

APPENDIX B
NOTICE OF PROPOSED LOAN FOR
\$5,500,000 TAX ANTICIPATION NOTE, 2007
FAIRFIELD COUNTY, SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that proposals will be received by the County Council ("County Council"), of Fairfield County, South Carolina (the "County"), at the offices of Parker Poe Adams & Bernstein LLP, 1201 Main Street, Suite 1450, Columbia, South Carolina 29201, until **11:00 a.m.**, South Carolina time, on _____, 2007, at which time such proposals will be reviewed for the \$5,500,000 Tax Anticipation Note, 2007, of the County ("Note"). Proposals may be delivered by hand or by mail or facsimile transmission (Fax No. **803-255-8017**), but no proposal shall be considered which is not actually received at the place, date and time appointed and the County shall not be responsible for any failure, misdirection or error in the means of transmission selected by any financial institution.

Details of the Note. The Note will be issued in the form of one single fully registered note to a financial institution in the aggregate principal amount of \$5,500,000. The Note shall be dated the date of its delivery and shall mature as to principal and interest on February 28, 2008. Interest on the Note will be computed based on a 365-day year basis.

Bank Qualification. The Note has been designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Bond.

Rating. The County has **not** requested ratings from any rating agencies.

Call Protection. The Note will **not** be subject to prepayment prior to its maturity.

Proposal Requirements. Financial institutions wishing to submit proposals (each, a "Bidder") shall specify a single fixed rate of interest per annum for the Note. Each bid shall be for the purchase of the Note at par. No premium or discount shall be provided and no additional fee shall be applied.

Award. The Note will be awarded to the Bidder offering to purchase the Note in conformity with the terms hereof at the lowest interest rate to the County. In the event two or more bids have the same lowest interest rate, the Note will be awarded on the basis of a coin flip. The County reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected by no later than 2:00 p.m., South Carolina time, on _____, 2007.

Proposal Form. It is requested, but not required, that your proposal be submitted on the attached proposal form. Each proposal should be marked "Proposal for \$5,500,000 Tax Anticipation Note, 2007, Fairfield County, South Carolina," and should be directed to the attention of the County at the address in the first paragraph hereof. No good faith check is required.

Registration. The County will maintain a registry for purposes of facilitating any transfer of the Note.

Tax Exemption. In the opinion of Bond Counsel, interest on the Note is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the

condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes.

Purpose. The proceeds of the Note will be used to fund the operational expenditures of the County during the fiscal year ending June 30, 2007, pending the collection of *ad valorem* taxes levied therefor.

Security for the Note. The Note is issued in anticipation of the collection of *ad valorem* taxes levied for operational purposes for the fiscal year ending June 30, 2007, levied on all taxable property within the County and is payable, both as to principal and interest, from the proceeds thereof. The Note is a general obligation of the County and there is also pledged to the payment of the principal of and interest on the Note, the full faith, credit and taxing power of the County.

Finally, the Note, as a general obligation of the County, is secured under the intercept provisions set forth in the South Carolina Constitution and the Code of Laws of South Carolina 1976, as amended. Article X, Section 14, Paragraph (5) of the Constitution of the State of South Carolina, 1895, as amended, provides:

If at any time any political subdivision shall fail to effect the punctual payment of the principal and interest of its general obligation debt, the State Treasurer shall withhold from such political subdivision sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the political subdivision then due.

Closing. The County shall furnish upon the delivery of the Note the final approving opinion of Parker Poe Adams & Bernstein LLP, Columbia, South Carolina ("Bond Counsel"), together with the usual closing documents, including a certificate that no litigation is pending affecting the Note.

The purchaser shall be required to certify, at closing, that, among other things, it has sufficient knowledge and expertise in financial and business affairs to be able to evaluate the risks and merits of the investment represented by the purchase of the Note, that it understands that no official statement is being issued and that it has made its own inquiry and analysis with respect to the Note, and that it is purchasing the Note for its own account and not with a view to reselling or dividing the Note or any part of the Note.

No "Review" or Other Fees. Proposals may not include any additional fees, such as those for review of documents by counsel, origination, etc.

Delivery. The Note shall be delivered on or about _____, 2007, in Columbia or Fairfield, South Carolina, at the expense of the County. The purchase price then due must be paid in Federal Funds. The cost of preparing the Note will be borne by the County.

Additional Information. The "liftable" portion of the Audited General Purpose Financial Statements of the County for the year ended June 30, 2005, and the fiscal year 2007-2008 budget are available upon request. Persons seeking additional information should communicate with Mr. Philip L. Hinely, County Administrator, Fairfield County, 350 Columbia Road, Post Office Drawer 60, Winnsboro, SC 29180 (Phone: 803-712-6502; Fax: 803-635-9078; Email: phinely@fairfieldsc.com) or Ray E. Jones, Esquire, Parker Poe Adams & Bernstein LLP, 1201 Main Street, Suite 1450, Columbia, South Carolina 29201 (Phone: 803-253-8917; Fax: 803-255-8017; Email: rayjones@parkerpoe.com).

**PROPOSAL FOR
\$5,500,000 TAX ANTICIPATION NOTE, 2007
FAIRFIELD COUNTY, SOUTH CAROLINA**

DEADLINE: 11:00 A.M., _____, _____, 2007

Proposal Submitted By: _____

We hereby submit a proposal of par for the \$5,500,000 Tax Anticipation Note, 2007 ("Note") of Fairfield County, South Carolina ("County"), to be dated the date of its delivery (which is expected to be _____, 2007) and set to mature as to both the principal amount drawn and interest on February 28, 2008. The Note will not be subject to prepayment prior to its maturity.

The interest rate to be borne by the Note will be _____%.

We understand that no good faith check is required and that the County reserves the right to reject any and all bids or any bid which does not comply with the terms of the Notice of Sale and to waive irregularities in any bid. *In addition, we understand that, in the event that we are selected as the purchaser, we will be required to certify at closing that, among other things, we have sufficient knowledge and expertise in financial and business affairs to be able to evaluate the risks and merits of the investment represented by the purchase of the Note, we understand that no official statement is being issued and that we have made our own inquiry and analysis with respect to the Note, and we are purchasing the Note for our own account and not with a view to reselling or dividing the Note or any part of the Note. Further, we are aware that the County will pay the cost of preparing the Note and the closing documents but will not pay any fees or closing costs incurred by the successful purchaser of the Note.*

Contact Person: _____
Title: _____
Address of Bidder: _____
Telephone Number: _____

The foregoing proposal is accepted:

County Administrator
Fairfield County, South Carolina

ASSIGNMENT

For value received _____ hereby sells, assigns and transfers unto _____ the within-mentioned notes and hereby irrevocably constitutes and appoints _____, Attorney, to transfer the same on the books of registration in the office of the Registrar/Paying Agent as registrar with full power of substitution in the premises.

By: _____

Dated: _____

Witness: _____

NOTE: The signature to this assignment must correspond with the name as written on the face of the within notes in every particular, without alteration, enlargement or any change whatsoever.