

**Aiken County Public Schools
Bonds Applicable to the Debt Limit**

| <u>Issue Year</u> | <u>Original Issue</u> | <u>Paid Through June 30, 2018</u> | <u>Outstanding at July 1, 2018</u> |
|-------------------|------------------------------|---------------------------------------|--|
| 1984 | \$ 11,000,000 | \$ 11,000,000 | \$ - |
| 1985 | 1,250,000 | 1,250,000 | - |
| 1986 | 2,700,000 | 2,700,000 | - |
| 1987 | 2,250,000 | 2,250,000 | - |
| 1988 | 2,650,000 | 2,650,000 | - |
| 1989 | 6,300,000 | 6,300,000 | - |
| 1990 | 4,500,000 | 4,500,000 | - |
| 1991 | 7,600,000 | 7,600,000 | - |
| 1992 | 6,450,000 | 6,450,000 | - |
| 1993 | 7,550,000 | 7,550,000 | - |
| 1994 | 8,000,000 | 8,000,000 | - |
| 1995 | 7,600,000 | 7,600,000 | - |
| 1996 | 10,500,000 | 10,500,000 | - |
| 1997 | 9,600,000 | 9,600,000 | - |
| 1998 | 10,000,000 | 10,000,000 | - |
| 1999 | 9,500,000 | 9,500,000 | - |
| 2000 | 9,700,000 | 9,700,000 | - |
| 2001 | 10,500,000 | 10,500,000 | - |
| 2002 | 13,500,000 | 13,500,000 | - |
| 2003 | 11,200,000 | 11,200,000 | - |
| 2004 | 11,750,000 | 11,750,000 | - |
| 2006 | 21,740,000 | 21,740,000 | - |
| 2007 | 13,220,000 | 13,220,000 | - |
| 2008 | 13,800,000 | 13,800,000 | - |
| 2009 | 13,800,000 | 13,800,000 | - |
| 2010 | 14,000,000 | 14,000,000 | - |
| 2011 | 16,000,000 | 16,000,000 | - |
| 2012 | 17,500,000 | 17,500,000 | - |
| 2013 | 17,500,000 | 17,500,000 | - |
| 2014 | 17,500,000 | 13,170,000 | 4,330,000 |
| 2015 | 17,500,000 | 11,160,000 | 6,340,000 |
| 2016B | 18,000,000 | 6,970,000 | 11,030,000 |
| 2017A | 18,000,000 | 6,935,000 | 11,065,000 |
| Total | \$ <u>362,660,000</u> | \$ <u>329,895,000</u> | \$ <u>32,765,000</u> |

RESOLUTION

AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING \$18,500,000 GENERAL OBLIGATION BONDS, SERIES 2018, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, BY THE CONSOLIDATED SCHOOL DISTRICT OF AIKEN COUNTY, SOUTH CAROLINA; FIXING THE FORM AND DETAILS OF THE BONDS; DELEGATING TO THE SUPERINTENDENT OR HIS LAWFULLY AUTHORIZED DESIGNEE CERTAIN AUTHORITY RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CONSOLIDATED SCHOOL DISTRICT OF AIKEN COUNTY, SOUTH CAROLINA, AS FOLLOWS:

Section 1. Findings. The Board of Education (the "Board"), as the governing body of The Consolidated School District of Aiken County, South Carolina (the "School District"), hereby finds and determines:

(a) The School District was created pursuant to the provisions of Act No. 503 (1982 Acts). Pursuant to the provisions of Act No. 503 (1982 Acts), the governing body of the School District is the Board.

(b) Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended (the "Constitution") provides that after November 30, 1982, the governing body of any school district may incur general obligation debt in an amount not exceeding eight percent of the assessed value of all taxable property of such school district upon such terms and conditions as the General Assembly may prescribe. Such Article further provides that if general obligation debt is authorized by a majority vote of the qualified electors of the school district voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in such Article.

