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FAIRFIELD COUNTY, SOUTH CAROLINA

ORDINANCE NO. 521

AUTHORIZING THE ISSUANCE AND SALE OF TAX ANTICIPATION NOTES OF FAIRFIELD COUNTY IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$5,500,000, IN ONE OR MORE SERIES, IN ANTICIPATION OF THE COLLECTION OF *AD VALOREM* TAXES FOR THE FISCAL YEAR BEGINNING JULY 1, 2006, AND ENDING JUNE 30, 2007; PRESCRIBING THE TERMS AND CONDITIONS UNDER WHICH THE NOTES MAY BE ISSUED; PROVIDING FOR THE FORM OF NOTES; PROVIDING FOR THE PAYMENT THEREOF; AND OTHER MATTERS RELATING THERETO.

SEPTEMBER 11, 2006

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BE IT ORDAINED BY FAIRFIELD COUNTY AS FOLLOWS:

**SECTION 1. Findings.** The County Council ("County Council") for Fairfield County ("County"), hereby finds and determines:

- (a) The County is a duly constituted body and a political subdivision of the State of South Carolina.
- (b) Article X, Section 14, of the Constitution of the State of South Carolina, 1895, as amended ("Constitution"), empowers counties to incur general obligation debt in anticipation of collection of *ad valorem* taxes under those terms and conditions as the General Assembly may prescribe by law.
- (c) Chapter 27 of Title 11 of the Code of Laws of South Carolina, 1976, as amended, authorizes and empowers school districts to incur general obligation debt in anticipation of the collection of *ad valorem* taxes. Such tax anticipation notes shall be expressed to mature not later than 90 days from the date as of which such taxes may be paid without penalty.
- (d) On June 7, 2006, the County Council adopted a budget for the County's operational expenditures for the Fiscal Year beginning July 1, 2006, and ending June 30, 2006 ("2006-2007 Fiscal Year") by means of an Ordinance ("Budget Ordinance"), which approved the County's budget and authorized the Auditor of the County to levy an annual tax upon all property in the County sufficient to provide for a portion of the approved appropriations set forth in that Budget Ordinance.
- (e) Notices for the collection of *ad valorem* taxes on real property in the County are expected to be mailed to the taxpayers of the County in October 2006, and such taxes will be payable without penalty on or before January 15, 2007.
- (f) The County Administrator has advised the County Council that funds available for operational expenditures of the County may be insufficient to meet operational expenditures of the County from July 1, 2006, through February 2007.
- (g) The cost of conducting the operations of the County, including all of its departments, and those agencies and commissions for which the County provides some of all funding, must be met pending the collection of the 2006-2007 *ad valorem* taxes levied for operational expenditures of the County.
- (h) The County has not heretofore issued any obligations in anticipation of the collection of these taxes levied for operational expenditures of the County for the 2006-2007 Fiscal Year.



(i) To provide funds for operational expenditures of the County, it is therefore necessary and in the best interest of the County to provide for the issuance of tax anticipation notes in the principal amount of not to exceed \$5,500,000 in anticipation of the collection of *ad valorem* taxes levied for operational expenditures of the County for the 2006-2007 Fiscal Year, the millage for such taxes to be levied by the Auditor of the County.

**SECTION 2. Authorization of Notes.** Pursuant to the stated provisions of the Constitution and laws of the State of South Carolina, there is hereby authorized to be issued tax anticipation notes, in one or more series ("Notes"), of the County in the principal amount of not exceeding \$5,500,000 in aggregate in anticipation of the collection of the *ad valorem* taxes on all taxable property within the County, to be levied, but not yet collected, for the operational expenditures of the County for the 2006-2007 Fiscal Year. The Notes shall be designated as "Tax Anticipation Notes, 2006, Fairfield County, South Carolina," to include the appropriate series designation, and more specifically by any additional designation appropriate to distinguish between each series, if, and when issued.

The Notes shall be issued at that time or those times as may be determined by either the Chairperson of County Council ("Chairperson") or County Administrator based on the projected cash flow needs of the County. Each series of Notes will be issued either:

- (a) Under the DTC Book Entry Only System in the form of a single fully registered note in the total aggregate principal amount, registered in the name of Cede & Co. as the registered owner and nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Notes; or
- (b) As certified Notes in denominations of \$5,000 each or any integral multiple thereof; or
- (c) As a fully registered instrument in various face amounts of, in the aggregate, not more than the maximum amount permitted by this Ordinance to one or more lending institutions.

The Notes shall be payable as to both principal and interest as provided by this Ordinance; shall be without coupons; shall be dated as of the date of its delivery; may be subject to redemption prior to maturity as determined by either the Chairperson or County Administrator; shall mature at such time as may be determined by either the Chairperson or County Administrator, but in no event later than 90 days from the date on which the County's taxes are payable without penalty; and shall bear interest based on a 365-day year from their date (or any other basis as either the Chairperson or County Administrator deems appropriate) payable at maturity at whatever rate per annum as may be determined by either the Chairperson or County Administrator at the time of sale.

