refund such Series 2011 BANS.

(b) The City covenants that it has not issued, nor will it cause to be issued, any notes or certificates of indebtedness of any type in anticipation of the issuance of the Revenue Bonds, except the Series 2011 BANS authorized by this Ordinance (including any refunding or renewal thereof); provided, however, the City may issue additional bond anticipation notes which are junior, subordinate and inferior to the Series 2011 BANS authorized by this Ordinance.

(c) The City hereby covenants and agrees with the Holders of the Series 2011 BANS that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2011 BANS to become includable in the gross income of the owners thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Series 2011 BANS. The City further covenants and agrees with the Holders of the Series 2011 BANS so long as the Series 2011 BANS are outstanding that no use of the proceeds of the Series 2011 BANS shall be made which, if such use had been reasonably expected on the date of issue of the Series 2011 BANS would have caused the Series 2011 BANS to be an "arbitrage bond," as defined in the Code; and to that end the City hereby shall:

(i) comply with the applicable provisions of Section 54AA, Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Series 2011 BANS are outstanding;

(ii) 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, if any, of certain amounts to the United States; and

(iii) make such reports of such information at the times and places required by the Code.

(d) The City will comply with the rate covenant set forth in Section 8.1 of the Bond Ordinance of 1988 as amended.

Section 11. Payment of Series 2011 BANS. For the payment of the principal of and interest on the Series 2011 BANS as the same respectively mature, there are hereby pledged the proceeds of the Revenue Bonds. The City also hereby pledges the Net Revenues of the System for the payment of such principal and interest; provided the pledge of Net Revenues shall be junior, subordinate and inferior to the pledge of Net Revenues securing the Senior Lien Bonds. The Pledge of Net Revenues for payment of the Tax Increment Bonds and SRF Loans shall be junior, subordinate and inferior to the pledge thereof for payment of the principal of and interest on the Series 2011 BANS. The City at its option may also utilize any other funds available therefor for the payment of the principal of and interest on the Series 2011 BANS.

Section 12. Incorporation of Portions of Bond Ordinance. All of the provisions of the Bond Ordinance of 1988 as amended shall be applicable to the Series 2011 BANS and are made a part hereof for the benefit and security of the Holders thereof as though fully set forth herein, including without limiting the generality of the foregoing, Section 7.11 (Investment of Funds); Section 8.1 (Rates and Charges); Section 10.2 (Operation of System; Completion of Construction); Section 10.3 (Records, Accounts and Audits); Section 10.4 (Sale, Lease or Other Encumbrances); Section 10.5 (Insurance); Section 10.6 (No Free Service); Section 10.9 (Annual Budget); Article XIII (Amendments or Supplements to Ordinance); Article XIV (Events of Default); and Article XV (Remedies Upon Event of Default).

Section 13. 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 2011 BANS, and such Series 2011 BANS shall no longer be deemed to be outstanding hereunder when:

(a) such Series 2011 BANS 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 are canceled or subject to cancellation by the City or the Paying Agent; or

(b) payment of the principal of and interest on such Series 2011 BANS 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 2011 BANS shall no longer be deemed to be outstanding hereunder, such Series 2011 BANS shall cease to draw interest from the due date thereof 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 14. Continuing Disclosure.

(a) The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate in the form attached hereto as Exhibit C (the "Continuing Disclosure Certificate") with such changes as may be approved by the Mayor and the City Manager, or either of them acting alone, upon advice of counsel. Notwithstanding any other provision of the Bond Ordinance of 1988 as amended or this Ordinance, failure of the City to comply with the provisions of the Continuing Disclosure Certificate shall not be considered an Event of Default under the Bond Ordinance of 1988 as amended or this Ordinance. The Continuing Disclosure Certificate shall be executed by the Mayor or the City Manager prior to the delivery of the Series 2011 BANS.

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

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

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

The only remedy for failure by the City to comply with the covenant of this paragraph (b) of this Section 14 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 Bond Ordinance of 1988 as amended or this Ordinance. The City specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85 without the consent of the Holders of any Series 2011BAN.

