

OFFICIAL STATEMENT



NEW ISSUE – BOOK-ENTRY-ONLY

Ratings:
S&P: A-
Fitch: A-
(See “RATINGS”)

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law and assuming compliance by the Issuer and the County with certain requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is of the further opinion that, under existing law, interest on the Bonds is exempt from all State of South Carolina, county, municipal, school district, and all other taxes and assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or other transfer taxes, provided that the interest thereon may be includable for certain franchise fees or taxes. See “TAX TREATMENT” herein.

\$36,565,000
ORANGEBURG COUNTY FACILITIES CORPORATION
INSTALLMENT PURCHASE REVENUE BONDS
(DETENTION CENTER PROJECT)
SERIES 2017

Dated: Delivery Date

Due: December 1, as shown on the inside front cover

This cover page and the inside cover page contain certain information for quick reference only. They are not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Each capitalized term used, but not defined on this cover, has the meaning provided for that term in the Trust Agreement, dated as of December 1, 2017 (“**Trust Agreement**”), between Orangeburg County Facilities Corporation (“**Issuer**”) and U.S. Bank National Association, as trustee (“**Trustee**”), or the Installment Purchase and Use Agreement, dated as of December 1, 2017 (“**Purchase and Use Agreement**”), between the Issuer and Orangeburg County, South Carolina (“**County**”). The bonds will be issued as Installment Purchase Revenue Bonds of the Issuer (Detention Center Project) Series 2017 (“**Bonds**”), issued for the purpose of providing funds, together with other available funds, to: (i) finance the costs of acquiring, designing and constructing certain facilities (“**2017 Projects**”) to be used by the County, on real property owned by the County (“**2017 Real Property**,” with the 2017 Projects, “**2017 Facilities**”) that will serve as security for the Bonds, and certain additional facilities distinct from the 2017 Projects and not serving as security for the Bonds (“**Ancillary Projects**”); (ii) currently refund the County’s General Obligation Bond Anticipation Note, Series 2017, held by PNC Bank, National Association, outstanding in the principal amount of \$7,000,000 (“**2017 BAN**”); (iii) fund capitalized interest through June 1, 2018, during the construction of the 2017 Projects; and (iv) pay the costs of issuing the Bonds.

The Bonds are limited obligations of the Issuer secured by and payable from the Trust Estate. The Trust Estate consists primarily of the Issuer’s right, title and interest in the Revenues, which includes Installment Payments and other amounts receivable by the Issuer under the Purchase and Use Agreement, subject to the Reserved Rights.

The Bonds do not, and shall not be deemed to, constitute or create an indebtedness, liability or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit of the County. The Bonds and the interest thereon are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders of the Bonds.

THE OBLIGATION OF THE COUNTY TO PAY INSTALLMENT PAYMENTS UNDER THE PURCHASE AND USE AGREEMENT IS A CURRENT EXPENSE OF THE COUNTY AND IS DEPENDENT ON A LAWFUL APPROPRIATION OF FUNDS BEING MADE BY THE COUNTY COUNCIL OF THE COUNTY TO PAY EACH INSTALLMENT PAYMENT DUE IN EACH FISCAL YEAR UNDER THE PURCHASE AND USE AGREEMENT AND IS NOT IN ANY WAY A DEBT OF THE COUNTY UNDER ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE COUNTY, NOR IS ANYTHING IN THE PURCHASE AND USE AGREEMENT A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, MONEYS OR CREDIT OF THE COUNTY.

The Bonds will be issued only as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. Principal shall be paid on the maturity dates, as shown on the inside front cover, to the registered owner of each Bond at the principal corporate trust office of the Trustee, serving in its capacity as registrar and paying agent for the Bonds (“**Registrar/Paying Agent**”). So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be made directly to Cede & Co. Disbursements of payments to Beneficial Owners will be the responsibility of Direct Participants or Indirect Participants as described in this Official Statement, and neither the Issuer nor the County shall be responsible for disbursements.

The Bonds will be dated their Delivery Date and will mature on December 1 in each of the years and in the principal amounts and bear interest at the rates shown on the inside front cover from the date of their issuance. Interest on the Bonds is payable on each June 1 and December 1, commencing June 1, 2018, until maturity. The Bonds are subject to redemption prior to maturity.

The Bonds are offered when, as and if issued and accepted by PNC Capital Markets LLC, as underwriter, subject to the approving opinion as to legality of Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, which is serving as Bond/Disclosure Counsel to the Issuer. Certain legal matters will be passed on for the Issuer by its counsel, Anderson Law Firm, P.A., Orangeburg, South Carolina; for the County by its counsel, Law Office of D’Anne Haydel, Orangeburg, South Carolina; and for the Underwriter by its counsel, McNair Law Firm, P.A., Columbia, South Carolina. First Tryon Advisors serves as Financial Advisor to the County. It is expected that the Bonds in definitive form will be available for delivery on or about December 14, 2017, through the facilities of DTC against payment therefor.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PNC CAPITAL MARKETS LLC

This Official Statement is dated December 6, 2017.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, AND CUSIPS[†]**\$25,145,000 SERIAL BONDS**

<u>DUE DECEMBER 1</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YIELD</u>	<u>PRICE</u>	<u>INITIAL CUSIP[†]</u>
2019	\$ 150,000	3.000%	1.800%	102.304	685357 AA3
2020	200,000	3.000	1.880	103.213	685357 AB1
2021	400,000	4.000	2.000	107.584	685357 AC9
2022	1,050,000	4.000	2.110	108.862	685357 AD7
2023	1,100,000	5.000	2.230	115.387	685357 AE5
2024	1,155,000	5.000	2.340	117.001	685357 AF2
2025	1,215,000	5.000	2.440	118.426	685357 AG0
2026	1,275,000	5.000	2.560	119.432	685357 AH8
2027	1,340,000	5.000	2.680	120.168	685357 AJ4
2028	1,410,000	5.000	2.770	119.299 ^c	685357 AK1
2029	1,485,000	5.000	2.860	118.438 ^c	685357 AL9
2030	1,560,000	5.000	2.910	117.963 ^c	685357 AM7
2031	1,630,000	4.000	3.250	106.339 ^c	685357 AN5
2032	1,695,000	4.000	3.300	105.901 ^c	685357 AP0
2033	1,765,000	4.000	3.350	105.466 ^c	685357 AQ8
2034	1,830,000	3.375	3.440	99.168	685357 AR6
2035	1,895,000	3.375	3.490	98.473	685357 AS4
2036	1,960,000	3.375	3.510	98.141	685357 AT2
2037	2,030,000	3.500	3.550	99.288	685357 AU9

TERM BOND

\$11,420,000; 4.000%; DUE DECEMBER 1, 2042; YIELD: 3.560%; PRICE: 103.662^c; INITIAL CUSIP[†]: 685357 AV7

^c Priced to call date, December 1, 2027.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2017 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Issuer, the County, the Underwriter, or their agents or counsel assume responsibility for the accuracy of such numbers.

REGARDING USE OF THIS OFFICIAL STATEMENT

For purposes of compliance with Securities and Exchange Commission (“SEC”) Rule 15c2-12 (“*Rule 15c2-12*”), this document, including its Appendices, as all of the same may be supplemented or corrected by the Issuer or the County, from time to time (“*Official Statement*”), may be treated as an Official Statement with respect to the Bonds described in this Official Statement that is deemed final as of its date (or of any supplement or correction) by the Issuer and the County.

This Official Statement constitutes a “Final Official Statement” of the Issuer and the County with respect to the Bonds, as that term is defined in Rule 15c2-12. Any addendum shall, on and after the date thereof, be fully incorporated and made a part of this Official Statement by reference.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT OR ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND THIS STABILIZING MAY BE DISCONTINUED AT ANY TIME.

Neither the SEC nor any other federal, state or other governmental entity or agency will have passed on the accuracy or adequacy of this Official Statement or approved the Bonds for sale. Any representation to the contrary is a criminal offense.

U.S. Bank National Association, as trustee and registrar/paying agent, has not provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the interest on the Bonds.

No dealer, broker, salesman or other person has been authorized by the Issuer or the County to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and, if given or made, other information or representations must not be relied on as having been authorized by the Issuer or the County. Certain information contained in this Official Statement may have been obtained from sources other than records of the Issuer and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER THE DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THE COUNTY SINCE THE DATE THEREOF.

Reference to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made in this Official Statement. Where full texts have not been included as Appendices to this Official Statement, they will be furnished on request.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final Official Statement.

CERTAIN INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT MAY HAVE BEEN OBTAINED FROM SOURCES OTHER THAN RECORDS OF ISSUER AND THE COUNTY AND, WHILE BELIEVED TO BE RELIABLE, IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY. REFERENCES TO WEB SITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER’S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEB SITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS FINAL OFFICIAL STATEMENT.

Any statements in this Official Statement involving matters of opinion or estimates, where or not expressly so stated, are intended as such and not as representations of fact. Further, certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” These types of statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “forecast,” “project” or similar words. Forward-looking statements are included in various portions of this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS. NEITHER THE ISSUER NOR THE COUNTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO EXPECTATIONS, OR EVENTS, CONDITIONS, OR CIRCUMSTANCES, ON WHICH THE FORWARD-LOOKING STATEMENTS ARE BASED, OCCUR.

THE BONDS WILL NOT BE REGISTERED OR QUALIFIED WITH THE SEC UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE TRUST AGREEMENT HAS NOT BEEN REGISTERED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement, which includes its Appendices. The offering of the Bonds (as defined herein) to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Each capitalized term used, but not defined in this Summary Statement, has the meaning provided for that term in the Trust Agreement, dated as of December 1, 2017 (“*Trust Agreement*”), between Orangeburg County Facilities Corporation (“*Issuer*”) and U.S. Bank National Association, as trustee (“*Trustee*”), or the Installment Purchase and Use Agreement, dated as of December 1, 2017 (“*Purchase and Use Agreement*”), between the Issuer and Orangeburg County, South Carolina (“*County*”), as applicable.[‡]

- The Issuer:** Orangeburg County Facilities Corporation is a nonprofit corporation organized and existing under the laws of the State of South Carolina (“*State*”).
- The County:** Orangeburg County, South Carolina, a body politic and corporate and a political subdivision of the State, is located in the south central part of the State, approximately 41 miles south of Columbia, the State capital.
- The Bonds:** The Bonds will be issued in fully registered form, in denominations of \$5,000 or any integral multiple thereof, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”), which will act as securities depository for the Bonds under a book-entry system, as described in this Official Statement. So long as the Bonds are held in book-entry-only form, beneficial owners of the Bonds will not receive physical bond certificates. It is expected that the Bonds will be dated and available for delivery in definitive form through the facilities of DTC on or about December 14, 2017.
- Maturity:** The Bonds will mature serially in successive annual installments on December 1 in each of the years and in the principal amounts as shown on the inside front cover hereof.
- Redemption:** The Bonds will be subject to optional redemption and mandatory sinking fund redemption, as provided herein.
- Security:** For the payment of principal of and interest on the Bonds, the Issuer has assigned to the Trustee and granted a security interest in the Trust Estate, which includes, (i) all right, title and interest of the Issuer in and to the Revenues (with certain exceptions) including, without limitation, all Installments Payments and other amounts receivable by or on behalf of the Issuer under the Purchase and Use Agreement, (ii) all of the Issuer’s right, title and interest in and to the 2017 Facilities, which include all of the improvements designed, constructed, renovated or equipped, as applicable, at the Detention Center, the Purchase and Use Agreement (except certain reserved rights), the Base Lease and Conveyance Agreement, dated as of December 1, 2017 (“*Base Lease*”), between the County, as lessor, and the Issuer, and the property rights in the 2017 Real Property evidenced by the Base Lease, (iii) certain contract rights, proceeds of insurance and condemnation awards from casualty or takings and (iv) all moneys and investments held in certain funds and accounts created under the Trust Agreement.

The Bonds do not, and shall not be deemed to constitute or create an indebtedness, liability or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit of the County. The Bonds and their interest are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders of the Bonds.

THE OBLIGATION OF THE COUNTY TO PAY INSTALLMENT PAYMENTS UNDER THE PURCHASE AND USE AGREEMENT IS A CURRENT EXPENSE OF THE COUNTY AND IS DEPENDENT ON A LAWFUL APPROPRIATION OF FUNDS BEING MADE BY THE COUNTY

[‡] A form of the Trust Agreement and the Purchase and Use Agreement are each attached as part of Appendix B.

COUNCIL TO PAY THE INSTALLMENT PAYMENTS DUE IN EACH FISCAL YEAR UNDER THE PURCHASE AND USE AGREEMENT AND IS NOT IN ANY WAY A DEBT OF THE COUNTY UNDER ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE COUNTY, NOR IS ANYTHING IN THE PURCHASE AND USE AGREEMENT A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, MONEYS OR CREDIT OF THE COUNTY.

- Purpose:** The proceeds derived from the sale of the Bonds will be used, together with other available funds, to: (i) finance the costs of acquiring, designing and constructing certain facilities (“**2017 Projects**”) to be used by the County, on real property owned by the County (“**2017 Real Property**,” with the 2017 Projects, “**2017 Facilities**”) that will serve as security for the Bonds, and certain additional facilities distinct from the 2017 Projects and not included in the security for the Bonds (“**Ancillary Projects**”); (ii) currently refund the County’s 2017 BAN; (iii) fund capitalized interest through June 1, 2018, during the construction of the 2017 Projects; and (iv) pay the costs of issuing the Bonds.
- Tax Status:** Under existing law and assuming the Issuer’s and the County’s compliance with certain requirements of the Internal Revenue Code of 1986, as amended (“**Code**”), in the opinion of Parker Poe Adams & Bernstein LLP: (i) interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Bonds is exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State, except estate, transfer and certain franchise taxes.
- Professionals:** Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, serves as Bond Counsel to the Issuer. Anderson Law Office, P.A., serves as counsel to the Issuer. The Law Office of D’Anne Haydel, Orangeburg, South Carolina, serves as counsel to the County. PNC Capital Markets LLC, serves as Underwriter. First Tryon Advisors serves as Financial Advisor to the County. McNair Law Firm, P.A., serves as counsel to the Underwriter. U.S. Bank National Association, (“**Trustee**”), will act as trustee, registrar and paying agent for the Bonds under the Trust Agreement. Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, has acted as disclosure counsel to the Issuer in connection with the offering of the Bonds.
- Authorization:** The Bonds will be issued under and pursuant to the Trust Agreement.
- General:** This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of the final Official Statement can be obtained on <http://emma.msrb.org>. Copies of the Preliminary Official Statement, the Official Statement, and related documents and information are available by contacting Issuer’s Counsel, Anderson Law Firm, P.A., 155 Wall Street, Orangeburg, South Carolina 29115; telephone: 803.536.4751; email: jerrodad@hotmail.com; or Bond Counsel, Ray E. Jones, Esquire, or Sidney J. Evering II, Esquire, Parker Poe Adams & Bernstein LLP, 1221 Main Street, Suite 1100, Columbia, South Carolina 29201; telephone: 803.255.8000, email: rayjones@parkerpoe.com or sidneyevering@parkerpoe.com.
- This Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Bonds, the Issuer, the County, and other information pertinent to this issue.
- All information included in this Official Statement has been provided by the County except where attributed to other sources. The summaries and references to all documents, statutes, reports and other instruments referred to do not purport to be complete, comprehensive or definitive, and each reference or summary is qualified in its entirety by reference to each document, statute, report or other instrument.