Both the principal of and interest on the Notes shall be payable to the owner 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. The Notes shall be executed in the name of the County with the manual or facsimile signature of either the Chairperson or County Administrator attested by the manual or facsimile signature of the Clerk to County Council ("Clerk") with the seal of the County impressed, affixed or imprinted thereon; provided that in the event facsimile signatures are used by both the Chairperson, or County Administrator, and the Clerk, the Notes shall be authenticated by the manual signature of an authenticating agent acting at the direction of the County.

The County Council hereby delegates to the Chairperson and County Administrator, each individually, the authority to determine the aggregate principal amount of the Notes and of each series of Notes, provided that the aggregate principal amount shall not exceed \$5,500,000. The Notes may



either be funded fully at closing or issued in draw-down form. The County Council also authorizes the Chairperson and County Administrator, each individually, to solicit offers from various banks and other interested persons for the purchase of the tax anticipation notes authorized by this Ordinance and to accept on behalf of the County the lowest bid submitted or to negotiate with one or more financial institutions for the purchase of the Notes if such negotiations are determined by the Chairperson or County Administrator to be in the best interest of the County based on cost and timing considerations.

**SECTION 3. *Form of the Notes.*** The Notes shall be in substantially the same form as Appendix A, with such alterations and revisions as may be necessary for delivery of the Notes in registered, bearer, book-entry only or draw-down form.

**SECTION 4. *Registrar/Paying Agent.*** If issued in fully registered certified form, the Notes shall be registered as to principal and interest in the name of their initial purchaser at the office of a financial institution selected in accordance with the provisions of the notice of sale or negotiations utilized for that purpose, and that registration shall be noted on the Notes, after which no transfer of the Notes shall be effectual unless made on the books by the registered holder in person, or by his duly authorized attorney and similarly noted on the Notes; provided that if the purchaser of the Notes elects for the Notes to be held in book-entry only format, the County may dispense with a Registrar/Paying Agent and, so long as the Notes are held in that form, may serve as its own agent. In the event the County issues Notes to a lending institution on a drawdown arrangement, those Notes shall be registered to that institution and may be transferred as provided within the Notes.

**SECTION 5. *Security for the Notes.*** For the payment of the principal of and interest on the Notes as each respectively matures, the County hereby pledges (a) the full faith, credit and taxing power of the County; and (b) the *ad valorem* taxes authorized to be levied pursuant to the actions of the County Council as described in Section 1(d) of this Ordinance.

**SECTION 6. *Notes Exempt from Taxation.*** Both the principal of and interest on the Notes are exempt in accordance with the provisions of Section 12-2-50, Code of Laws of South Carolina, 1976, from all State, county, municipal, school district, and all other taxes or assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate and transfer taxes, but the interest on the Notes may be included for certain franchise fees or taxes.

**SECTION 7. *No Prior Pledge of Taxes.*** The County covenants it has not authorized or issued any notes or certificates of indebtedness of any type in anticipation of the collection of the *ad valorem* taxes pledged to the payment of the Notes authorized by this Ordinance except for the Notes authorized by this Ordinance; provided, however, the County may issue other notes on a parity with the Notes to the extent necessary to provide sufficient operating funds in anticipation of the collection of taxes in an amount that, when added to the amount of the Notes, will not exceed 50% of the *ad valorem* taxes levied for the County's operational expenditures for the 2006-2007 Fiscal Year; and, provided further, the County may issue the Notes or other certificates of indebtedness junior, inferior and subordinate in all respects to the pledge made in this Ordinance to secure the Notes.

**SECTION 8. *Notice of Sale.*** The County Council hereby delegates to the Chairperson and County Administrator, each individually, the authority to offer the Notes for sale at such time or times as deemed to be in the best interest of the County. Either the Chairperson or County Administrator may arrange for the sale of the Notes by negotiation or may cause the Notice of Sale in Appendix B to be distributed substantially in the form set forth, with those alterations and revisions as may be necessary for the sale of the Notes in registered, bearer, book-entry only or draw-down form, in a manner deemed advisable.



**SECTION 9. *Disbursement and Use of Proceeds.*** The proceeds of the Notes shall be deposited for the account of the County and shall be applied solely for the purposes for which taxes for the County's operational purposes for the 2006-2007 Fiscal Year have been levied.

**SECTION 10. *Tax Covenant.*** The County covenants that no use of the proceeds of the sale of the Notes shall be made which, if that use had been reasonably expected on the date of issue of the Notes, would have caused the Notes to be an "arbitrage bond," as defined in Section 148 of the United States Internal Revenue Code of 1986, as amended ("Code"), and to that end the County shall comply with the applicable regulations of the Treasury Department adopted under Section 148 of the Code throughout the term of the Notes.

In addition, because the County does not reasonably anticipate issuing in excess of \$10,000,000 in tax-exempt obligations in the calendar year 2006, the County hereby designates the Notes 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 that financial institutions' interest expense allocable to interest on the Notes.