Section 15. General Authorizations. The Mayor, City Manager, Chief Financial Officer of the City, Municipal 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 2011 BANS and to carry out the intentions of this Ordinance.

Section 16. Benefits of Ordinances Limited to the City and Holders of the Series 2011 BANS. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Ordinance or the Series 2011 BANS is intended or should be construed to confer upon or give to any person other than the City or Holders any legal or equitable right, remedy or claim under or by reason of or in respect to the Ordinance or any covenant, condition, stipulation, promise, agreement or provision therein or herein contained. The Ordinance and all of the covenants, conditions, stipulations, promises, agreements and provisions contained therein are intended to be and shall be for and inure to the sole and exclusive benefit of the City and the Holders of the Series 2011 BANS from time to time as therein provided.

Section 17. Ordinance Binding Upon Successors or Assigns of the City. All the terms, provisions, conditions, covenants, warranties and agreements contained in this Ordinance shall be binding upon the successors and assigns of the City and shall inure to the benefit of the Holders.

Section 18. No Personal Liability. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the City contained in this Ordinance or the Series 2011 BANS against any member of the City, any officer or employee, as such, in his or her individual capacity, past, present or future, of the City, either directly or through the City, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Ordinance and the Series 2011 BANS are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer or employee as such past, present or future, of the City, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the City or any holder of the Series 2011 BANS or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the enactment of this Ordinance and the execution of the Series 2011 BANS, and as a condition of, and as a part of the consideration for, the enactment of this

Ordinance and the execution of the Series 2011 BANS, expressly waived and released. The immunity of members, officers and employees of the City under the provisions contained in this Section 18 shall survive the termination of this Ordinance.

Section 19. Law and Place of Enforcement of the Ordinances. The Ordinances shall be construed and interpreted in accordance with the laws of the State of South Carolina (the “State”), and all suits and actions arising out of this Ordinance shall be instituted in a court of competent jurisdiction in said State.

Section 20. Section 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 Ordinance.

Section 21. Notices. All notices, certificates or other communications to the City hereunder or under the Bond Ordinance of 1988 as amended shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by facsimile addressed as follows:

If to the City:

City of Rock Hill  
Attention: City Manager  
155 Johnston Street  
Rock Hill, South Carolina 29730

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

Section 22. Codification. This Ordinance shall be forthwith codified in the Code of City Ordinances in the manner required by law and the name shall be indexed under the general heading "Ordinance Combined Utility System Revenue Bond Anticipation Notes."

Section 23. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the City and any part of any ordinance or resolution in conflict or inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency.

Section 24. Effective Date. This Ordinance shall become effective upon its enactment.

[Execution Page Follows]

Enacted by the City Council of the City of Rock Hill, South Carolina, this \_\_\_\_ day of \_\_\_\_\_, 2011.

CITY OF ROCK HILL, SOUTH CAROLINA

(SEAL)

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

\_\_\_\_\_  
John A. Black

ATTEST:

\_\_\_\_\_  
Susie B. Hinton

\_\_\_\_\_  
David B. Vahaun  
Municipal Clerk

\_\_\_\_\_  
Kathy Pender

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

\_\_\_\_\_  
Osbey Roddey

\_\_\_\_\_  
Kevin Sutton

Date of First Reading: November 14, 2011  
Date of Second Reading: \_\_\_\_\_, 2011

[Execution Page]

**EXHIBIT A**

(FORM OF SERIES 2011 BANS)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CITY OF ROCK HILL  
COMBINED UTILITY SYSTEM REVENUE BOND ANTICIPATION NOTES  
SERIES \_\_\_\_\_

INTEREST                      MATURITY                      ORIGINAL ISSUE  
RATE                              DATE                              DATE                              CUSIP NO.

REGISTERED HOLDER:    Cede & Co.