INTRODUCTION

This Introduction briefly describes the contents of this Official Statement and is qualified by reference to its entire contents, including Appendices, as well as of the documents summarized or described in this Official Statement.

This Official Statement is provided for the purpose of furnishing certain information in connection with issuance of the \$36,565,000 Orangeburg County Facilities Corporation Installment Purchase Revenue Bonds (Detention Center Project) Series 2017 (“**Bonds**”). This Official Statement has been prepared under the supervision of the Orangeburg County Facilities Corporation (“**Issuer**”) and Orangeburg County, South Carolina (“**County**”). The information furnished in this Official Statement includes a brief description of the Bonds, the Issuer, the County, and the County’s indebtedness, tax information, economic data and financial information and other matters. Also included are certain information and data pertaining to the Issuer and the County, and to the State. Each capitalized term used, but not defined in this Official Statement, has the meaning provided for that term in the Trust Agreement, dated as of December 1, 2017 (“**Trust Agreement**”), between the Issuer and U.S. Bank National Association, as trustee (“**Trustee**”), or the Installment Purchase and Use Agreement, dated as of December 1, 2017 (“**Purchase and Use Agreement**”), between the Issuer and the County, as applicable.¹

THE BONDS

Description of the Bonds

The Bonds are limited obligation bonds of the Issuer secured by and payable from the Trust Estate. The Bonds will be issued as registered bonds, under the book-entry system. The Bonds will be dated the date of their delivery, which is anticipated to be December 14, 2017, shall mature and shall bear interest at the rates and shall be initially priced as shown on the inside front cover. Interest on the Bonds shall be payable on June 1 and December 1 of each year (each a “**Record Date**”), commencing June 1, 2018, until final payment of the principal thereof.

The Bonds will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the principal amount of the Bonds maturing in each year. The Bonds shall be numbered from one upwards in such a fashion as to maintain a proper record thereof. All Bonds will be registered on the registration books of the Issuer, which are to be kept for this purpose at the office of the Trustee, serving in its capacity as registrar and paying agent for the Bonds (“**Registrar/Paying Agent**”) at which its principal corporate trust business is administered.

Authorization for the Bonds

The Bonds will be issued under and pursuant to the Trust Agreement and a Resolution approved on November 13, 2017 (“**Resolution**”), by the Board of Directors of the Issuer (“**Issuer Board**”).

Use of Proceeds

The proceeds derived from the sale of the Bonds will be used, together with other available funds, to: (i) finance the costs of acquiring, designing and constructing certain facilities (“**2017 Projects**”) to be used by the County, on real property owned by the County (“**2017 Real Property**,” with the 2017 Projects, “**2017 Facilities**”) that will serve as security for the Bonds, and certain additional facilities distinct from the 2017 Projects and not included in the security for the Bonds (“**Ancillary Projects**”); (ii) currently refund the County’s 2017 BAN; (iii) fund capitalized interest through June 1, 2018, during the construction of the 2017 Projects; and (iv) pay the costs of issuing the Bonds.

¹ A form of the Trust Agreement and the Purchase and Use Agreement are each attached as part of Appendix B.

Debt Service Requirements

Set forth below are the principal and interest payment requirements with respect to the Bonds. For purposes of calculating the principal payable in any year, the relevant maturity or mandatory redemption amount is used. A description of the County's outstanding debt is set forth under "DEBT STRUCTURE."

Fiscal Year Ending June 30	Principal	Interest	Total
2018		\$ 704,563.14	\$ 704,563.14
2019		1,518,818.76	1,518,818.76
2020	\$ 150,000.00	1,516,568.76	1,666,568.76
2021	200,000.00	1,511,318.76	1,711,318.76
2022	400,000.00	1,500,318.76	1,900,318.76
2023	1,050,000.00	1,471,318.76	2,521,318.76
2024	1,100,000.00	1,422,818.76	2,522,818.76
2025	1,155,000.00	1,366,443.76	2,521,443.76
2026	1,215,000.00	1,307,193.76	2,522,193.76
2027	1,275,000.00	1,244,943.76	2,519,943.76
2028	1,340,000.00	1,179,568.76	2,519,568.76
2029	1,410,000.00	1,110,818.76	2,520,818.76
2030	1,485,000.00	1,038,443.76	2,523,443.76
2031	1,560,000.00	962,318.76	2,522,318.76
2032	1,630,000.00	890,718.76	2,520,718.76
2033	1,695,000.00	824,218.76	2,519,218.76
2034	1,765,000.00	755,018.76	2,520,018.76
2035	1,830,000.00	688,837.51	2,518,837.51
2036	1,895,000.00	625,978.13	2,520,978.13
2037	1,960,000.00	560,925.00	2,520,925.00
2038	2,030,000.00	492,325.00	2,522,325.00
2039	2,105,000.00	414,700.00	2,519,700.00
2040	2,190,000.00	328,800.00	2,518,800.00
2041	2,280,000.00	239,400.00	2,519,400.00
2042	2,375,000.00	146,300.00	2,521,300.00
2043	2,470,000.00	49,400.00	2,519,400.00
Totals	\$36,565,000.00	\$23,872,078.94	\$60,437,078.94

Book-Entry System

THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE BONDS TO DIRECT AND INDIRECT PARTICIPANTS (AS DEFINED BELOW) OR BENEFICIAL OWNERS OF THE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC (AS DEFINED BELOW), THE DIRECT AND INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC TO THE ISSUER AND THE COUNTY FOR INCLUSION IN THIS OFFICIAL STATEMENT. ACCORDINGLY, THE ISSUER AND THE COUNTY NEITHER MAKE NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

Beneficial ownership interests in the Bonds will be available only in book-entry form. Beneficial owners of the Bonds (“**Beneficial Owners**”) will not receive a physical bond certificate representing their interests in the Bonds purchased. So long as Cede & Co., as nominee for The Depository Trust Company, New York, New York (“**DTC**”) or its nominee is the registered owner of the Bonds, references in this Official Statement to the owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. Unless and until the book-entry-only system has been discontinued, the Bonds will be available only in book-entry-only form in principal amounts of \$5,000 or any integral multiple thereof.

The following description of DTC, its procedures and record keeping on beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

Depository Trust Company. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond in the aggregate principal amount of each maturity of the Bonds will be deposited with DTC.

DTC Participants and Indirect Participants. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, 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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of certificated bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (“**SEC**”). More information about DTC can be found at www.dtcc.com.

Beneficial Owners. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests with respect to the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, unless the use of the book-entry system for the Bonds is discontinued.

Transfers and Exchanges. To facilitate subsequent transfers, all of the Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the enabling documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar/Paying Agent and request that copies of notices be provided directly to them.

Notices; Redemption. Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Consent and Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to the Registrar/Paying Agent as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Because DTC is treated as the Owner of the Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of the Beneficial Owners is unknown to the Issuer, to DTC or to the Registrar/Paying Agent, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Bonds that may be transmitted by or through DTC.

Principal and Interest Payments. Payments of principal, interest and any redemption premiums on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Registrar/Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar/Paying Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Registrar/Paying Agent's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. The Issuer can give no assurance that Direct and Indirect Participants will promptly transfer payments to Beneficial Owners.

DTC may discontinue providing its service as depository with respect to the Bonds at any time by giving reasonable notice to the Registrar and Paying Agent or the Issuer. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bond certificates will be printed and delivered to DTC.

The Issuer and the Registrar/Paying Agent have no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the Bonds, or the sending of any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the Trust Agreement to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption of the Bonds; or (5) any consent given or

other action taken by DTC or its nominee as the registered owner of the Bonds, including any action taken pursuant to an omnibus proxy.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

The Issuer, the County and the Registrar/Paying Agent cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of, premium, if any, and interest with respect to the Bonds, (ii) confirmations of their ownership interests in the Bonds, or (iii) prepayment or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

NEITHER THE ISSUER, THE COUNTY NOR THE REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (ii) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (iii) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE TERMS OF THE TRUST AGREEMENT; (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

Beneficial Owners of the Bonds may experience some delay in their receipt of distributions of principal and interest on the Bonds since such distributions will be forwarded by the Registrar/Paying Agent to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants. Issuance of the Bonds in book-entry form may reduce the liquidity of the Bonds in the secondary trading market since investors may be unwilling to purchase the Bonds for which they cannot obtain physical certificates. In addition, because transactions in the Bonds can be effected only through DTC, Direct Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Bonds, may be limited due to the lack of a physical certificate. Beneficial Owners will not be recognized by the Registrar/Paying Agent as registered owners for purposes of the Trust Agreement, and Beneficial Owners will not be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

Redemption of the Bonds

Optional Redemption. If the County exercises its option pursuant to the Purchase and Use Agreement to purchase the Issuer's interest in the 2017 Facilities and pay the amounts required to defease and redeem the Bonds or to prepay Base Payments, or if the County makes a voluntary prepayment under the Purchase and Use Agreement, then the Bonds maturing on or after December 1, 2028, are subject to redemption in whole or in part on any date on or after December 1, 2027, by the Issuer, as a whole or in part, at any time, and from time to time, and if in part in order of maturities selected by the Issuer, at a redemption price equal to the par amount thereof (to the extent not previously redeemed), plus accrued interest to the redemption date.

Special Optional Redemption. If the County elects to prepay Installment Payments using Net Proceeds of applicable insurance policies, performance bonds, or condemnation awards pursuant to the provisions of the Purchase and Use Agreement because (a) any part of the 2017 Facilities is totally destroyed or is damaged to an extent that the rebuilding or repairing of that part of the 2017 Facilities would be impracticable, (b) there is discovered a material defect in the construction of the 2017 Facilities or any portion of the 2017 Facilities that renders the 2017 Facilities or any portion unusable by the County for its intended purposes, (c) all or substantially all of the 2017 Facilities relating to a particular building is taken by eminent domain, or (d) the County is deprived of the use of any part of the 2017 Facilities by reason of a defect in title thereto, the Bonds will be subject to

redemption in whole or in part on any date, as selected by the Trustee, at the direction of the Issuer, at a redemption price equal to the par amount thereof (to the extent not previously redeemed), plus accrued interest to the redemption date.

Mandatory Redemption. The Bonds maturing on December 1, 2042, are subject to mandatory sinking fund redemption (to the extent not previously redeemed) at a redemption price of 100% of such principal amount, plus interest accrued to the redemption date, on December 1 of each of the following years in the respective principal amounts for each year specified below:

<u>YEAR</u>	<u>AMOUNT</u>
2038	\$2,105,000
2039	2,190,000
2040	2,280,000
2041	2,375,000
2042 [†]	2,470,000

[†] Final maturity.

The amount of any mandatory sinking fund redemption shall be reduced to the extent Bonds of the applicable maturity have been purchased by the Issuer or redeemed by the Issuer, pursuant to any optional redemption provisions, in such manner as the Issuer shall direct, or, absent such direction, on a pro rata basis.

Notice of Redemption. The notice of the call for redemption of the Bonds will be given by the Trustee by first class mail, postage prepaid, at least 30 days, but not more than 60 days, prior to the date fixed for redemption to the registered owner of each Bond subject to redemption at such owner's address shown on the registration books of the Issuer on the 15th day preceding that mailing. Notice of redemption of the Bonds subject to redemption may only be given if funds for such redemption are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Holders of such Bonds, or, in the alternative, the notice given by the Trustee to such Bondholders expressly states that such redemption is conditioned on the deposit of funds sufficient for the redemption by the Issuer and that failing such deposit no redemption will take place.

Partial Redemption. If less than all of the Bonds are called for redemption, the Bonds to be redeemed will be selected in the manner that the Issuer determines as set forth in a certificate of the Issuer filed with the Trustee. If less than all of the Bonds of any one maturity are called for redemption, the Trustee will select the Bonds to be redeemed by lot, each \$5,000 portion of the principal being counted as one Bond for this purpose; provided, however, that so long as the only registered owner of the Bond is Cede & Co., such selection shall be made by the Securities Depository consistent with its rules and procedures.

Procedure in the Event of Revision or Discontinuation of Book-Entry Transfer System

In the event that the Issuer determines that it is in the best interest of the Issuer not to continue the book-entry system or that the interest of the Beneficial Owners of the Bonds may be adversely affected if the book-entry system is continued, then the Issuer will notify the Securities Depository and the Trustee of such determination and the Securities Depository will immediately notify the Participants of the availability, through the Securities Depository, of physical bonds. In such event, the Issuer will execute and the Trustee will authenticate, register and deliver physical bonds as requested by the Securities Depository or any Participant or Beneficial Owner of the Bonds in appropriate authorized denominations in exchange for the Bonds registered in the name of Securities Depository Nominee. The Securities Depository may determine to discontinue providing its services as such with respect to the Bonds at any time by giving notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable laws or the Issuer may determine that the Securities Depository is incapable of discharging its duties as such and may so notify the Securities Depository. In either such event, the Issuer will either (i) engage the services of another Securities Depository or (ii) deliver physical bonds in the manner described above; provided, however, that the discontinuation of the book entry system of registration and transfer with respect to the Bonds or the replacement of the Securities Depository or any successor depository shall be subject to the applicable rules and procedures of the Securities Depository or such successor depository on file or otherwise approved by the SEC.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event that any Bond is mutilated, lost, stolen or destroyed, the Issuer will execute and the Trustee may authenticate a new Bond of the same date, maturity and denomination as that mutilated, lost, stolen or destroyed Bond; provided that, in the case of any mutilated Bond, such mutilated Bond will first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there will be first furnished to the Issuer and to the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee together with such indemnity satisfactory to them. In the event any such mutilated, lost, stolen or destroyed Bond has matured, instead of issuing a duplicate Bond, the Issuer may pay the same. The Issuer and the Trustee may charge the holder or owner of such mutilated, lost, stolen or destroyed Bond with their reasonable fees and expenses in connection therewith.

PLAN OF FINANCE

Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the issuance of the Bonds are estimated below.

Estimated Sources of Funds:

Proceeds of the Bonds (includes net OIP/OID)	\$39,254,886.35
Total Sources of Funds	<u>\$39,254,886.35</u>

Estimated Uses of Funds:

Deposit to Series 2017 Project Fund	\$30,744,175.00
Payment to Holder of the 2017 BAN	7,000,000.00
Capitalized Interest Fund	704,563.14
Costs of Issuance ¹	<u>806,148.21</u>
Total Uses of Funds	\$39,254,886.35

¹Includes legal and accounting fees, underwriter discount, initial fees of the Trustee, printing costs, rating agencies' fees, other costs related to the issuance of the Bonds, and a rounding figure.