(c) Title 59, Chapter 71, Article 1, Code of Laws of South Carolina 1976, as amended (the "School Bond Act") provides that the Board of Education of any school district may issue general obligation bonds of such school district for the purpose of defraying the cost of capital improvements in any amount not exceeding the constitutional debt limitation applicable to such school district. The School Bond Act requires the county board of education wherein the School District is located, if there is such, to approve the issuance of such bonds.

(d) Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended ("Title 11, Chapter 27"), provides that if an election be prescribed by the provisions of the School 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 and the remaining provisions of the School Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions. Title 11, Chapter 27 further provides that any school district of the State may issue bonds in fully-registered form.

(e) The assessed value of all taxable property in the School District as of June 30, 2017, for purposes of computation of the School District's constitutional debt limit is \$718,668,965. Eight percent (8%) of such sum is \$57,493,517. As of the date hereof, the outstanding bonded and general obligation indebtedness of the School District subject to its constitutional debt limitation is \$32,765,000. Thus, the

School District may incur an additional \$24,728,517 of general obligation debt within its applicable constitutional debt limitation.

(f) Pursuant to a Resolution adopted by the Board on July 12, 2012, the School District has adopted Written Procedures related to Tax-Exempt Debt.

(g) It is now in the best interest of the School District for the Board to provide for the issuance and sale of general obligation bonds of the School District pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina (the "State") in the principal amount of not exceeding \$18,500,000, the proceeds of which will be used for: (i) funding capital improvements including but not limited to the acquisition and installment of technology equipment and all costs associated therewith (the "Projects"); (ii) paying costs of issuance of the bonds, and (iii) such other lawful purposes as the Board may determine.

Section 2. Authorization and Details of Bonds. Pursuant to the aforesaid provisions of the Constitution and laws of the State, there is hereby authorized to be issued general obligation bonds of the School District in the amount of not exceeding \$18,500,000 to obtain funds for any one or more of the purposes mentioned in Section 1(g) above designated as "\$[amount issued] General Obligation Bonds, Series 2018 [or such other appropriate series designation], of The Consolidated School District of Aiken County, South Carolina (the "Bonds").

The Bonds shall be issued as fully-registered bonds; shall be dated as of their date of delivery; shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the principal amount of the Bonds maturing in each year; shall be numbered from R-1 upward; shall bear interest at such times as hereafter designated by the Superintendent or his lawfully-authorized designee at such rate or rates as may be determined at the time of the sale thereof; and shall mature serially in successive annual installments as determined by the Superintendent or his lawfully-authorized designee.

Both the principal of and interest on the 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 Registrar/Paying Agent for the Bonds shall be Regions Bank.

Section 3. Delegation of Authority Relating to the Bonds. The Board hereby delegates to the Superintendent or his lawfully-authorized designee the authority: (a) to determine the par amount of the Bonds; (b) to determine the maturity dates of the Bonds and the respective principal amounts maturing on such dates; (c) to determine the interest payment dates of the Bonds; (d) to determine redemption provisions, if any, for the Bonds; (e) to determine the date and time of sale of the Bonds; (f) to receive bids on behalf of the Board; and (g) to award the sale of the Bonds to the lowest bidder therefor in accordance with the terms of the Notice of Sale for the Bonds, provided the true interest cost of the Bonds does not exceed five and one-fourth percent (5.25%) per annum.

After the sale of the Bonds, the Superintendent or his lawfully-authorized designee shall submit a written report to the Board setting forth the results of the sale of the Bonds.

Section 4. Registration, Transfer and Exchange of the Bonds. The School District shall cause books (herein referred to as the "registry books") to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bonds under such reasonable regulations as the Registrar/Paying Agent may prescribe.

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

The School District and the Registrar/Paying Agent may deem or treat the person in whose name any fully-registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such 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 Bond to the extent of the sum or sums so paid, and neither the School District nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring the Bonds is exercised, the School District shall execute and the Registrar/Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. Neither the School District nor the Registrar/Paying Agent shall be obliged to make any such transfer of the Bonds during the fifteen (15) days preceding an interest payment date on such Bonds.