PRINCIPAL AMOUNT:    \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars

FOR VALUE RECEIVED, the City of Rock Hill, South Carolina (the "City"), 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 Note at the principal office of \_\_\_\_\_ (the "Paying Agent"), in \_\_\_\_\_, \_\_\_\_\_, to pay interest at the rate per annum shown above (based on 30-day month, 360-day year). Both principal of and interest on this Note are payable to check or draft mailed to the person in whose name this Note is registered on the registration books of the City maintained by the registrar, presently \_\_\_\_\_ (the "Registrar"), in \_\_\_\_\_, \_\_\_\_\_. The principal and interest on this Note 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.

This Note shall not be entitled to any benefit under the BAN Ordinance (as defined below), nor become valid or obligatory for any purpose, until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

[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 \_\_\_\_\_, in \_\_\_\_\_, \_\_\_\_\_, the principal sum of \$ \_\_\_\_\_ and to pay interest on such principal amount at the rate of \_\_\_\_\_% per annum (based on 30-day month, 360-day year). Both the principal of and interest on this Note are payable by the City on \_\_\_\_\_, 2012 (unless earlier redeemed), upon presentation and surrender of this Note at the principal office of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, 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.]

This Note is [not] subject to redemption prior to maturity [on or after \_\_\_\_\_ 1, 20\_\_\_\_, at the option of the City at par plus accrued interest to the date of redemption].

This Note is issued by the City for the purpose of (i) refunding the outstanding principal of [and interest on] the City's Combined Utility System Revenue Bond Anticipation Notes, Series 2010, dated December 16, 2010; and (ii) paying the cost of issuance of this Note.

This Note is issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina (the "State"), including particularly Article X, Section 14(10) of the South Carolina Constitution, Title 11, Chapter 17, of the Code of Laws of South Carolina 1976, as amended (the "BAN Act"), in anticipation of the issuance of combined utility system revenue bonds (the "Revenue Bonds") to be issued by the City pursuant to the Bond Ordinance of 1988 as amended (as defined in the BAN Ordinance) and a subsequent ordinance of the City. This Note shall constitute a "Junior Bond" within the meaning of, and as permitted by, Section 9.2 of the Bond Ordinance of 1988 as amended. This Note is being issued pursuant to Ordinance No. \_\_\_\_\_ duly enacted on \_\_\_\_\_, 2011 (the "BAN Ordinance") (collectively the Bond Ordinance of 1988 as amended and the BAN Ordinance are referred to as the "Ordinances"), authorizing the Series 2011 BANS (as such term is defined in the BAN Ordinance), which Ordinances have been duly codified and indexed as prescribed by law. Reference is hereby made to the Ordinances to all of the provisions of which any holder of this Note by acceptance hereof thereby assents. The provisions of the BAN Act and the Ordinances shall be a contract with the holder of this Note.

This Note is payable, both as to principal and interest, from the proceeds of the Revenue Bonds and from the Net Revenues (as defined in the Bond Ordinance of 1988 as amended) derived by the City from the operation of its combined utility system; provided the pledge of Net Revenues shall be junior, subordinate and inferior to the pledge of Net Revenues securing the Senior Lien Bonds (as defined in the BAN Ordinance). Reference is hereby made to the Ordinances for a description of the security, provisions with respect to the nature and extent of the security, the rights and remedies of the holder of this Note, the rights, duties, and obligations of the City, and the terms upon which this Note is issued and secured, to all of the provisions of which any holder of this Note by the acceptance hereof thereby assents, and for a more complete description of the foregoing and of the other matters contained therein.

**THIS NOTE IS A SPECIAL OBLIGATION OF THE CITY AND THERE IS HEREBY PLEDGED TO THE PAYMENT OF THE PRINCIPAL HEREOF AND INTEREST HEREON THE PROCEEDS OF THE REVENUE BONDS AND THE AFORESAID NET REVENUES. THE CITY AT ITS OPTION MAY ALSO UTILIZE ANY OTHER AVAILABLE FUNDS THEREFOR FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS NOTE. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY SHALL NOT BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.**

If in registered form: This Note shall be transferable only upon the Books of Registry of the City, which shall be kept for such purpose at the office of the Registrar, by the Purchaser or the holders hereof 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 Note, the Registrar on behalf of the City shall issue in the name of the transferee one or more new fully registered Note of the same aggregate principal amount, interest rate and maturity as the surrendered Note. Any Note surrendered in exchange for a new registered Note pursuant to this paragraph shall be canceled by the Registrar.