Note Refunding

The 2017 BAN is subject to optional redemption in whole or in part at any time after September 1, 2017, at a redemption price equal to the par amount of the 2017 BAN plus accrued interest to the redemption date. On December 14, 2017, the Issuer will use a portion of the proceeds of the sale of the Bonds to currently refund the 2017 BAN and pay to the holder of the 2017 BAN the par amount thereof and accrued interest on the 2017 BAN for the redemption of the 2017 BAN.

Description of the 2017 Projects

The 2017 Projects are described below, primarily consisting of the designing for, constructing, acquiring, equipping, enlarging, extending or increasing each of the following, together with all appurtenances necessary, useful or convenient, for the maintenance and operation of the same:

Detention Center: At an anticipated cost of \$30,000,000, the County is constructing a new detention center facility to replace the current facility. The current facility is over 50 years old and is no longer able to meet current State and federal guidelines for detention centers. The County is currently unable to comply with regulations and is receiving waivers from the South Carolina Department of Corrections with the understanding that the County is in the process of constructing a new detention facility.

The new facility will be a 340-bed facility, approximately 85,000 square feet and is to be located immediately adjacent to the existing facility on property owned by the County. All programming and design and development documents are complete.

Bid packages were provided to qualified contractors on November 16, 2017, with bids due by December 1, 2017. The County intends to have a notice of intent to award before December 31, 2017, with construction commencing in the first quarter of 2018. The anticipated construction schedule is 18-24 months.

Description of the Ancillary Projects

The Ancillary Projects will not serve as security for the Bonds, are not subject to the Purchase and Use Agreement and will be owned by the County on completion of construction. A portion of the Ancillary Projects were funded from the proceeds of the 2017 BAN, and the remainder will be funded from a combination of Bond proceeds and other available funds. With an anticipated cost of approximately \$7,500,000, Ancillary Projects consist of the following:

Construction Projects-

1. *Courthouse Improvements:* The County is undertaking certain accessibility and security improvements to the County's courthouse. The improvements include rerouting certain access roads, increasing parking, adding cameras and additional lighting, and improving the landscaping.

2. *Scale House Replacement:* The County is constructing a new scale to replace an old portable office building currently used as the scale house. The new building is a 1,740 square foot steel building, with office space and break area for employees and the waste hauling subcontractor for the County.

3. *New Voter Registration Office:* The County is currently renovating and adding on to an existing building for the purpose of relocating the voter registration office to meet security requirements and meet the growing needs of the County. At completion the building will be 3,824 square foot office space that will house the staff and equipment for the voter registration office.

4. *Evidence Storage/K-9 Facility:* The County has currently out for bid a new building to be constructed on County property located behind the Sheriff's office at 1520 Ellis Street to house evidence storage and the K-9 officers. The evidence storage is 1,600 square feet and the K-9 section is about 1,700 square feet to include kennels and storage area. The evidence storage is needed to come into compliance with State and Federal regulations.

Technology Upgrades-

1. *Communication Upgrades:* The County is funding the design and installation of a County-wide voice over internet protocol ("**VOIP**") system to replace the County's aging telephone system. The County will also install certain software upgrades to the County's network to complete the transition to VOIP system. The VOIP system will allow the County to better meet the Criminal Justice Information Security requirements that are mandated by the Federal Bureau of Investigations and governed by South Carolina State Law Enforcement Division.

2. *Public Safety and Justice:* The County is funding an upgrade to the systems utilized by the County's public safety and justice departments, which includes the sheriff's office, dispatch, detention center, animal control, Emergency Medical Services, fire and emergency operations. The system upgrade, which includes installing County vehicles with computers, modems, printers and card readers, will allow the County to comply with the State mandate for uniform traffic tickets.

3. *Tax Collection System Upgrade:* The County is funding the design and installation of a new tax billing and collection system. The new system will expand the tax-related services the County can provide to its constituents and enable the County to better serve the needs of the County in all areas involving governmental tax billing by allowing coordinated information sharing between the core tax system departments.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Security and Sources of Payment for the Bonds

The Bonds are limited obligations of the Issuer, secured by and payable from the Trust Estate.

Neither the financing obligations of the County under the Purchase and Use Agreement nor the Bonds themselves constitute, and shall not be deemed to constitute, or create an indebtedness, liability or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit of the County. The Bonds and their interest are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders, from time to time, of the Bonds.

THE OBLIGATION OF THE COUNTY TO PAY INSTALLMENT PAYMENTS UNDER THE PURCHASE AND USE AGREEMENT IS A CURRENT EXPENSE OF THE COUNTY AND IS DEPENDENT ON A LAWFUL APPROPRIATION OF FUNDS BEING MADE BY THE COUNTY COUNCIL TO PAY THE INSTALLMENT PAYMENTS DUE IN EACH FISCAL YEAR UNDER THE PURCHASE AND USE AGREEMENT AND IS NOT IN ANY WAY A DEBT OF THE COUNTY UNDER ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATIONS OR REQUIREMENTS CONCERNING THE CREATION OF INDEBTEDNESS BY THE COUNTY, NOR IS ANYTHING IN THE PURCHASE AND USE AGREEMENT A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, MONEYS OR CREDIT OF THE COUNTY.

For the payment of principal of and interest on the Bonds, the Issuer has assigned to the Trustee and granted a security interest in the Trust Estate, which includes, among other things, (i) all right, title and interest of the Issuer in and to the Revenues (with certain exceptions) including, without limitation, all Installments Payments and other amounts receivable by or on behalf of the Issuer under the Purchase and Use Agreement, (ii) all of the Issuer's right, title and interest in and to the 2017 Facilities (defined below), the Purchase and Use Agreement (except certain reserved rights), the Base Lease and the property rights evidenced by the Base Lease in the 2017 Real Property (as defined in the Purchase and Use Agreement), (iii) certain contract rights, proceeds of insurance and condemnation awards from casualty or takings and (iv) all moneys and investments held in certain of the funds and accounts created under the Trust Agreement.

Under certain circumstances, the Trust Agreement will permit the Issuer to issue additional bonds ("***Additional Bonds***"), which will be equally and ratably secured on a parity basis with the Bonds under the Trust Agreement.

Leasehold Mortgage

The Bonds will be secured by a Mortgage, Leasehold Mortgage and Security Agreement dated the date of delivery and granted by the Issuer, as mortgagor, in favor of the Trustee, in order to secure the repayment of the Bonds, as well as the performance and observance of the Issuer of all covenants and conditions relating to the Bonds ("***Mortgage***"). The Mortgage will cover the Issuer's leasehold interest in the 2017 Real Property and the Issuer's interest in the 2017 Projects.

INVESTMENT CONSIDERATIONS

In analyzing the Bonds and the security and sources of payment therefor and in order to make an informed investment decision, potential investors should carefully review the following investment considerations prior to making a decision to purchase the Bonds. The following investment considerations are not intended to be exhaustive of the general or specific investment considerations relating to the purchase of the Bonds. Additional investment considerations relating to the purchase of the Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Nonappropriation

The debt service on the Bonds will be payable from Installment Payments made by the County pursuant to the Purchase and Use Agreement. The obligation of the County to make Installment Payments under the Purchase

and Use Agreement is limited to funds that are specifically budgeted and appropriated annually for that purpose. The County may terminate the Purchase and Use Agreement annually without any penalty.

Each Base Payment made by the County will cause title to an undivided interest in the 2017 Facilities, equal to that percentage of the Purchase Price represented by such payment, to transfer from the Issuer to the County. The Purchase and Use Agreement provides that, on its termination either by reason of default or nonappropriation, the 2017 Facilities (with preference given to entire components thereof, whenever possible and thereafter, portions of the 2017 Facilities) will be partitioned between the Issuer and the County based on their respective percentages of undivided interests in the title to the 2017 Facilities. The Purchase and Use Agreement sets forth the value assigned to particular components of the 2017 Facilities and the percentage of the 2017 Facilities being purchased on an annual basis, subject to adjustment as provided therein, which values will be used for purposes of any partition rather than the current market or other valuation of components of the 2017 Facilities. The determination of which particular components of the 2017 Facilities will remain with the Issuer and which components will be transferred to the County will be made by the Trustee, which may, in its sole discretion, select a Partition Consultant to assist, consult with, and make recommendations to the Trustee concerning the division of the 2017 Facilities.

The decision by the County to budget and appropriate funds to make Installment Payments may be made on the basis of various factors, including but not limited to the continuing need of the County for that portion of the Facilities which has not transferred to the County.

Construction Risk

The 2017 Facilities have not yet been completed. The County believes that the proceeds of the Bonds will be sufficient to complete the 2017 Facilities. However, the construction contracts for the 2017 Facilities have not been bid, and various circumstances could result in cost overruns. The Purchase and Use Agreement provides that the County will take such action as may be necessary to ensure that the 2017 Facilities are completed, furnished and occupied by the County and, in the event the amounts available from the proceeds of the Bonds are insufficient for such purpose, the County will use its best efforts to take one or more of the following steps: (i) cooperate with the Issuer to make such modifications or changes in the 2017 Facilities as will allow the cost thereof to be funded within the amount available from such proceeds of the Bonds; or (ii) provide for the payment of such costs from other sources legally available to the County. However, the Purchase and Use Agreement does not require the County to expend any of its own funds for the completion of the 2017 Facilities, and the Issuer has no source of funds for the completion of the 2017 Facilities other than the proceeds of the Bonds or any Additional Bonds issued under the Trust Agreement. In addition, no assurance can be given that any such Additional Bonds could or would be sold, as events or other legislative amendments or changes to credit market conditions could prevent the sale of such Additional Bonds. The Purchase and Use Agreement provides that, subject to the right of nonappropriation contained therein, the County's obligation to make Installment Payments thereunder will be absolute and unconditional, regardless of whether the Issuer is able to complete the 2017 Facilities.

Environmental Risks

The County has not performed a Phase I environmental assessment on the 2017 Real Property, but has engaged certain engineering firms to conduct geotechnical surveys regarding the suitability of the 2017 Real Property for the 2017 Projects. The County is not aware of any environmental contamination or risks on the 2017 Real Property. The 2017 Real Property has been owned by the County for at least 40 years and is adjacent to the County's existing EMS facilities and Traffic and Municipal Court.

Continuing Need for Decreasing Interest in the 2017 Facilities

As the County makes Installment Payments over the term of the Bonds, its undivided interest in the 2017 Facilities will increase and the Issuer's undivided interest in the 2017 Facilities will decrease. As a result, the County's need for the portion of the 2017 Facilities retained by the Issuer will potentially diminish as the Issuer's undivided interest in the 2017 Facilities decreases. Moreover, as Installment Payments are made, the County's proportionate undivided interest in the 2017 Facilities will increase at a relatively faster rate than the outstanding

principal amount of the Bonds and the Bonds will be reduced. In the later years of the term of the Bonds, the unpaid principal amount of the Bonds might exceed the fair market value of the Issuer's undivided interest in the 2017 Facilities. In the event the Purchase and Use Agreement is terminated and the 2017 Facilities are partitioned between the Issuer and the County, the Purchase and Use Agreement directs that the Trustee (or a Partition Consultant (if any) selected by the Trustee) will direct the partition proceedings.

Ability to Issue Future General Obligation Debt

The ability of the County, should it choose to do so, to issue its general obligation debt during the term of the Bonds to provide funds to make Base Payments under the Purchase and Use Agreement will depend on, among other things, future credit market conditions, the future credit condition of the County, the future credit market access of the County, and the ability of the County to preserve its capacity to issue general obligation debt that does not require voter approval. The County has represented in the Purchase and Use Agreement that it presently intends to maintain its capacity to issue general obligation debt that does not require voter approval, in amounts and at times sufficient to make such Base Payments when due. All amounts paid by the County under the Purchase and Use Agreement may be derived from any available source, including the proceeds of general obligation bonds issued by the County. The County approved an ordinance on August 15, 2016 ("**Ordinance**"), authorizing specifically the issuance of general obligation bonds to make Base Payments. By adopting the Ordinance, the County has undertaken all necessary administrative approvals that would be conditions precedent to the issuance of any future general obligation bonds in support of the Bonds.

Contestability Period for County General Obligation Debt

Should the County choose to make Base Payments utilizing the proceeds of its general obligation debt, two contestability periods may affect the issuance of the general obligation debt: (i) a 20-day contestability period of the issuance of the general obligation bonds under South Carolina Code Annotated section 11-15-30 and (ii) a 60-day contestability period of the ordinance authorizing the issuance of the general obligation bonds through the initiative and referendum provisions found in South Carolina Code Annotated sections 4-9-1220 and 11-27-40.

The 20-day contestability period commences from the date the record of the proceedings with respect to such general obligation bonds is filed and indexed in the office of the clerk of court of the County. At the conclusion of the contestability period, State law prohibits the filing of actions to contest the issuance of any such general obligation bonds. Should the County choose to issue general obligation bonds to make Base Payments, the County will file a record of the proceedings relating to the general obligation bonds as soon as possible in order to commence the contestability period and close the issuance of the bonds after the contestability period has expired.

The 60-day contestability period for a general obligation bond ordinance and repeal by referendum commences from the date of enactment by County Council of any ordinance authorizing the issuance of bonds which requires a pledge of the full faith and credit of the County. The 60-day contestability period with respect to the Ordinance which authorized the issuance of general obligation bonds for the County to make Base Payments has already run. Should the County choose to enact future ordinances authorizing the issuance of general obligation bonds in order to make Base Payments, the risk of such ordinance being repealed using the initiative and referendum provisions could be mitigated by County Council publicizing a notice of the adoption of such ordinance in a newspaper of general circulation in the County. Publication of a notice of adoption reduces the time period in which a petition seeking repeal of the ordinance by referendum may be filed to 20 days.

There are no reported cases in South Carolina in which an issuance of bonds has been invalidated or overturned either by application of the contestability provisions under South Carolina Code Annotated section 11-15-30, or the initiative and referendum provisions contained in South Carolina Code Annotated sections 4-9-1220 and 11-27-40.

Remedies on Nonappropriation

If the County terminates the Purchase and Use Agreement, the Bonds will be payable from such moneys, if any, as may be held or made available by the Trustee, until the expiration of the Base Lease (December 1, 2052, unless terminated earlier as described herein), from the leasing of the portion of components of the Facilities that remain with the Issuer after the partitioning described above is accomplished. This restriction as to the use of the

Facilities may limit the potential tenants to which the Facilities could be leased and could reduce the revenues generated from leasing the remaining Facilities. The Facilities are designed to be used solely for and can only be used for civic and public purposes. There can be no assurance of the value of the Facilities for any use other than public purposes in the event of termination of the Purchase and Use Agreement. In this event, the revenues from leasing the portion of components of the Facilities remaining with the Issuer, if any, may be substantially less than the amount of remaining debt service on the Bonds.