Section 5. Record Date. The School District hereby establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of the Bonds, and such record date shall be the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on such Bond or, in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the mailing of notice of redemption of the Bonds.

Section 6. Mutilation, Loss, Theft or Destruction of the Bonds. In case any 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 School District 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 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 Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the School District and the Registrar evidence or proof satisfactory to the School District and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State or such greater amount as may be required by the School District and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly-destroyed Bond shall be entitled to the identical benefits under this Resolution as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder.

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

Section 7. Execution of the Bonds. The Bonds shall be executed in the name of the School District with the facsimile or manual signature of the Chair of the Board attested by the facsimile or manual signature of the Secretary of the Board under the seal of the School District which shall be impressed, imprinted or reproduced thereon. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each Bond shall bear a certificate of authentication manually executed by the Registrar/Paying Agent in substantially the form set forth in Exhibit A hereto.

Section 8. Form of the Bonds. The Bonds shall be in substantially the form attached hereto as Exhibit A.

Section 9. Investment Contracts. The Board hereby authorizes the Superintendent to execute such investment contracts and related documents as she determines to be in the best interest of the School District; provided that all such investments shall be permitted investments of public funds as provided in Sections 6-5-10 and 11-1-60, Code of Laws of South Carolina 1976, as amended (the "S.C. Code").

Section 10. Eligible Securities. The Bonds initially issued (the "Initial Bonds") will be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company, New York, New York ("DTC"), and transfers of beneficial ownership of the Initial Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of \$5,000 principal amount of the Bonds of the same maturity or any integral multiple of \$5,000.

The Initial Bonds shall be issued in fully-registered form, one Bond for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal or interest on the Initial Bonds becomes due, the School District shall transmit or cause to be transmitted to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to DTC in accordance with the provisions of this Resolution.

If (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the School District has advised DTC of its determination that DTC is incapable of discharging its duties, the School District shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the School District of the Initial Bonds together with an assignment duly executed by DTC, the School District shall execute and deliver to the successor securities depository Bonds of the same principal amount, interest rate and maturity registered in the name of such successor.

If the School District is unable to retain a qualified successor to DTC or the School District 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 Bonds might be adversely affected if the book-entry system of transfer is continued (the School District 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 Bonds by mailing an appropriate notice to DTC, upon receipt by the School District of the Initial Bonds together with an assignment duly executed by DTC, the School District shall execute, authenticate and deliver to the DTC participants Bonds in fully-registered form, in substantially the form set forth in Section 2 of this Resolution in the denomination of \$5,000 or any integral multiple thereof.

Section 11. Security for the Bonds. The full faith, credit, resources and taxing power of the School District are hereby irrevocably pledged for the payment of the principal and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor. There shall be levied annually by the Auditors of Aiken County and Saluda County and collected by the Treasurers of Aiken County and Saluda County in the same manner as county taxes are levied and collected, a tax, without limit, on all taxable property in the School District sufficient to pay the principal and interest of the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

The Auditors and Treasurers of Aiken County and Saluda County shall be notified as to the delivery of and payment for the Bonds and are hereby directed to levy and collect, respectively, on all taxable property in the School District, a tax, without limit, on all taxable property in the School District sufficient to pay the principal and interest of the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

Section 12. Defeasance. The obligations of the School District under this Resolution and the pledges, covenants and agreements of the School District herein made or provided for, shall be fully discharged and satisfied as to any portion of the Bonds, and such Bond or Bonds shall no longer be deemed to be outstanding hereunder when:

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

(b) payment of the principal of and interest on such 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 a corporate trustee to be named in trust and irrevocably set 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 corporate trustee. At such time as the Bonds shall no longer be deemed to be outstanding hereunder, such Bonds 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 Resolution.