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

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

IN WITNESS WHEREOF, the City of Rock Hill, South Carolina, has caused this Note to be executed this \_\_\_ day of \_\_\_\_\_, 2011, in its name by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the Municipal Clerk of the City under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF ROCK HILL, SOUTH CAROLINA

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

(SEAL)

ATTEST:

\_\_\_\_\_  
Clerk

REGISTRATION

This Note has been registered in the name of \_\_\_\_\_, on the registration books kept by \_\_\_\_\_.

Dated this \_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Registrar

**EXHIBIT B**

**OFFICIAL NOTICE OF SALE**

\$\_\_\_\_\_ COMBINED UTILITY SYSTEM REVENUE BOND ANTICIPATION NOTES, SERIES 2011,  
OF THE CITY OF ROCK HILL, SOUTH CAROLINA

Bid Date: \_\_\_\_\_, 2011, 12:00 Noon, South Carolina Time.

**Time and Place of Sale:** NOTICE IS HEREBY GIVEN that proposals for the purchase of \$\_\_\_\_\_ Combined Utility System Revenue Bond Anticipation Notes, Series 2011 (the "Notes"), of the City of Rock Hill, South Carolina (the "City"), will be received by the City by the Chief Financial Officer of the City, City of Rock Hill, 155 Johnston Street, Rock Hill, South Carolina 29731, on \_\_\_\_\_, \_\_\_\_\_, 2011, until 12:00 Noon, South Carolina Time, or such other date and time as may be established by the City and communicated by Thomson Municipal Market Monitor not less than 48 hours prior to the time proposals are received.

**Sealed Proposals:** Each hand-delivered bid should be enclosed in a sealed envelope marked "Bid for \$\_\_\_\_\_ Combined Utility System Revenue Bond Anticipation Notes, Series 2011, of the City of Rock Hill, South Carolina" and should be directed to Anne Poag, the City's Chief Financial Officer, at the address in the first paragraph hereof.

**Facsimile Proposals:** The City will accept the facsimile transmission of a manually signed Official Bid Form at the risk of the bidder. 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. The City will take reasonable steps to ensure the confidentiality of all bids transmitted to it by facsimile transmission, but cannot guarantee the confidentiality of information transmitted by such means. Proposals by facsimile should be transmitted to the attention of Anne Poag at fax number: 803.329.8759.

**E-mail Proposals:** Electronic proposals may be e-mailed to the attention of Anne Poag at email address: apoag@cityofrockhill.com, with a copy to mburns@mcnair.net.

**Electronic Proposals:** Electronic proposals must be submitted through i-Deal's Parity Electronic Bid Submission System ("Parity"). No electronic proposals from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity 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 E-MAIL, BY FACSIMILE TRANSMISSION OR BY ELECTRONIC PROPOSAL, 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 PROPOSALS.

**Notes:** The Notes will be issued in fully registered form; will be dated as of the date of their issuance (expected to be December \_\_\_, 2011) and will mature on \_\_\_\_\_ \_\_\_, 2012. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

**Book-Entry-Only Notes:** The Notes will be issued in fully registered form 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 Notes, and each such Note will be immobilized in the custody of DTC. DTC will act as the securities depository for the Notes. 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 Notes. Purchasers will not receive physical delivery of certificates representing their interest in the Notes purchased. The winning bidder, as a condition to delivery of the Notes, will be required to deposit the Notes with DTC. Notwithstanding the foregoing, at the request of the successful bidder, the Notes may be issued as one single fully registered note and not issued through the book-entry system.