Changes in Law

From time to time, legislation has been introduced for consideration by the General Assembly designed to modify or, in some cases, prohibit the use of the installment purchase financing structure by local governments in South Carolina. Additionally, the South Carolina Attorney General has issued a non-precedential opinion questioning the legality of the installment purchase revenue bond structure, but has not opined definitively as to the legality of the installment purchase revenue structure. Such opinions and legislation are indicative of the potential for changes in law that could affect the installment purchase financing structure in South Carolina. Changes in law are rarely applied retroactively. Neither the County nor the Issuer can predict if any changes in State law affecting the installment purchase financing structure are on the horizon, or if such changes would have a material impact on the Bonds.

PURCHASE AND USE AGREEMENT

Payment Obligations and Conveyance of Property Interests

Pursuant to the Purchase and Use Agreement, the County has agreed to pay Installment Payments for the Facilities, which consist of (a) Base Payments in such amounts and at such times as will be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds, as and when the same shall become due and payable and (b) Additional Payments due under the Purchase and Use Agreement.

Under the terms of the Purchase and Use Agreement, on each payment or prepayment of Base Payments (other than from Bond proceeds and investment income thereof), title to an undivided interest in the Facilities, equal to that percentage of the Purchase Price represented by such payment or prepayment, will transfer from the Issuer to the County. Under the terms of the Purchase and Use Agreement, payment by the County of Base Payments also entitles the County to the use and occupancy of all of the Facilities during the applicable fiscal year in which such Base Payments are made.

The Issuer and the County understand and intend that the obligation of the County to pay Installment Payments under the Purchase and Use Agreement constitutes a current expense of the County, is dependent on lawful appropriations of funds being made by the County Council to pay Installment Payments due in each fiscal year, and will not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the County, nor shall anything contained in the Purchase and Use Agreement constitute a pledge of the general tax revenues, funds, moneys or credit of the County.

Under the Purchase and Use Agreement, the County will represent that it has no reason to believe, as of the Delivery Date, that it will not continue making Installment Payments through the entire term of the Purchase and Use Agreement, and that it reasonably believes that it will (1) pay the Installment Payments due or coming due under the Purchase and Use Agreement in order to continue to use the Facilities, (2) have adequate amounts through the proceeds of general obligation bonds issued by the County, in amounts and at times sufficient to make Base Payments when due, and (3) have adequate capacity to issue general obligation debt that does not require voter approval in amounts and at times sufficient to pay Base Payments when due. The Purchase and Use Agreement also provides that the County will represent and covenant that it presently intends to maintain on an annual basis its capacity under the Constitutional debt limit to issue general obligation bonds without the need for a referendum in amounts and at all times sufficient to make such annual Base Payments when due. The representations and covenants contained therein are subject to the ability of the County to terminate the Purchase and Use Agreement and all obligations thereunder, as provided in the Purchase and Use Agreement.

Subject to the right of the County to terminate the Purchase and Use Agreement pursuant to the provisions of the Purchase and Use Agreement, the County has covenanted that it will adopt by June 30 of each year either an

operating budget reflecting the levying of sufficient revenues or a debt service budget providing for the issuance of general obligation debt in a principal amount sufficient to make Base Payments coming due in the next succeeding fiscal year (in addition to all other general obligation debt service coming due in such fiscal year), and, subject to such provisions of the Purchase and Use Agreement apply such proceeds to the payment of Base Payments coming due in the next succeeding fiscal year.

Termination of Purchase and Use Agreement

ON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION, THE PURCHASE AND USE AGREEMENT MAY BE TERMINATED AS OF THE END OF THE LAST FISCAL YEAR WHICH IS NOT AFFECTED BY SUCH EVENT OF NONAPPROPRIATION, AND THE COUNTY WILL NOT BE OBLIGATED TO MAKE PAYMENT OF THE INSTALLMENT PAYMENTS PROVIDED FOR IN THE PURCHASE AND USE AGREEMENT BEYOND THE END OF SUCH FISCAL YEAR (EXCEPT AS OTHERWISE PROVIDED THEREIN). The obligation of the County to make Installment Payments and to perform and observe the covenants and agreements contained in the Purchase and Use Agreement are absolute and unconditional in all events, except as expressly provided under the Purchase and Use Agreement.

Conveyance of Property Interest and Partition of Facilities

The Purchase and Use Agreement provides that on its termination, either by reason of default or nonappropriation, at the written direction of the Trustee, the County and the Issuer will proceed to partition the Facilities so that the percentage of undivided interests in the title to the Facilities will be converted, to the extent feasible, into like percentages of title to entire Facilities Components in accordance with the Purchase and Use Agreement. The date on which the Trustee gives such written direction will be the "Partition Date." Within a reasonable time after the Partition Date, the Trustee will propose a division of the Facilities. Trustee may in its sole discretion select a Partition Consultant to assist, consult with and make recommendations to the Trustee in the division of the Facilities. Trustee and the Partition Consultant, if selected, will endeavor, to the extent practicable, to allocate the Facilities between the County and the Issuer in a fair and equitable fashion taking into account the following factors: (1) entire Facilities Components, if possible, will be assigned to each of the County and the Issuer; and (2) if portions of the Facilities and Facilities Components will be assigned to each of the Issuer and the County, the Trustee and the Partition Consultant, if selected, will propose such partition as will, in the aggregate, best protect the interests of the Holders of the Bonds, subject to the provisions of the Purchase and Use Agreement.

The Purchase and Use Agreement further provides that, for purposes of any partition, the Facilities will be valued in the respective amounts as set forth on Exhibit B to the Purchase and Use Agreement and the percentage of the Facilities being purchased on an annual basis is also set forth therein, each being subject to adjustment as stated therein. In allocating the Facilities to the percentage of undivided interests in the entire 2017 Facilities to be conveyed to the County or retained by the Issuer, such values and percentages will be used rather than the current market or other valuation of Facilities Components associated therewith. The determination of which particular components of the Facilities will remain subject to the leasehold interest of the Issuer and which components will be transferred to the County will be made by the Trustee as set forth in the Purchase and Use Agreement. The Purchase and Use Agreement obligates the County to relinquish its right of possession to the components of the Facilities partitioned to the Issuer and obligates the Issuer to release from the Base Lease the components of the Facilities partitioned to the County.

Prior to the expiration of the Waiver Period, an Event of Nonappropriation may, in certain circumstances, be waived by the Issuer or the Trustee (with the written consent of the Trustee) and must, in certain circumstances, be waived regardless of whether the Trustee or any other party consents.

Source of Installment Payments

As described above, the County expects to make Installment Payments, under the Purchase and Use Agreement, from any legally available source being lawfully appropriated by County Council, including, but not limited to, general fund monies and proceeds of general obligation debt.

The County is authorized by the State Constitution to incur general obligation debt without voter approval in an amount not exceeding eight percent of the assessed value of all taxable property of the County. The County has covenanted in the Purchase and Use Agreement that it presently intends to maintain adequate capacity to issue general obligation debt that does not require voter approval in amounts sufficient and at times to pay Base Payments when due; provided that nothing in the Purchase and Use Agreement limits the County from providing funds from any other source to pay Base Payments. If the County issues general obligation debt, either in the form of general obligation bonds or bond anticipation notes, from time to time, to provide funds to make Base Payments when due, then the Orangeburg County Auditor is required by State law to levy an unlimited *ad valorem* tax to pay the County's general obligation debts.

TRUST AGREEMENT

The Bonds are limited obligations of the Issuer. As security for its obligations under the Bonds, the Issuer will assign to the Trustee, and grant a security interest in, the Trust Estate. The Trust Estate includes, among other things, all right, title and interest of the Issuer in and to the Revenues (with certain exceptions) including, without limitation, all Installments Payments and other amounts receivable by or on behalf of the Issuer under the Purchase and Use Agreement, all of the Issuer's right, title and interest in and to the 2017 Facilities, the Purchase and Use Agreement (except certain reserved rights), the Base Lease and the property rights evidenced by the Base Lease in the 2017 Real Property, certain contract rights, proceeds of insurance and condemnation awards from casualty or takings and all moneys and investments held in certain of the funds and accounts created under the Trust Agreement.

In the event the County terminates the Purchase and Use Agreement, the Bonds will be payable from such moneys, if any, as may be held or made available by the Trustee from the leasing of the portion of the 2017 Facilities that remain with the Issuer after the partitioning thereof is accomplished until the expiration of the Base Lease (the earlier of (a) December 1, 2052, unless terminated earlier as described herein, or (b) the date on which the Bonds are discharged within the meaning of the provisions of the Trust Agreement) as described under Purchase and Use Agreement. The Base Lease requires the 2017 Facilities to always be operated for a civic or public purpose. This restriction, as to the use of the 2017 Facilities, will limit the potential tenants to which the Facilities could be leased and could reduce the revenues, if any, generated from leasing the Facilities. Under certain circumstances, the Bonds will also be payable from the Net Proceeds of insurance policies, surety bonds, or condemnation awards or proceeds received as a consequence of awards resulting from defaults under construction contracts with respect to the Facilities.

Payment Obligations of the Issuer and the County

The Bonds are obligations of the Issuer secured by and payable from the Trust Estate pledged under the Trust Agreement. The Bonds do not, and will not be deemed to, constitute or create an indebtedness, liability or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit of the County. The Bonds and the interest thereon are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders, from time to time, of the Bonds.

The obligation of the County to pay Installment Payments under the Purchase and Use Agreement is a current expense of the County and is dependent on lawful appropriations of funds being made by the County Council to pay the Installment Payments due in each fiscal year under the Purchase and Use Agreement and will not in any way be construed to be a debt of the County in contravention of any applicable constitutional provisions or statutory limitations or requirements concerning the creation of indebtedness by the County, nor will anything contained therein constitute a pledge of the general tax revenues, funds, moneys or credit of the County.

Parity Obligations

Under certain circumstances, the Trust Agreement permits the Issuer, for specified purposes, and subject to the provisions of applicable law, to issue Additional Bonds, which will be equally and ratably secured on a parity basis with the Bonds under the Trust Agreement. Prior to the delivery of any Additional Bonds, the Trust Agreement provides that there must be executed and delivered an amendment or supplement to the Purchase and

Use Agreement and the Base Lease, as applicable, pursuant to which the Installment Payments must be increased and the terms thereof must be extended, if necessary, so as to assure that the additional Installment Payments will adequately provide for the retirement of the Additional Bonds by making available sufficient money for the payment when due of principal and interest thereon.

ENFORCEABILITY OF REMEDIES

The realization of value from the pledge of the Trust Estate under the Trust Agreement on any default or nonappropriation of sufficient funds to make Installment Payments due under the Purchase and Use Agreement will depend on the exercise of various remedies specified by the Trust Agreement and the Purchase and Use Agreement. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing law (including particularly federal bankruptcy law), certain remedies specified by the Trust Agreement or the Purchase and Use Agreement may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Trust Agreement or the Purchase and Use Agreement.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, reorganization, fraudulent conveyance, or other similar laws affecting the enforcement of creditors' rights generally.

The undertakings of the Issuer and the County should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. § 901, *et seq.*, and South Carolina Code Annotated section 6-1-10, each as amended, and other laws affecting creditors' rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a State that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

THE ISSUER

Organization and Corporate Powers

The Issuer was incorporated as a nonprofit corporation on November 13, 2017, pursuant to the provisions of the Nonprofit Corporation Act of 1994, Title 33, Chapter 31 of the South Carolina Code ("***Nonprofit Corporation Act***"). The Articles of Incorporation and Bylaws of the Issuer provide that the Issuer has been organized exclusively for public and charitable purposes, and, without limiting the Issuer Board's general authority to exercise all corporate powers, the Issuer is entitled to:

(a) acquire or lease real and personal property and develop, finance, refinance, construct, acquire, install and operate certain public facilities to be used by the County and such other projects located in and for the benefit of the County as may be permitted by applicable law;

(b) acquire, by gift, lease or purchase, and to sell, lease, sublease, convey, assign, mortgage, pledge or otherwise encumber any property, real or personal, incidental to carrying out such projects;

(c) finance or refinance the costs of acquiring, constructing, and installing projects by the issuance and sale from time to time of bonds in one or more series, or other financing means as is necessary, and desirable in accordance with applicable law;

(d) convey to the County unencumbered fee title and exclusive possession and use of the applicable projects, including any additions to such projects, on terms agreed on between the Issuer and the County; and

(e) carry on or engage in any other activities which the Issuer may deem necessary, proper or convenient in connection with the above powers so long as the Issuer is at all times operated as a nonprofit corporation as provided in the Nonprofit Corporation Act.

THE ISSUER HAS NO OPERATING HISTORY, HAS NO ASSETS, AND WILL HAVE NO ASSETS OTHER THAN ITS INTEREST IN THE FACILITIES.

The Articles of Incorporation of the Issuer provide that, on the dissolution of the Issuer, the remaining assets of the Issuer will be distributed to one or more governmental entities or exempt organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (“*Code*”).

Governing Body

The Issuer’s Bylaws provide for five members of the Issuer Board. The number of directors of the Issuer Board may be increased or decreased, and the positions held by persons comprising directors may be modified, as may be determined from time to time by the majority vote of the Issuer Board. The Issuer’s Bylaws provide that the Issuer Board is self-perpetuating.

Information concerning the current members of the Issuer Board is set forth below:

<u>Name, Board Position/Office</u>	<u>Occupation</u>
Harold M. Young, President	County Administrator
Henry Glover	Business Owner
John Dangerfield	Retired
Angel Howell, Secretary/Treasurer	County Employee
Virginia Townsend	Executive Director of CORE (community non-profit)

THE COUNTY

Description of the County

Orangeburg County, founded in 1769, is located in the south-central part of the State. With a land area of approximately 1,106 square miles, it is situated approximately 41 miles south of Columbia, South Carolina, 132 miles south of Charlotte, North Carolina; and 216 miles west of Atlanta, Georgia. It is bordered to the north by Lexington, Calhoun, and Clarendon Counties; to the east by Berkeley County; to the south by Dorchester and Bamberg Counties; and to the west by Barnwell and Aiken Counties.

Form of Government

The County operates in accordance with Title 4, Chapter 9 of the Code of Laws of South Carolina, 1976, as amended (“*Act*”) under the Council-Administrator form of government. The County Council consists of seven members elected in each general election from single member districts for four-year terms commencing on January 1 of the year following each election. The Council elects a Chairman at its first meeting in January following the general election.