**SECTION 11. *Official Statement.*** The County Council hereby authorizes the Chairperson and the County Administrator, each individually, to provide for an offering document or official statement in connection with the sale of the Notes, if the Notes are sold by means of a public sale. This offering document or official statement shall be substantially in the form previously used by the County in similar offerings. If an official statement is used in connection with the sale, the County Council authorizes the Chairperson and Council Administrator, each individually, to designate the Preliminary Official Statement as "near final" for purposes of Rule 15c2-12 of the Securities Exchange Commission. The Chairperson and Council Administrator, each individually, are further authorized to ensure the completion of the final form of the Official Statement at the sale of the Notes so the Official Statement may be provided to the Purchaser of the Notes.

**SECTION 12. *Continuing Disclosure.*** The County Council hereby covenants and agrees, to the extent required by federal or state law, it will comply with and carry out all provisions of a continuing disclosure certificate, executed by either the Chairperson or County Administrator and dated the date of delivery of the Notes, which will meet the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission and Section 11-1-85 of the Code of Laws of South Carolina, 1976, as amended.

**SECTION 13. *Authorization to Execute.*** The County Council hereby authorizes the Chairperson or County Administrator, each individually, and Clerk to execute whatever documents and instruments as may be necessary to effect the issuance of the Notes.

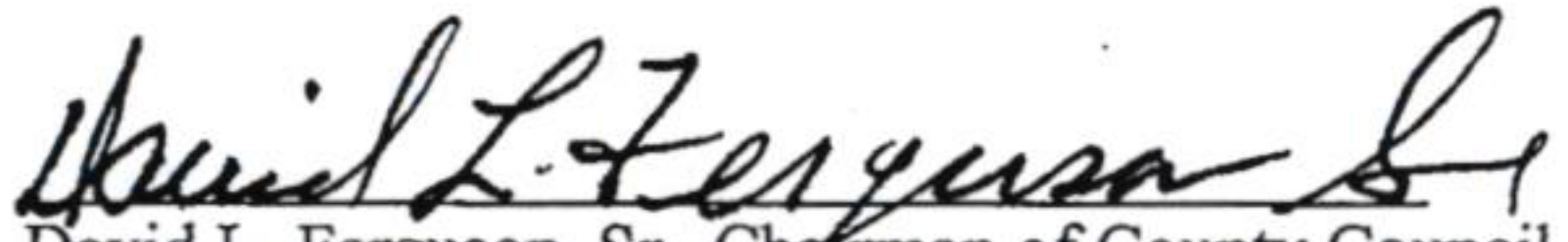
**SECTION 14. *Authenticating Agent.*** In the event either the Chairperson or County Administrator and the Clerk determine to use facsimile signatures for the execution of the Notes, the Chairperson or County Administrator is authorized to arrange for an authenticating agent with respect to the Notes.

**SECTION 15. *No Conflict.*** All orders, resolutions, ordinances and parts of those, procedural or otherwise, in conflict with this Ordinance or the proceedings authorizing the issuance of the Notes are,

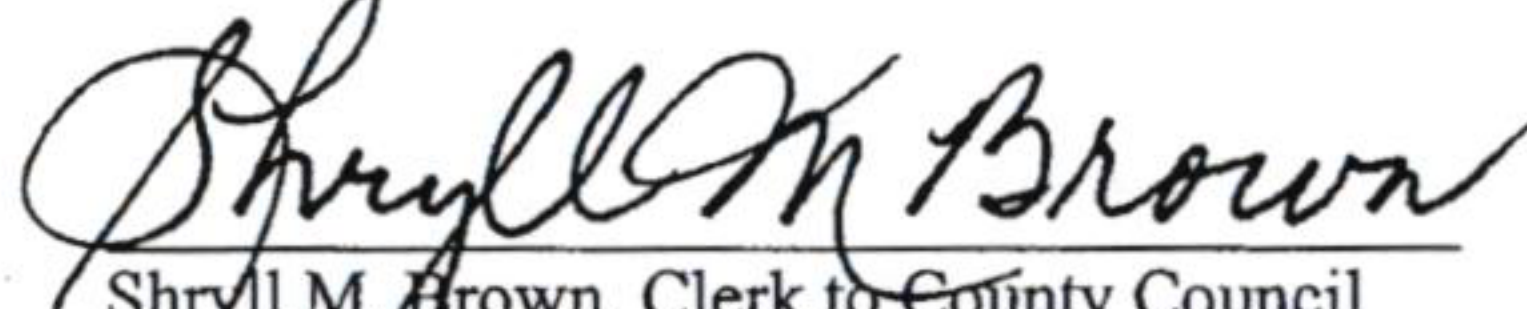


to the extent of any conflict, hereby repealed and this Ordinance takes effect and is in full force only after the County Council has approved it following three readings.

FAIRFIELD COUNTY, SOUTH CAROLINA

  
David L. Ferguson, Sr., Chairman of County Council  
Fairfield County, South Carolina

(SEAL)  
ATTEST:

  
Shryll M. Brown, Clerk to County Council  
Fairfield County, South Carolina

READINGS:

First Reading:	July 24, 2006
Second Reading:	August 14, 2006
Third Reading:	September 11, 2006
Public Hearing:	September 11, 2006