**Redemption Provisions:** The Notes will [not] be subject to redemption prior to maturity.

**Registrar and Paying Agent:** A bank designated by purchaser and approved by the City will act as registrar and paying agent of the Notes.

**Bid Requirements:** Bidders must specify a single, fixed rate of interest per annum which the Notes shall bear which should be expressed in a multiple of 1/100<sup>th</sup> of one percent. Any premium bid shall be paid in cash as part of the purchase price. For purposes of bid computations, it is assumed the Notes will be dated December \_\_\_, 2011. A BID FOR LESS THAN ALL THE NOTES OR A PRICE LESS THAN PAR WILL NOT BE CONSIDERED.

**Award of Bid:** The Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost to the City, such interest cost to be determined by computing the total dollar interest cost from the date of the Notes to the maturity date, adding any fees or charges to be paid by the City and deducting therefrom the amount of the premium offered, if any, over and above the principal amount. For purposes of bid computations, it is assumed the Notes will be dated December \_\_\_, 2011. In the event two or more bids have the same net interest cost, 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.

**Good Faith Deposit:** No good faith deposit is required.

**Bid Form:** It is requested, but not required, that your bid be submitted on the attached bid form. Each proposal should be enclosed in a sealed envelope marked "Proposal for Combined Utility System Revenue Bond Anticipation Notes, Series 2011, of the City of Rock Hill, South Carolina," and should be directed to the Chief Financial Officer of the City at the address in the first paragraph hereof.

**Legal Authority and Security:** The Notes will be issued pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, as amended; the Bond Ordinance of 1988 as amended (as defined in the BAN Ordinance described below); and an Ordinance enacted by the City Council on \_\_\_\_\_ \_\_\_, 2011, authorizing the Notes (the “BAN Ordinance”). The Notes are payable solely from and secured equally and ratably by a pledge and lien upon the Net Revenues of the System (as defined in the Bond Ordinance of 1988 as amended). The pledge of and lien upon the Net Revenues of the System securing the Notes will rank junior, subordinate and inferior to the pledge and lien securing the City’s: (1) Outstanding Combined Utility System Revenue Bonds currently outstanding in the aggregate principal amount of \$119,698,000; (2) any Additional Bonds hereafter issued under the Bond Ordinance of 1988 as amended; and (3) any Junior Bonds (as defined in the Bond Ordinance of 1988 as amended) hereafter issued by the

City.

The Notes, and the interest thereon, shall not be a general obligation indebtedness of the City, nor a charge, lien or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts or revenues of the City other than such of the Net Revenues of the System as are pledged to the payment thereof. The full faith, credit and taxing powers of the City shall not be deemed to be pledged to the payment of the principal of and interest on the Notes.

**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 Notes, 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 Notes, the City will provide the successful bidder a sufficient quantity 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 Notes.

**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.

**NOT Bank Qualified:** The Notes are NOT designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue Code.

**Legal Opinions:** The City Council shall furnish upon delivery of the Notes the final approving opinion of McNair Law Firm, P.A., Greenville, South Carolina, together with customary closing documents, including a certificate that no litigation is pending affecting the Notes. 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 Notes, stating the initial reoffering price of the Notes to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Notes were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate may be obtained from Bond Counsel.

**Delivery:** At the request of the successful bidder, the Notes will be delivered through the facilities of The Depository Trust Company in New York, New York, on or about December \_\_\_\_, 2011, at the expense of the City, or at such other place as may be agreed upon with the purchasers at the expense of the purchaser. The purchase price then due must be paid in federal funds or other immediately available funds.

**Miscellaneous:** Bidders are also requested to indicate whether any commitment fee will be required or whether the City will be requested to reimburse the successful bidder for out-of-pocket expenses and counsel fees.