The members of the County Council, their council districts and the expiration of their respective terms of office are as follows:

<u>Name</u>	<u>District</u>	<u>Term Expires</u>
Johnnie Wright, Sr., Chairman	1	12/31/18
Janie Cooper-Smith, Vice-Chair	5	12/31/20
Ray Wannamaker Sabalis	6	12/31/18
Heyward H. Livingston	4	12/31/20
Willie B. Owens	7	12/31/18
Johnny Ravenell	2	12/31/20
Harry F. Wimberly	3	12/31/20

Harold Young, holding a Bachelor's degree in Business Administration from the University of South Carolina-Aiken and a Master's degree in Business Management from Southern Wesleyan University, accepted the position of County Administrator in July 2012. Prior to working for the County, Mr. Young was Grants Manager and Community Development Program Manager for Aiken County, South Carolina, and Tourism Assistant at the Lower Savannah Council of Governments.

Gloria Breland, the County's Finance Director, accepted the position of Finance Director in September 2006. Prior to working for the County, Ms. Breland was employed with South Carolina State University in Orangeburg, South Carolina and Wachovia Bank of South Carolina, now Wells Fargo Bank. Ms. Breland graduated from Denmark-Olar High School in Denmark, South Carolina in May 1978. She then went on to receive her Bachelor of Science degree in Banking & Finance from Benedict College in Columbia, South Carolina in 1982.

Services Provided

The County operates and maintains a full range of services and programs which are funded from County revenues, as reflected in its annual budget for Fiscal Year 2016-17, a summary of which is shown below under "CERTAIN FISCAL MATTERS – Five Year Revenue-Expenditure Summary." These services and programs include: general government, judicial, public works, public safety, social and health, water, sewer and broadband.

As of July 1, 2017, the County employed 496 full-time employees and 173 part-time employees.

Retirement Plans

The South Carolina Retirement Systems ("**Systems**"), as administered by the South Carolina Public Employee Benefit Authority ("**Authority**"), maintains five independent cost sharing, multi-employer defined benefit plans. The County is a participating employer in the Systems and generally, County's employees are covered by the Systems' South Carolina Retirement System ("**SCRS**") or the Police Officers Retirement System ("**PORS**") plans, unless the employee has elected to participate in the Optional Retirement Program ("**ORP**").

The SCRS plan offers retirement and other benefits, including disability, survivor and death benefits, to eligible state employees. Both employees and employers are required to contribute to the SCRS a percentage of the participating employee's earnable compensation at a rate set by State law. The PORS plan offers retirement and other benefits for police officers employed by the County. Like the SCRS, both employees and employers are required to contribute to the PORS a percentage of the participating employee's earnable compensation at a rate set by State law.

For fiscal year end June 30, 2016, the County made contributions to the SCRS of \$1,412,013 and to the PORS of \$981,416, which amounts equaled the statutorily required contributions to SCRS and PORS.

The County employees eligible for participation in the SCRS may choose to participate in the ORP, which is a defined contribution plan in which participants direct the investments of their funds in a plan administered by one of four investment providers. The Systems assumes no liability for the ORP benefits and for this reason the ORP is not considered part of the Systems for financial statement purposes. Contributions to the ORP are set at the same rates as the SCRS. To participate in the ORP, participants must irrevocably waive participation in the SCRS.

Additionally, the Authority issues its own Comprehensive Annual Financial Report for the Systems (“**Report**”). A copy of the Report for Fiscal Year ended June 30, 2016 may be found at <http://www.peba.sc.gov/assets/cafr.pdf>. Information for the Systems is included in the Comprehensive Annual Financial Report for the State (“**State Report**”). A copy of the State Report may be found at <http://www.cg.sc.gov/publicationsandreports/Pages/CAFRFY20152016.aspx>.

Contribution Rates to Plans Prior to July 1, 2017: For fiscal years prior to July 1, 2017, the Board of Directors of the Authority (“**Authority Board**”) set the rate of contribution required by participating employers and employees based on the actuarial valuation of the plans. For the current fiscal year, the Authority Board set contribution rates for the SCRS and PORS plans at 8.16% and 8.74%, respectively, for employees and for employers set the contribution rates for the SCRS and PORS plans at 11.06% (which includes a contribution for group-life insurance benefits) and 13.74% (which includes a contribution of 0.20% for group life insurance benefits and 0.20% for accidental death program benefits), respectively.

Contribution Rates to Plans Beginning July 1, 2017: Act No. 13 of 2017 (collectively, “**Plan Legislation**”), was signed into law on April 25, 2017, and is effective commencing with the fiscal year beginning July 1, 2017. The Plan Legislation removes the power from the Authority Board to set the rate of contributions to the plans and instead statutorily sets the contribution rates to the SCRS and PORS for both employers and employees through the fiscal year ending June 30, 2027. Additionally, the Plan Legislation shortens the amortization schedule for the unfunded actuarial accrued liability of the SCRS and PORS. Additionally, the Plan Legislation shifts the burden of funding the unfunded actuarial accrued liability of the SCRS and PORS entirely to participating employers.

The Plan Legislation increases and sets the contribution rates through fiscal year ending June 30, 2027, as follows:

<u>Fiscal Year</u>	SCRS		PORS	
	<u>Employer Contribution</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2017-2018	13.56%	9.00%	16.24%	9.75%
2018-2019	14.56	9.00	17.24	9.75
2019-2020	15.56	9.00	18.24	9.75
2020-2021	16.56	9.00	9.24	9.75
2021-2022	17.56	9.00	20.24	9.75
2022-2027	18.56	9.00	21.24	9.75

Following fiscal year ending June 30, 2027, the Plan Legislation reverts the authority to set the contribution rates of participating employers back to the Authority Board; employee contributions are capped at 9.00% of earnable compensation for the SCRS and 9.75% of earnable compensation for the PORS. The Authority Board is authorized pursuant to the Plan Legislation to set employer contributions based on the actuarial value of the plans; however, the Plan Legislation prohibits the Authority Board from increasing a participating employer’s rate of contribution by more than 0.5% in any fiscal year. The Authority Board may decrease contribution rates of both employers and employees under the Plan Legislation if an actuarial valuation of the SCRS and PORS shows a funded ratio of at least 85% and any decrease would not decrease the funded ratio below 85%. Any decrease by the Authority Board to employer and employee contributions must be made in equal amounts.

The Plan Legislation also shortens the amortization schedule for the unfunded actuarial accrued liabilities of the SCRS and PORS. The unfunded actuarial accrued liability of the SCRS and PORS, as determined by an annual actuarial valuation, must be amortized over a funding period that does not exceed the following schedule:

<u>Fiscal Year</u>	<u>Funding Period</u>
2017-2018	30 years
2018-2019	29 years
2019-2020	28 years
2020-2021	27 years
2021-2022	26 years
2022-2023	25 years
2023-2024	24 years
2024-2025	23 years
2025-2026	22 years
2026-2027	21 years
2027 and after	20 years

The Plan Legislation permits employer contribution rates to be increased above those as set forth in the table above or as set by the Authority Board after the fiscal year ending June 30, 2027, if the contribution rates are insufficient to meet the funding periods as set forth above. Increases to employer contribution rates to meet the funding period set forth above may be made without limitation.

The County expects the Plan Legislation to require a \$500,000 increase in its budget for Fiscal Year 2017-18 to fund the increased employer contribution as set forth therein. The County expects to fund a portion of the increase with an increase in local government funding from State appropriations, and the remaining portion will be funded by implementation of a County-wide business license fee on businesses not located within the limits of a municipality.

Reporting Plan Liability: In accordance with the Governmental Accounting Standards Board's ("GASB") Statement No. 68, the County reported its proportionate share of the overall Net Pension Liability of the Systems – which represents the difference between the total cost of the Systems' expected future benefits to be paid and the value of assets on hand to cover the benefits – in the County's financial statements for fiscal year ending June 30, 2016. The County reported its proportionate share of SCRS and PORS Net Pension Liability as \$19,425,084 and \$9,565,685, respectively or 0.106783% and 0.439018% of the total net pension liability.

Other Post-Employment Benefits

The County sponsors a single-employer medical insurance subsidy benefit plan that provides payments on behalf of eligible retirees to be used toward the purchase or subsidization of medical insurance provided under the County's group plan. The amount of the benefits are dependent on years of service and age at retirement. The plan may be changed by the County Council at its discretion. The benefit and contribution requirements of the County and plan members are established and amended by County Council. These contributions are neither guaranteed nor mandatory. County Council has retained the right to unilaterally modify its payments toward retiree health care benefits at any time. As of July 1, 2014, the measurement date for the plan year, there were 591 covered participants under the County's group plan of which 85 members were retirees receiving benefits.

In accordance with GASB Statement 45, the County provides proper financial statement recognition of the other post-employment benefits provided by the County to retirees by accruing the cost of the other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclosing the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits. As of July 1, 2014, the most recent actuarial valuation date, the estimated Actuarial Accrued Liability was \$51,707,478, with an estimated Annual Required Contribution for fiscal year end June 30, 2016, of \$5,236,775.

Insurance

Subject to specific immunity set forth in the South Carolina Tort Claim Act, local governments, including the County, are liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate. Insurance protection to units of local government is provided from the South Carolina Insurance Reserve Fund established by the State Budget and Control Board, private carriers, self-insurance or pooled self-insurance funds. The County currently maintains liability insurance coverage in the amount of \$1,000,000 per occurrence with the South Carolina Insurance Reserve Fund.

CERTAIN FISCAL MATTERS

Property Taxation and Assessment

Article X of the South Carolina Constitution mandates that the assessment of all property, both real and personal, shall be equal and uniform and that the following ratios shall apply in the appropriate classifications of property:

- (1) Real and personal property owned by or leased to manufacturers, utilities and mining operations and used in the conduct of such business – 10.5% of fair market value;
- (2) Real and personal property owned by or leased to companies primarily engaged in transportation for hire of persons or property and used in the conduct of such business – 9.5% of fair market value;
- (3) Legal residence and not more than five contiguous acres – 4% of fair market value (if the property owner makes proper application and qualifies);
- (4) Agricultural real property used for such purposes owned by individuals and certain corporations – 4% of use value (if the property owner makes proper application and qualifies);
- (5) Agricultural property and timberlands belonging to corporations having more than 10 shareholders – 6% of use value (if property owner makes proper application and qualifies);
- (6) All other real property – 6% of fair market value;
- (7) Business inventories – 6% of fair market value (as of 1988, there is available an exemption from taxation of property in this category, hence this item is no longer significant, except that the assessed value of business inventory as of tax year 1987 is taken into account in determining total assessed value for purposes of the bonded debt limit); and
- (8) (A) Except as set forth in (B) and (C) below, all other personal property – 10.5% of fair market value;
(B) Personal Motor Vehicles which must be titled by a state or federal agency, limited to passenger motor vehicles and pickup trucks, as defined by law – 6.0%; and
(C) Aircraft – 4% of fair market value.

In South Carolina, local taxes for counties, schools and special purpose districts are levied as a single tax bill which each taxpayer must pay in full. Taxes are levied by the Auditors of the various counties. In the County, current tax collections are made through the office of the County Treasurer and delinquent tax collections are made through the County Tax Collector's office. Tax bills are mailed from the County Treasurer's office on October 1 or as soon thereafter as is practicable each year. Real and personal property taxes (except taxes on motor vehicles) are payable on or before January 15th without penalty. A penalty of 3% is added on January 16th, an additional penalty of 7% is added on February 2nd and an additional penalty of 5% is added on March 17th, at which time the office of the County Tax Collector's office issues orders of execution on all unpaid accounts. The County Sheriff is authorized to seize by appropriate means the personal property of a defaulting taxpayer. Thereafter, such property may be sold to satisfy unpaid personal property taxes. Delinquent taxes on real property may be collected through sale of the property by the County.

The South Carolina Department of Revenue (“**DOR**”) has been charged with the responsibility of taking steps necessary to ensure equalization of assessments statewide in order that all property is assessed uniformly and equitably throughout the State, and may require reassessment of any part or all of the property within a County. Under law enacted by the South Carolina General Assembly in 1995, every fifth year the County and the State are required by law to effect an appraisal of all property within the County and to implement that appraisal as a new assessment in the following year. The County completed its latest reassessment in 2014. The next reassessment will take place in Fiscal Year 2018 and will be implemented in Fiscal Year 2019. Regulations adopted by the DOR prior to the 1995 law and which are still in place also require that a reappraisal program must be instituted by a county if the median appraisal for all property in the county (as a whole or for any class of property) is higher than 105% or lower than 80% of fair market value.

The Comptroller General of the State may extend the time for assessment and collection of taxes by county officials. Unpaid taxes, both real and personal, constitute a first lien against the property taxed.

Act No. 388 of the 2006 Acts of the South Carolina General Assembly (“**Act 388**”), provides that, beginning July 1, 2007, the growth in valuation of real property attributable to reassessment may not exceed 15% for each five year reassessment cycle. Growth in valuation resulting from improvements to real property is exempt from this restriction. Moreover, upon the sale of any parcel of real property or other “assessable transfer of interest,” including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value. The foregoing limitation on increases in assessed value may materially affect the growth in the County’s assessed value, and, thus, debt limit, over time.

The County Assessor appraises and assesses all the real property and mobile homes located within the county and certifies the results to the County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property and airplanes. The DOR furnishes guides for use by the counties in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers and also of business equipment.

Each year the DOR certifies its assessments to the County Auditors each of whom prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares tax bills and then in September charges the County Treasurer with the collection. South Carolina has no statewide property tax.

Manufacturer’s Exemption

Act No. 40, enacted by the South Carolina General Assembly in 2017 (“**Act 40**”), provides an exemption for a portion of the property tax value of manufacturing property. The total exemption is equal to 14.2857% and will be phased in over a period of six years in equal installments of 2.38095%. The first phase of the exemption applies in property tax year 2018 (Fiscal Year 2018-19) and the exemption will be fully applicable in property tax year 2023 (Fiscal Year 2022-2023). The exemption, once fully implemented, reduces the effective assessment ratio on manufacturing property from 10.5% to 9%.

In order to offset the loss of local property tax revenues, Act 40 provides for a reimbursement not to exceed \$85 million per year to political subdivisions, including school districts. The reimbursement is made in the same manner as other property tax exemptions are reimbursed to political subdivisions from the Trust Fund for Tax Relief. In any year the reimbursement will exceed the \$85 million per year cap, the exemption provided to manufacturing property by Act 40 is required to be proportionally reduced so the reimbursement amount does not exceed \$85 million.

Homestead Exemptions – Property Tax Relief

The State provides, among other exemptions, two exemptions for homesteads. The first is a general exemption from all *ad valorem* property taxes and applies to the first \$50,000 of value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled, or legally blind (“**Homestead Exemption**”). The second exemption (“**Property Tax Relief Exemption**”) applies only to *ad valorem* taxes levied for school operating budgets (exclusive of amounts in those budgets for the payment of lease-purchase agreements for capital construction) (“**School Taxes**”) and has no effect on the County. In both cases, the revenues that would have been received by various taxing entities but for the exemptions are replaced by funds from the State. In the case of the Homestead Exemption, the State pays each taxing entity the amount to which it

is entitled by March 15 of each year from the State's general fund. The County can give no assurance these payments will continue.