“Government Obligations” shall mean any of the following:

- (i) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;
- (ii) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”); and
- (iii) a defeasance obligation as defined in Section 6-5-10 of the S.C. Code as such as may be amended from time to time.

(c) Such Bond or Bonds shall be defeased as provided in Section 11-14-110 of the S.C. Code as such may be amended from time to time.

Section 13. Exemption from State Taxes. Both the principal of and interest on the Bonds shall be exempt, in accordance with the provisions of Section 12-2-50 of the S.C. 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 14. Sale of the Bonds; Form of Notice of Sale. The Bonds shall be sold at public sale. A Notice of Sale in substantially the form attached hereto as Exhibit B 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 or in a financial publication published in the City of New York, State of New York, or both, not less than seven (7) days prior to the date set for such sale.

Section 15. Preliminary and Official Statement. The Board hereby authorizes and directs the Superintendent and the Chief Financial Officer of the School District (the "CFO") to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds together with the Notice of Sale. The Board authorizes the Superintendent to designate the Preliminary Official Statement as "final" for purposes of Rule 15c2-12 of the Securities Exchange Commission. The Superintendent is further authorized to see to the completion of the final form of the Official Statement upon the sale of the Bonds so that it may be provided to the purchaser of the Bonds.

Section 16. Filings with Central Repository. In compliance with Section 11-1-85 of the S.C. Code, the School District covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of the annual audit of the School District within thirty (30) days for the School District's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, relevant information of an event which adversely affects more than five (5%) percent of the revenues of the School District or the School District's tax base.

Section 17. Continuing Disclosure. The School District 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 C. Notwithstanding any other provisions of this Resolution, failure of the School District 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 School District to comply with their obligations under this Section.

Section 18. Deposit and Use of Proceeds. The proceeds derived from the sale of the Bonds shall be deposited with the Treasurer of Aiken County in a special fund to the credit of the School District and shall be applied solely to the purposes for which the Bonds have been issued, including payment of costs of issuance of the Bonds.

Section 19. Reimbursement of Certain Expenditures. The Board hereby declares that this Resolution shall constitute its declaration of official intent pursuant to Regulation § 1.150-2 of the Internal Revenue Code of 1986, as amended and regulations promulgated thereunder (the "Code") to reimburse the School District from the proceeds of the Bonds for expenditures with respect to the Projects (the "Expenditures"). The School District anticipates incurring Expenditures with respect to the Projects prior to the issuance by the School District of the Bonds for such purposes. 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 the Project was placed in service, but in no event more than three (3) years after the original Expenditures. The Expenditures are incurred solely to acquire, construct or rehabilitate property having a reasonably expected economic life of at least one (1)

year. The source of funds for the Expenditures with respect to the Projects will be the School District's general reserve funds or other legally-available funds.

Section 20. Tax Covenants. The School District hereby covenants and agrees with the holders of the Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Bondholders for federal income tax purposes pursuant to the provisions of the Code in effect on the date of original issuance of the Bonds. The School District further covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Bonds would have caused the Bonds to be "arbitrage bonds," as defined in Section 148 of the Code, and to that end the School District hereby shall:

(a) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the 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.

Section 21. Miscellaneous. The Board hereby authorizes the Chair of the Board, the Secretary of the Board, the Superintendent and the CFO to execute such documents and instruments as may be necessary to effect the issuance of the Bonds. The Board hereby retains McNair Law Firm, P.A., as Bond Counsel and Compass Municipal Advisors, LLC as Financial Advisor, in connection with the issuance of the Bonds. The Superintendent is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

All rules, regulations, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bonds are, to the extent of such conflict, hereby repealed and this Resolution shall take effect and be in full force from and after its adoption.

[Signature Page follows]

Adopted this 26th day of June, 2018.

THE CONSOLIDATED SCHOOL DISTRICT OF
AIKEN COUNTY, SOUTH CAROLINA

Chair, Board of Education

(SEAL)

ATTEST:

Secretary, Board of Education