**Additional Information:** Persons seeking information should communicate with:

Anne Poag  
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

Dated: \_\_\_\_\_, 2011

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(City of Rock Hill, South Carolina, Combined Utility System  
Revenue Bond Anticipation Notes, Series 2011, \$\_\_\_\_\_)

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 \$\_\_\_\_\_ Combined Utility System Revenue Bond Anticipation Notes, Series 2011 (the "Series 2011 BANS"). The Series 2011 BANS are being issued pursuant to Ordinance No. 88-11 of the City enacted on May 5, 1988, as amended by Ordinance No. 91-33 of the City enacted on November 22, 1991; Ordinance No 00-41 of the City enacted on June 26, 2000; Ordinance No. 2003-002 of the City enacted on January 13, 2003; Ordinance No. 2009-36 of the City enacted on September 14, 2009; and Ordinance No. \_\_\_\_\_ of the City enacted on \_\_\_\_\_, 2011 (collectively, 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 of the Series 2011 BANS and in order to assist the Participating Underwriter (defined below) in complying with the Rule 15c2-12(b)(5) under the Securities and Exchange Act of 1934.

**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.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2011 BANS (including persons holding Series 2011 BANS through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Series 2011 BANS for federal income tax purposes.

"Series 2011 BANS" shall mean the \$\_\_\_\_\_ Combined Utility System Revenue Bond Anticipation Notes, Series 2011, City of Rock Hill, South Carolina, dated December \_\_, 2011.

"Disclosure Representative" shall mean the Finance Director or his or her designee, or such other person as the City shall designate from time to time.

"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.

"Holders" or "Holders of the Series 2011 BANS" shall mean the registered owners of the Series 2011 BANS.

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

"Official Statement" shall mean the official statement of the City dated \_\_\_\_\_, 2011, prepared in connection with the issuance of the Series 2011 BANS.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2011 BANS required to comply with the Rule in connection with offering of the Series 2011 BANS.

"Repository" shall mean for purposes of the Rule the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

"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” shall mean the State of South Carolina.

"System" means the Combined Utility System of the City.

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 2012, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen 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 and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s Fiscal Year (currently June 30) changes, the City shall give notice of the change as for a Listed Event under Section 5.

(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 Repository 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 the Repository; 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 to the Repository.

SECTION 4. Content of Annual Reports. 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) tables updating the tables in the Official Statement regarding numbers of customers of each unit (water, wastewater and electric) of the System;
- (b) tables updating the tables in the Official Statement regarding the ten largest customers of each unit of the System;
- (c) with respect to each unit of the System, tables updating the tables in the Official Statement regarding water service rates, wastewater service rates and electric service rates;
- (d) with respect to the electric unit of the System, a table updating the table in the Official Statement regarding kilowatt hour sales and peak demand;
- (e) a table updating the table in the Official Statement regarding historical operating results and debt service coverage; and
- (f) an updated debt service table for the all bonds as may be outstanding pursuant to the Ordinance.

Any or all of the items listed above may be incorporated by 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 filed with the Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Repository. The City shall clearly identify each such other 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/Town;
- (14) The consummation of a merger, consolidation, or acquisition involving the

City/Town or the sale of all or substantially all of the assets of the City/Town 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/Town.

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 Series 2011 BANS.

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 audited financial statements 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 audited financial statements 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 Agreement to update such information or include it in any future audited financial statements or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City 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 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 to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, Dissemination Agent, if any, the Participating Underwriter, the Bond Insurer and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

CITY OF ROCK HILL, SOUTH CAROLINA

By: \_\_\_\_\_  
Chief Financial Officer

Dated: December \_\_\_\_, 2011

NOTICE TO REPOSITORY OF FAILURE TO  
FILE ANNUAL REPORT

Name of Issuer: City of Rock Hill, South Carolina

Name of Bond Issue: \$\_\_\_\_\_ Combined Utility System Revenue Bond Anticipation Notes,  
Series 2011, City of Rock Hill, South Carolina

Date of Issuance: December \_\_\_\_, 2011

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 Bond Anticipation Notes as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the City on December \_\_\_\_, 2011. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated:

CITY OF ROCK HILL, SOUTH CAROLINA