Payments in Lieu of Taxes and Other Property Tax Incentives

The State has adopted an array of property tax inducements and incentives to promote investment in the State. Qualifying investments of \$2.5 million (\$1 million in some counties and for certain "brownfield" sites) or more may be negotiated for payments in lieu of taxes for a periods up to 30 years (up to 40 years for certain large investments) using assessment ratios of as little as 6% and using millage rates that are either fixed for the term of the incentive or adjusted every fifth year. In some cases, owners of projects may also design a payment schedule so long as the present value of the payments under the schedule are equal to the present value of the payments that would have been made without the schedule. The State also provides a more generous inducement for enhanced investments, that is, those projects creating at least 125 new jobs and providing new invested capital of not less than \$150 million, projects with a total investment of \$400 million by a single sponsor and certain defined economic development projects. For these enhanced investments the fee-in-lieu of tax payments may be negotiated based on assessment ratios as low as 4% and for a term up to 50 years.

The State provides alternative provisions respecting the distribution of payments in lieu of taxes to entities having taxing jurisdiction at the location of the investment: (i) revenues received in respect of property that is not included in a multicounty or business industrial park ("MCIP") are allocated annually in proportion to the amounts that would have been received by the taxing entities if the payments were taxes, based on the relative millage rates of overlapping taxing entities in a given year; (ii) revenues received from property that is in an MCIP, however, is distributed in accordance with the agreement creating the park; the amount of the distribution to each taxing entity is, for all practical purposes, controlled by the County. Property may be included in an MCIP under terms of agreements between two or more contiguous counties with individual sites being determined primarily by the county in which the site is located. Payments in lieu of taxes may be diverted from taxing entities to fund projects which support economic development activities, including projects that are used solely by a single enterprise, either directly or through the issuance of special source revenue bonds secured by payments in lieu of taxes. A county government may also utilize the payments in lieu of taxes derived from an MCIP for its own corporate purposes or those of other taxing entities in that county by altering the distribution percentages for the payments by ordinance.

Several of the largest taxpayers in the County pay a "fee-in-lieu of taxes" with respect to new manufacturing projects, and each year new fee-in-lieu of tax arrangements are made with other new manufacturing investments.

Projects on which these payments in lieu of taxes are made are considered taxable property at the level of the negotiated payment for purposes of calculating bonded indebtedness limits and for purposes of computing the index of taxpaying ability pursuant to the South Carolina Education Finance Act. If the property is situated in an MCIP, the calculation of assessed value for debt limit purposes is based upon the relative share of payments received by all taxing entities which overlap the MCIP. Accordingly, a recipient of payments from an MCIP is able to include only a fraction of the assessed value of property therein in calculating its debt limit.

If a county, municipality or special purpose district pledges to the repayment of special source revenue bonds any portion of the revenues received by it from a payment in lieu of taxes, it may not include in the calculation of its general obligation debt limit the value of the property that is the basis of the pledged portion of revenues. If such political subdivision, prior to pledging revenues to secure a special source revenue bond, has included an amount representing the value of a parcel or item of property that is the subject of a payment in lieu of taxes in the assessed value of taxable property located in the political subdivision and has issued general obligation debt within a debt limit calculated on the basis of such assessed value, then it may not pledge revenues based on the item or parcel of property, to the extent that the amount representing its value is necessary to permit the outstanding general obligation debt to not exceed the debt limit of the political subdivision.

As an alternative to the issuance of special source revenue bonds, the owners of qualifying projects may receive a credit against payments in lieu of taxes due from the project as a means for the owner to pay for costs incurred from economic development activities. If a county, municipality or special purpose district agrees to allow a credit against the payments in lieu of taxes it would otherwise receive, it is subject to the same limitations on calculation of its debt limit as described in the preceding paragraph.

While school districts of the State are not authorized to pledge payments in lieu of taxes or grant a credit against such payments as described above, that portion of payments in lieu of taxes from a project which would otherwise be paid to a school district may, by inclusion of the project in an MCIP, be, in effect, diverted to a county government and thus pledged or made subject to a credit against payments of the fee.

Property Tax/Assessment Legislation

As described above, Act 388 limits the annual growth in millage levied by political subdivisions for operations.

Local Option Sales Tax for Additional Tax Relief. Act 388 further authorizes the imposition within a county, subject to approval by referendum, of a local sales tax to provide additional property tax relief. The local sales tax authorized by Act 388 may only be imposed to the extent necessary to provide a 100% credit to all classes of taxable property against (a) county operating taxes, (b) school operating taxes, or (c) both, as set forth on the referendum ballot. In no event, however, may the rate of the local sales tax exceed one percent. Act 388 also provides a procedure for rescinding this local sales tax, as well as any other local sales taxes in force as of June 1, 2006.

Reassessment Valuations Limited. Act 388 provides that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property is exempt from this restriction. Moreover, at the sale (or other “assessable transfer of interest” including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses) of any real property that real property will be reassessed at its market value.

However, for property subject to an assessment ratio of 6%, Act No. 57 of the 2011 Acts of the General Assembly (“**Act 57**”), limits reassessment of such real property to its market value following an “assessable transfer of interest.” If such property undergoes an “assessable transfer of interest,” then, pursuant to Act 57, such property is reassessed at the “exempt value” instead of the market value at the time of “assessable transfer of interest.” The “exempt value” is calculated by reducing the real property’s market value at the time of the “assessable transfer of interest” by up to 25%. The “exempt value” may not be less than the real property’s value as reflected on the books of the assessor for the current property tax year. If the market value at the time of the assessable transfer of interest is less than the real property’s value as reflected on the assessor’s books, then the market value is used as the assessment.

Millage Levy Limited. Act 388 limits annual incremental increases in the rate of millage levied for operational purposes by all political subdivisions and school districts. Annually, a political subdivision or school district may only incrementally increase its millage rate for operations in an amount not to exceed the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political subdivision or school district. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision or school district, but only for the following purposes and only in a year in which such condition exists:

- (1) a deficiency of the preceding year;
- (2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;
- (3) compliance with a court order or decree;
- (4) taxpayer closure due to circumstances outside the control of the governing body that decreases by ten percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
- (5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

Five Year Revenue-Expenditure Summary

The following is a summary of the General Fund revenues and expenses of the County for fiscal years ended June 30, 2012 through 2016. The County's audited Financial Statements for fiscal year ended June 30, 2016, are attached as Appendix A.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
REVENUES					
Property Taxes	\$22,953,131	\$24,931,310	\$25,242,807	\$25,341,190	\$25,660,216
Licenses, Permits and Fees	587,491	635,489	838,646	776,788	950,915
Intergovernmental	4,579,919	3,789,434	3,683,123	3,792,248	3,973,472
Charges for Service	2,106,618	2,844,018	3,275,763	3,232,746	3,604,922
Fine and Forfeits	1,600,875	759,871	719,494	777,731	729,998
Investment Income	9,436	(906)	10	70	-
Other/Miscellaneous	409,422	241,836	531,000	415,699	292,279
Total Revenues	\$32,246,892	\$33,201,052	\$34,290,843	\$34,336,472	\$35,211,802
EXPENDITURES					
General government	\$11,033,356	\$8,693,726	\$9,697,149	\$10,255,513	\$10,696,956
Judicial	3,427,043	3,405,332	3,484,097	3,708,588	3,914,029
Public Safety	15,638,301	10,415,171	10,554,056	11,259,574	11,366,381
Public Works	991,205	2,028,259	2,044,308	2,279,052	2,343,686
Social and Health	1,260,445	2,272,257	2,305,432	2,235,022	2,619,287
Culture and Recreation	148,628	-	-	-	-
Other Objects	-	-	357,164	382,481	307,977
Capital Outlay	-	-	12,784	328,678	198,626
Debt Service	261,770	947,360	4,618,380	100,789	124,976
Total Expenditures	\$32,706,748	\$27,762,105	\$33,073,370	\$30,549,697	\$31,571,918
Excess (deficiency) of revenues over (under) expenditures	\$(513,856)	\$5,438,947	\$1,217,473	\$3,786,774	\$3,639,884
OTHER FINANCING SOURCES (USES):					
Sale of Capital Assets	\$ 12,571	\$ 1,087,196	-	\$647,812	\$205,112
Proceeds from Bonds/Notes Issuance			\$4,500,000	-	-
Lease Proceeds				-	-
Transfers In	961,616	410,049	1,054,117	497,004	614,521
Transfers (Out)	(114,371)	(4,941,456)	(5,413,385)	(4,787,361)	(4,396,475)
Total Other Financing Sources	\$859,816	\$(3,444,211)	\$ 140,732	\$(3,642,545)	\$(3,576,842)
Net change in fund balances	345,960	1,994,736	1,358,205	144,230	63,042
Fund balances at beginning of year, as restated	2,174,762	†2,225,431	††3,346,961	4,705,166	†††4,250,160
Fund balances at end of year	\$2,520,722	\$4,220,167	\$4,705,166	\$4,849,396	4,313,202

† See Note 13 in Audited Financial Statements for Fiscal Year Ended June 30, 2013, a copy of which is available on EMMA (as defined herein) and may be found at <https://emma.msrb.org/EP836967-EP647653-EP1049209.pdf>.

†† See Note IV. H. in Audited Financial Statements for Fiscal Year Ended June 30, 2014, a copy of which is available on EMMA and may be found at <https://emma.msrb.org/EP1007241-EP780905-EP1182616.pdf>.

††† See Note IV. H. in Audited Financial Statements for Fiscal Year Ended June 30, 2016, a copy of which is available on EMMA and may be found at <https://emma.msrb.org/EP1012967-EP785222-EP1186929.pdf>.

Fiscal Year 2016-17 Unaudited Year-End and Fiscal Year 2017-18 Unaudited Results

Since June 30, 2016, there has been no material adverse change in the general affairs, financial position, results of operations or condition, financial or otherwise, of the County, and the County has not incurred liabilities that would materially affect the ability of the County to continue operations or discharge its obligations in connection with Purchase and Use Agreement.

Fiscal Year 2017-18 Budget Commentary

The County adopted a General Fund budget totaling \$41,223,142 for the fiscal year ending June 30, 2018. Total budgeted revenue growth is projected to be approximately \$2,500,000 over the fiscal year ended June 30, 2017. The majority of the projected revenue increase is expected to be from collections from the County's new business license tax and increased revenues from emergency medical service transport collections. The County increased its budgeted expenditures largely to accommodate increased costs associated with the recruiting and retention of County emergency medical and law enforcement employees.

Assessed Value of Taxable Property

The assessed value of all taxable real and personal property (non-industrial property) and the assessed value of all real and personal industrial property in the County for the last ten fiscal years for which data is available is set forth below.

<u>Manufacturing and Non-Manufacturing</u>						
	REAL		PERSONAL		TOTAL	
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated True Value</u>	<u>Assessed Value[†]</u>	<u>Estimated True Value</u>	<u>Assessed Value</u>	<u>Estimated True Value</u>
2008	\$128,518,806	\$2,570,376,120	\$135,634,000	\$1,540,833,503	\$264,152,807	\$4,111,209,623
2009	164,128,549	3,282,570,980	96,368,815	1,168,106,848	260,497,364	4,450,677,828
2010	165,848,174	2,735,475,815	96,083,449	1,164,649,200	261,931,623	3,900,125,015
2011	159,476,202	3,250,815,892	88,527,846	995,899,335	248,004,048	4,246,715,227
2012	161,926,890	3,311,661,185	87,869,768	991,358,304	249,796,658	4,303,019,489
2013	163,151,998	3,341,974,777	88,223,023	1,000,433,713	251,375,021	4,342,408,490
2014	164,591,051	3,359,946,685	97,152,853	1,120,141,872	261,743,904	4,480,088,557
2015	164,506,664	3,370,963,076	98,332,284	1,130,139,858	262,838,948	4,501,102,934
2016	175,941,222	3,572,260,263	102,086,794	1,179,485,187	278,028,016	4,751,745,450
2017	171,767,975	3,501,899,443	110,415,381	1,281,977,712	282,183,356	4,783,877,155

[†] South Carolina Electric & Gas operates a fossil-fired electric generating plant in the County. Personal property in the facility is depreciated, the effect of which is the declining assessed values shown in this column. In addition, assessed values of automobiles have declined on an annual basis due to the constitutional amendment described in the immediately preceding section.

Source: Orangeburg County Auditor

<u>Class of Property</u>	<u>Assessed Value as of 6/30/17</u>	<u>Assessment Ratio (%)</u>	<u>Market Value as of 6/30/17</u>
1. Real Property and Mobile Homes	\$163,886,912	4.0 & 6.0	\$3,426,841,695
2. Motor Vehicles	35,580,800	6.0 & 10.5	569,268,747
3. Public Utilities	49,144,512	10.5	468,042,974
4. Manufacturing Property – Real	7,881,063	10.5	75,057,748
5. Marine Equipment	1,414,579	10.5	13,472,143
7. Manufacturing Property – Personal	12,589,390	10.5	119,898,959
8. Business Personal Property	11,594,300	10.5	110,420,603
9. Aircraft	91,800	10.5	874,286
10. Fee In Lieu Industrial Property	<u>27,388,770</u>		<u>456,479,500</u>
Total	\$309,572,126		\$5,240,356,655

Source: Orangeburg County Auditor

Tax Collections for the County

The following table shows the amount of taxes levied in the County[†] (adjusted to include additions, abatements, and *nulla bonae*), and taxes collected as of June 30 of the year following the year in which the levy was made, for the last five fiscal years. Delinquent taxes include taxes levied in prior years but collected in the year shown.

Fiscal Year	Total Tax Levy	Net Current Tax Collections	Percentage Collected	Delinquent Taxes Collected	Total Percentage Collected	Fee in Lieu Collected
2012-13	\$28,249,417	\$25,248,841	89.38%	\$2,760,366	99.15%	\$2,353,390
2013-14	28,617,701	28,311,872	98.93	3,058,388	109.62	2,225,228
2014-15	29,452,839	28,621,255	97.18	3,184,860	107.99	2,227,214
2015-16	30,162,729	28,870,019	95.71	3,559,261	107.51	2,182,673
2016-17	32,166,425	28,984,712	90.11	3,032,228	99.54	2,364,137

[†] Includes fee-in-lieu and manufacturers' exemption; does not include South Carolina Homestead Exemption program.

Source: Orangeburg County Treasurer

Tax Rates

The millage assessed for County operations and debt service in each of the last five tax years and the levy for the current year is set forth below.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operations	89.0	85.0	87.0	87.0	90.0
Debt Service	7.0	8.0	9.0	9.0	11.0
Solid Waste	10.0	10.0	10.0	10.0	10.0
Capital Funds	1.5	2.0	2.0	2.0	2.0
County Special Education	7.8	7.8	7.8	7.8	7.8
Countywide Fire	17.0	17.0	17.0	17.0	17.0
TOTAL	132.3	129.8	132.8	132.8	137.8

Source: Orangeburg County Auditor

Ten Largest Taxpayers

The ten largest taxpayers in the County, the assessed value of the taxable property of each, and the total amount of County taxes for fiscal year 2016-17 are shown below.

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Taxes Paid</u>
South Carolina Electric & Gas	\$37,204,480	\$4,531,506
Okonite	2,644,950	322,155
Husqvarna	2,245,360	273,485
Delihaize (Food Lion)	1,649,934	200,962
Tri County Electric Coop	1,627,960	198,286
American Koyo-JTEK	1,382,070	168,336
Holcim Cement	1,303,818	158,805
Aiken Electric	1,288,790	156,975
BellSouth Communications	1,278,690	155,744
CSX Railroad	1,187,543	144,643

Source: Orangeburg County Auditor

Manufacturers' Exempt Property

The following table shows the value of new manufacturing property and utility property in the County exempt from County taxes pursuant to Article X, Section 3 of the State Constitution for the tax years indicated:

<u>Tax Year</u>	<u>Exempt Property Value</u>
2011	\$6,546,230
2012	4,103,730
2013	3,545,550
2014	6,211,470
2015	3,914,414
2016	7,658,420

Source: Orangeburg County Auditor

DEBT STRUCTURE

Legal Debt Limit of the County

Section 14 of Article X of the State Constitution provides that the counties of the State may issue bonded indebtedness in an amount not exceeding 8% of the assessed value of all taxable property without the necessity of conducting a referendum, and provides further that no bonded indebtedness approved in a referendum, or any refunding thereof, shall be charged against such 8% debt limitation.

The County's available general obligation bond debt as of June 30, 2017[†], is computed below:

Total Assessed Value	<u>\$311,198,278.00</u>
	<u>x 8%</u>
Constitutional Debt Limit	24,895,862.24
Less Outstanding Debt Subject to Limit	<u>- 6,818,178.00^{††}</u>
General Obligation Debt Available Without Referendum	\$18,077,684.24

[†] The County issued a \$2,200,000 General Obligation Bond, Series 2017A ("**2017A Bond**"), on November 7, 2017, which is not included in this table. The 2017A Bond will mature on October 1, 2022.

^{††} The outstanding principal amount of the 2017 BAN is not included in the County's general obligation debt subject to the constitutional debt limit.

Source: Orangeburg County Finance Director.

Outstanding General Obligation Indebtedness

The following table sets forth the aggregate amount of general obligation indebtedness of the County at the end of each of the past five fiscal years:

<u>Year Ended June 30</u>	<u>General Obligation Indebtedness</u>
2013	\$10,820,000
2014	11,485,000
2015	10,215,388
2016	8,544,413
2017	6,818,178 [†]

[†] The outstanding principal amounts of the 2017 BAN and the 2017A Bond are not included in the County's outstanding general obligation indebtedness.

The following table sets forth the County's general obligation debt by issue, including the date of final maturity, the amount issued and the outstanding principal amount:

<u>Debt</u>	<u>Date of Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of June 30, 2017</u>
Series 2008 General Obligation Bonds	02/01/2018	\$ 9,715,000	\$1,145,000
Series 2013 General Obligation Bonds	02/01/2044	2,200,000	1,954,178
Series 2014 General Obligation Refunding Bonds	04/01/2023	4,980,000	3,719,000
Series 2017 General Obligation Bond Anticipation Note [†]	12/01/2017	7,000,000	7,000,000
Series 2017A General Obligation Bond	10/01/2022	<u>2,200,000</u>	<u>-^{††}</u>
TOTAL		\$23,895,000	\$13,818,178

[†] The 2017 BAN is not calculated in the County's constitutional debt limit.

^{††} The County issued its 2017A Bond on November 7, 2017.

Other Commitments

Revenue Obligations

The following table sets forth the County's revenue bond debt by issue, including the date of final maturity, the amount issued and the outstanding principal amount:

<u>Debt</u>	<u>Date of Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of June 30, 2017</u>
Series 2002 Revenue Bond	11/01/2042	\$ 329,300	\$ 267,937
Series 2013A Revenue Bond	12/18/2053	2,088,000	2,036,217
Series 2013B Revenue Bond	11/26/2053	6,741,000	6,543,827
Series 2014 CPST Revenue Bond	10/01/2020	33,575,000	14,005,000
Series 2015A Revenue Bond	06/12/2055	2,830,000	2,830,000
Series 2016A Water System Revenue Bond	03/01/2056	<u>820,000</u>	<u>820,000</u>
TOTAL		\$46,383,300	\$26,502,981

Capital Lease Obligations

The County currently has five outstanding capital lease obligations which are secured by the collateral financed by the proceeds of the relevant lease purchase agreement. The following table sets forth the provider, final maturity, and the outstanding principal amount of each lease purchase agreement.

<u>Provider</u>	<u>Final Maturity</u>	<u>Amount Outstanding as of June 30, 2017</u>
Motorola	08/01/2017	\$ 90,825
Motorola 2012	06/01/2022	865,409
Caterpillar 2015	03/31/2020	876,294
Caterpillar 2016	12/31/2021	6,302,610
Caterpillar 2017	03/31/2022	1,410,221
Carolina Alliance Bank	06/01/2025	760,000
PNC	12/01/ 2018	<u>1,079,000</u>
TOTAL		\$11,384,359

The County has an outstanding note to the South Carolina Public Service Authority. The proceeds of the note, issued September 10, 2015, in the original principal amount of \$4,000,000, were used to further the economic development of the County by constructing a spec building. The County makes the annual installments of principal and interest, ranging from \$365,000 to \$420,000, from annual appropriations from the County's operating funds. The note is further secured by a mortgage on the spec building constructed from the proceeds of the note. The note finally matures on September 10, 2025.

Overlapping Debt

The table below shows local subdivisions which overlap the County and which have outstanding general obligation debt as of June 30, 2016.

<u>Municipalities</u>	<u>Outstanding Debt</u>
City of Orangeburg	\$3,453,392
Town of Bowman	113,649
Town of Branchville	32,823
Town of Elloree	344,397
Town of Holly Hill	3,355,517
Town of Norway	519,183
Town of Santee	169,588
<u>Orangeburg School Districts</u>	
School District 3	\$22,838,695
School District 4	20,054,535
School District 5	25,463,677

Source: S.C. State Treasurer's Local Government Debt Report, June 30, 2016

ECONOMIC CHARACTERISTICS

Commerce and Industry

The County has expanded its industrial base and has attracted a diversity of manufacturing activity to the area. From heavy manufacturing to service related facilities, to sod farms, the industrial base in the County employs more than 22,000 workers in nearly 1,600 business operations. The County's largest employer is Husqvarna which manufactures riding lawn tractors. Over the past five years, the County has had more than 17 expansions or new industry locations. Other large employers include Koyo Corporation which manufactures ball bearings and employs 530.

A subsidiary of The Price Companies, Inc., Carolina Chips, Inc., is establishing new operations in Orangeburg County. Investing more than \$32 million in the facility, the leader in wood processing will be creating 15 new jobs. The operation will produce processed bark and wood chips for the KapStone paper mill in North Charleston, South Carolina.

Population Growth

The U.S. Bureau of the Census reported that the 2010 population of the County was 92,501. This figure represents an approximate 1.0% increase in population over the 2000 census of 91,582. The County's estimated 2015 population was 89,208.

The following table shows population information for the County for the last three decades for which census figures are available.

<u>Year</u>	<u>Orangeburg County</u>		<u>South Carolina</u>		<u>United States</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
1990	84,803	3.1%	3,486,703	11.7%	248,718,302	9.8%
2000	91,582	8.0	4,012,012	15.1	281,424,603	13.1
2010	92,501	1.0	4,625,364	15.3	308,745,538	9.7

Source: U.S. Department of Commerce, Bureau of the Census, S.C. Revenue and Fiscal Affairs Office, Board of Economic Advisors

The following table shows the populations (based on 2000 and 2010 Census data and 2015 estimates) of all incorporated municipalities located within the County:

<u>Municipality</u>	<u>2000 Census</u>	<u>2010 Census</u>	<u>2015 Estimate</u>
Town of Bowman	1,198	968	934
Town of Branchville	1,083	1,024	989
Town of Cope	107	77	75
Town of Cordova	157	169	165
Town of Elloree	742	692	681
Town of Eutawville	344	315	306
Town of Holy Hill	1,421	1,277	1,237
Town of Livingston	148	136	133
Town of Neeses	413	374	358
Town of North	813	754	742
Town of Norway	389	337	328
City of Orangeburg	12,765	13,964	13,460
Town of Rowesville	378	304	296
Town of Santee	740	961	935
Town of Springfield	504	524	503
Town of Vance	208	170	166
Town of Woodford	196	185	180

Source: U.S. Department of Commerce, Bureau of the Census, S.C. Revenue and Fiscal Affairs Office, Board of Economic Advisors

Per Capita Personal Income

The per capita personal income in the County, the State and the United States for each of the last five years for which information is available is below:

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2011	\$28,113	\$34,220	\$42,453
2012	28,454	35,461	44,266
2013	28,878	35,472	44,438
2014	29,691	36,677	46,049
2015	30,578	38,302	48,112

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Median Family Income

The median family income in the County was estimated as \$41,400 in 2016. Listed below are the County, the State, and the United States median family income (for four-person families) for the past five years for which information is available is listed below.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2012	\$42,600	\$55,800	\$65,000
2013	41,800	55,000	64,400
2014	42,700	54,300	63,900
2015	43,300	55,500	65,800
2016	41,400	56,100	65,700

Source: U.S. Department of Urban Development, Economics & Market Analysis Division; S.C. Revenue and Fiscal Affairs Office, Board of Economic Advisors

Median Age and Education Levels

The U.S. Bureau of the Census reports that the median age of the population of the County was 38.8 in 2015 (the latest year available). In 2014, the last year for which complete statistics are available, 18.8% of the County population 25 years or older have obtained a bachelor's degree or higher.

Construction Activity

The following table provides the approximate number and the associated value of building permits, including new construction, issued for the County for the calendar years indicated:

Calendar Year	<u>Residential</u>		<u>Commercial</u>		<u>Total</u>	
	<u># of Permits</u>	<u>Value of Permits</u>	<u># of Permits</u>	<u>Value of Permits</u>	<u># of Permits</u>	<u>Value of Permits</u>
2011	151	\$11,318,900	24	\$ 3,891,816	175	\$15,210,716
2012	118	8,071,183	36	18,531,818	154	26,603,001
2013	159	12,069,550	18	5,190,752	177	17,260,302
2014	155	9,220,009	31	16,785,263	186	26,005,272
2015	58	7,590,153	35	12,610,367	93	20,200,520
2016	63	8,931,570	34	22,402,078	97	31,333,648

Source: County Building Department

Retail Sales

The State currently imposes no sales tax on unprepared food items[†] and a 6% sales tax on all other retail sales, exclusive of local sales and use taxes. The following table shows the gross retail sales for the past five calendar years for businesses located in the County for which information is available:

<u>Calendar Year</u>	<u>Retail Sales</u>
2012	\$1,910,182,811
2013	1,870,574,898
2014	1,894,709,163
2015	2,896,939,404
2016	2,882,120,093

[†] Effective November 1, 2007, South Carolina Code Annotated section 12-37-2120(75) exempts from the state sales and use tax the gross proceeds of sales or sales price of "unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons." These foods include: 1) Any food intended to be eaten at home by people, including snacks, beverages and seasonings; 2) Seeds and plants intended to grow food (not birdseed or seeds to grow flowers); and 3) Cold items, which may include salads or sandwiches, intended to be eaten at home by people and that are not considered "prepared meals or food."

Source: S.C. Department of Revenue

Capital Investment

The County has experienced growth in industrial operations through additions and expansions to manufacturing plants. Listed below are the total announced capital investment and additional employment for new and expanded industry in the County for the last six years for which information is available.

<u>Year</u>	<u>Total Capital Investment</u>	<u>Additional Employment</u>
2011	\$60,250,000	695
2012	87,500,000	45
2013	4,200,000	46
2014	54,920,000	165
2015	98,500,000	127
2016	102,000,000	88

Source: S.C. Department of Commerce

Major Industrial Employers

The ten largest industrial employers located within the County, their products, and approximate number of employees are listed below.

<u>Name</u>	<u>Product</u>	<u>Approximate Number of Employees</u>
Husqvarna	Metal Products	1,750
Bimbo Bakeries USA	Food Processing	550
Koyo Corporation of USA	Metal Products	550
Zeus Industrial Products Inc.	Plastics & Rubber	500
Food Lion Distribution Center	Food Processing	498
Allied Air Enterprise Inc.	Machinery	350
SI Group	Chemicals	350
The Okonite Company	Metal Products	200
Holcim	Non-Metallic Mineral	200
North American Container Corp.	Wood & Paper Products	175

Source: Central SC Alliance

Major Non-Industrial Employers

The largest non-industrial employers located within the County, their type of business and their approximate number of employees are listed below.

<u>Name</u>	<u>Product</u>	<u>Approximate Number of Employees</u>
Orangeburg County School District 5	Education	1,200
The Regional Medical Center	Healthcare	1,200
Orangeburg County School District 3	Education	600
Orangeburg County	Government County	600
Orangeburg County School District 4	Education	554

Source: Orangeburg County Economic Development; Central SC Alliance

Labor Force

Orangeburg County Labor Force Estimates

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Civilian Labor Force	40,242	39,325	38,496	37,748	37,194
Employment	33,878	33,726	33,745	33,477	33,197
Unemployment	6,364	5,599	4,751	4,271	3,997

Source: U.S. Department of Labor, Bureau of Labor Statistics

Workers involved in labor disputes are included among the employed. Total employment also includes agricultural workers, proprietors, self-employed persons, workers in private households, and unpaid family workers.

The composition of the civilian labor force in the County, based on place-of-work basis, for the last five years for which information is available is as follows:

<u>Nonagricultural Wage and Salary Employment</u>					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Manufacturing	6,431	6,307	6,390	5,991	5,505
Construction	1,177	1,323	1,390	1,373	1,505
Natural Resources and Mining	43	50	42	45	34
Transportation and Warehousing	1,286	1,271	1,128	1,187	1,540
Wholesale and Retail Trade	6,542	6,424	6,374	6,284	5,830
Information	321	302	266	255	208
Finance, Insurance and Real Estate	2,184	2,157	2,045	2,034	2,108
Services	8,718	8,594	9,524	8,467	9,941
Government	<u>7,633</u>	<u>7,603</u>	<u>7,550</u>	<u>7,507</u>	<u>6,747</u>
Total ⁽¹⁾	34,335	34,029	34,709	33,143	33,418

Source: U.S. Bureau of Economic Analysis

⁽¹⁾May not add to total due to rounding and to avoid disclosure of confidential information.

Unemployment

The average unemployment rate in the County for each of the last 12 months for which data is available is shown below:

<u>Month</u>	<u>Unemployment</u>
November 2016	7.5%
December 2016	7.3
January 2017	8.1
February 2017	7.8
March 2017	6.7
April 2017	6.0
May 2017	5.8
June 2017	6.6
July 2017	6.8
August 2017	9.0
September 2017	6.2
October 2017	7.0

Source: S.C. Department of Employment & Workforce

The average unemployment rate in the County, the State and the United States, for each of the last five years for which information is available was:

<u>Year</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
2012	14.2%	9.2%	8.1%
2013	12.3	7.6	7.4
2014	11.3	6.4	6.2
2015	10.7	6.0	5.3
2016	8.8	5.0	4.8

Source: United States Department of Labor, Bureau of Labor Statistics; S.C. Department of Employment & Workforce

Transportation

The Central South Carolina Region is home to four major interstates, I-20, I-26, I-77, and I-95, all easily accessible throughout the region with 11 interchanges. In addition, national bus carriers, Greyhound and South Eastern Stages Inc., serve the County, providing routes to many Georgia, North Carolina and South Carolina counties.

The Orangeburg Municipal Airport (“*Airport*”) is owned and operated by the City of Orangeburg and located two miles south of downtown. The Airport offers two runways, serving both corporate and private aircraft, and 24 hour access to fuel. The Airport has available for rent both box hangers and T-Hangers, and offers satellite weather, wireless internet and use of a courtesy car to pilots at no cost.

Medical Facilities

The Regional Medical Center (“*RMC*”), founded in 1919 as a private hospital, has grown into a 286-bed, acute-care, regional healthcare system with 21 primary care and specialty care practices. RMC is a non-profit hospital, owned by Orangeburg and Calhoun counties, with over 100 physicians, more than 1,200 employees and 150 volunteers. RMC has a strong commitment to the health of the community.

RMC healthcare system offers a wide array of medical services through eight primary care practices in Bamberg, Calhoun and Orangeburg counties; specialty practices in cardiology, internal medicine and gastroenterology, general and vascular surgery, orthopaedics, as well as obstetrics and gynecology; two urgent care practices with lab and x-ray; and five wellness centers. RMC’s Mobile Services van provides digital mammography throughout the region.

RMC provides a wide array of specialties and programs that offer leading-edge healthcare, including 24-hour emergency care, a full range of high-quality medical services from breast health to wound care to telehealth and a community-wide wellness program. RMC is also accredited by The Joint Commission and has Advanced Certification as a Primary Stroke Center by The Joint Commission.

Higher Education

Founded in 1896, South Carolina State University (“*SC State*”) was founded as a land grant college with a goal of providing education and service to the citizens of the state. Located in Orangeburg, South Carolina, SC State has been home to generations of scholars and leaders in business, military service, government, athletics, education, medicine, science, engineering technology and more. The Fall 2016 enrollment for SC State was 2,905 students.

Founded in 1869, Claflin University (“*Claflin*”) is a private, coeducational, liberal arts institution of higher education affiliated with the United Methodist Church located in Orangeburg, South Carolina. Claflin provides students with access to exemplary educational opportunities in its undergraduate, graduate and continuing education programs. In its undergraduate programs, Claflin provides students with the essential foundation of a liberal arts education. Claflin’s graduate programs provide opportunities for advanced students to increase their specialization in particular fields. The Fall 2016 enrollment for Claflin was 1,978 students.

Founded in 1939, and locating in the County in 1961, Southern Methodist College is a private, coeducational institution of the Southern Methodist Church and offers certificates, associate and four-year degrees and a masters program in Biblical Studies and Religious Education. The Fall 2017 enrollment for Southern Methodist College is 29.

Founded in 1961, Orangeburg-Calhoun Technical College (“*OCTC*”) is a comprehensive two-year technical college that provides training for jobs in new and expanding industries. OCTC is a member of the American Association of Community Colleges and is accredited by the Southern Association of Colleges and School Commission on Colleges to award Associate in Arts, Associate in Science and Associate in Applied Science degrees, diplomas and certificates. The Fall 2016 enrollment for OCTC was 2,640 students.

Recreation

Along the banks of the Edisto River, the Edisto Memorial Gardens is home to 79 beds of roses with 4,800 rose plants representing at least 120 labeled variety of roses and boasts five acres of azaleas, a playground and a greenhouse with nursery facilities. One of the Southeastern Tourism Society's top twenty events, the Orangeburg Festival of Roses, is held in Orangeburg the weekend before Mother's Day to celebrate the blooming of the roses.

Santee State Park ("**Park**"), along the shore of Lake Marion, provides numerous hiking and bicycling trails that travel through the woods, allowing visitors to explore the park's nature features. Fishing is another popular activity of park visitors. The Park offers multiple piers for fishing, as well two boat ramps that provide access to Lake Marion for private boats. Two campgrounds are available for tents and RVs, both of which overlook the lake. Cabins are also available.

Financial Institutions

According to the Federal Deposit Insurance Corporation, as of June 30, 2017, the County had 19 branches of commercial banks, with total deposits in all financial institutions in the County of \$976,266,000.

TAX TREATMENT

Federal Tax Matters

On the date of issuance of the Bonds, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina ("**Bond Counsel**") will render an opinion that, under existing law and assuming compliance by the Issuer and the County with certain provisions of the Internal Revenue Code of 1986, as amended ("**Code**"), interest on the Bonds 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.

The interest on the Bonds will be taken into account in determining adjusted current earnings of certain corporations (as defined for federal income tax purposes), and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its federal alternative minimum taxable income.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the Issuer rebate certain excess earnings on proceeds and amounts treated as proceeds of the Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Issuer and the County subsequent to issuance of the Bonds to maintain the excludability of the interest on the Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the Issuer and the County as to certain facts material to the opinion and the requirements of the Code.

The Issuer and the County have covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the Issuer and the County with such covenants, and Bond Counsel has not been retained to monitor compliance by the Issuer or the County with such covenants subsequent to the date of issuance of the Bonds. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt or accrual of interest with respect to the Bonds.

If the interest on the Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the Issuer or the County to comply with any requirements described above, neither the Issuer nor the County is required to redeem the Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the Bonds. Prospective purchasers and owners of the Bonds are advised that, if the Internal Revenue Service does audit the Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the Issuer as the taxpayer, and the owners of the Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds and the accrual or receipt of interest on the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to the collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the Bonds to be subject directly or indirectly to federal or State of South Carolina income taxation, adversely affect the market price or marketability of the Bonds or otherwise prevent the owners of the Bonds from realizing the full current benefit of the status of the interest on the Bonds.

Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel’s opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the Issuer or the County, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Original Issue Discount

As indicated on the inside cover page, the Bonds maturing on December 1, 2034, 2035, 2036, and 2037 (“**OID Bonds**”), are being sold at initial offering prices which are less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the OID Bonds is sold and (b) the principal amount payable at maturity of such OID Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

In the case of an owner of an OID Bond, the amount of original issue discount on such OID Bond is treated as having accrued daily over the term of such OID Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner’s cost basis of such OID Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption or other disposition of an OID Bond which are attributable to accrued original issue discount on such OID Bonds will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals. However, it should be noted that with respect to certain corporations (as defined for federal income

tax purposes), a portion of the original issue discount that accrues to such corporate owners of OID Bonds in each year will be taken into account in determining the adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on such corporations and may result in other collateral federal income tax consequences for certain taxpayers in the year of accrual. Consequently, corporate owners of an OID Bond should be aware that the accrual of original issue discount on any OID Bond in each year may result in a federal alternative minimum tax liability or other collateral federal income tax consequences, even though such corporate owners may not have received any cash payments attributable to such original issue discount in such year.

Original issue discount is treated as compounding semiannually at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be appointed in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

Original Issue Premium

As indicated on the inside cover page, the Bonds maturing on December 1, 2019, through and including 2033, and December 1, 2042 ("**Premium Bonds**"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

CERTAIN LEGAL MATTERS

Opinion

The final approving opinion of Bond Counsel will be furnished without charge to the purchaser of the Bonds at the time of their delivery. The proceedings provide that the opinion to be rendered by counsel upon the validity of the Bonds will be printed on the back of or attached to the Bonds.

Bond Counsel has assisted the Issuer and the County by compiling certain information supplied to it by the Issuer, the County and others and included in this Official Statement, but has not made an independent investigation or verification of the accuracy, completeness or fairness of such information. The opinion of Bond

Counsel will be limited solely to the legality and enforceability of the Bonds, and no opinion will be given with respect to this Official Statement.

The opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation

There is no litigation presently pending or threatened challenging the validity of any debt issued or proposed to be issued by the Issuer or the County or otherwise challenges, in any manner, the right of the Issuer or the County (as applicable) to enter into the Trust Agreement, the Base Lease, or the Purchase and Use Agreement or to secure the Bonds in the manner provided in the Trust Agreement. *However, neither the Issuer nor the County can give any assurance that litigation challenging the financing plan described in this Official Statement would not be filed in the future or, except for litigation of which the Issuer or the County is aware, has been filed and not properly served on the Issuer or the County.*

Closing Certifications

The Issuer and the County will furnish certifications by appropriate officials that this Official Statement as of its date and as of the date of delivery of the Bonds, does not contain an untrue statement of a material fact and does not omit to state a material fact which should be included for the purpose for which the Official Statement is intended to be used or which is necessary to make the statements contained, in light of the circumstances in which they were made, not misleading.

Appropriate certification will be given by Issuer and County officials to establish that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code, and applicable regulations thereunder in effect on the occasion of the delivery of the Bonds.

CONTINUING DISCLOSURE

In accordance with subsection (b)(5) of Rule 15c2-12, the County, as the obligated entity with respect to the Bonds, has covenanted in the Purchase and Use Agreement for the benefit of the beneficial owners of the Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of, a Disclosure Dissemination Agent Agreement between the County and Digital Assurance Certification, L.L.C. (“**Disclosure Agreement**”), in substantially the form attached hereto as Appendix D. Pursuant to the Disclosure Agreement, the County will provide to the Electronic Municipal Market Access system, a service of the Municipal Securities Rulemaking Board (“**EMMA**”), certain financial information and operating data relating to the County by not later than February 1 following the end of the preceding fiscal year of the County, commencing with Fiscal Year 2016-17, and notices of the occurrence of certain enumerated events. The specific nature of the information to be provided by the County or the notices of enumerated events is set forth in the form of the Disclosure Agreement. These covenants have been made in order to assist the Underwriter (as defined herein) in complying with subsection (b)(5) of Rule 15c2-12. In the event of a failure of the County to comply with any of the provisions of the Disclosure Agreement, an event of default under the Purchase and Use Agreement shall not be deemed to have occurred. In such event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by the County.

Within the past five fiscal years, the County had continuing disclosure obligations under certain prior continuing disclosure undertakings (“**Prior Undertakings**”) executed in connection with the following bond issuances:

- \$2,900,000 Fire District General Obligations Bonds, Series 1999
- \$9,135,000 General Obligation Bonds, Series 2003A (“**2003 Bonds**”)

- \$64,245,000 Orangeburg Joint Governmental Action Authority, Capital Projects Sales and Use Tax Revenue Bonds (Orangeburg County, South Carolina, Project) Series 2007 (“**2007 Bonds**”)
- \$9,715,000 General Obligation Bonds of 2008 (“**2008 Bonds**”)

Pursuant to the Prior Undertakings, the County was obligated to file by no later than January 31² of each calendar year an annual report, consisting of the County’s audited financials for the preceding fiscal year and the following operating data regarding the County:

- capital project sales and use tax collections (“**Sales Tax Collections**”)³;
- market value/assessment summary of taxable property (“**Assessment Summary**”);
- tax levy for the current fiscal year (“**Tax Levy**”);
- tax collections for the preceding fiscal year (“**Property Tax Collections**”);
- ten largest taxpayers for the preceding fiscal year (“**Largest Taxpayers**”);
- outstanding indebtedness (“**Outstanding Indebtedness**”)⁴;
- population growth for the current fiscal year (“**Population**”)⁵;
- total anticipated state appropriations subject to withholding under Article X, Section 15 of the South Carolina Constitution (“**State Appropriations**”)⁵; and
- debt service obligations for the next succeeding five years (“**Future Debt Obligations**”).

For the annual report due with respect to fiscal year end June 30, 2012, the County failed to timely file its annual report. The County filed notices of the failure to timely file its annual report on February 1, 2013, February 4, 2013, and March 1, 2013. The County filed its audited financials and the following operating data on September 13, 2013: Assessment Summary, Property Tax Collections, Largest Taxpayers, Outstanding Indebtedness, Population, and Future Debt Obligations. The County filed the following operating data on January 23, 2014: Sales Tax Collections⁵ and State Appropriations. The Tax Levy was included in the operating data filed on January 31, 2014, in connection with the annual report due with respect to fiscal year June 30, 2013.

For the annual report due with respect to fiscal year end June 30, 2013, the County timely filed its unaudited financial statements and the following operating data: Sales Tax Collections,⁶ Property Tax Collections,⁷ Largest

² January 31, or 7 months after the close of the fiscal year, is the earliest date that any Prior Undertaking obligates the County to file its annual report.

³ This operating data was required to be included in the County’s annual report by the Prior Undertaking executed in connection with the 2007 Bonds, which finally matured on October 1, 2014. Therefore, the continuing disclosure obligations with respect to the 2007 Bonds ceased at that time and the County was no longer obligated to provide this operating data in its annual report subsequent to the annual report filed with respect to fiscal year end June 30, 2013.

⁴ This operating data was required to be included in the County’s annual report by the Prior Undertaking executed in connection with the 2003 Bonds, which were called for redemption on June 24, 2014. Therefore, the continuing disclosure obligations with respect to the 2003 Bonds ceased at that time and the County was no longer obligated to provide this operating data in its annual report subsequent to the annual report filed with respect to fiscal year end June 30, 2013.

⁵ The operating data the County filed with respect to the Sales Tax Collections was not in the form as required by the Prior Undertaking executed in connection with the 2007 Bonds, which is the Prior Undertaking that requires the County to provide the Sales Tax Collections operating data as a part of the County’s annual report. The Prior Undertaking required the Sales Tax Collections operating data to be provided in “form identical to that as set forth in the Official Statement.” The information set forth in the Official Statement for the 2007 Bonds with respect to the Sales Tax Collections sets forth the Sales Tax Collection in eight annual periods ending May 31. The Sales Tax Collections information submitted is provided in five annual periods ending June 30.

⁶ See footnote 4 above.

⁷ The operating data the County filed with respect to the Property Tax Collections omitted certain information required by the Prior Undertakings executed in connection with the 2003 Bonds and the 2008 Bonds, which are the Prior Undertakings that require the County to provide the Property Tax Collections operating data.

Taxpayers, Population, and State Appropriations.⁸ The County filed its audited financials and the following operating data on October 7, 2014: Outstanding Indebtedness. The Tax Levy was included in the operating data filed on February 2, 2015, in connection with the annual report with respect to fiscal year June 30, 2014. The County did not file the Assessment Summary or the Future Debt Obligations.

For the annual report due with respect to fiscal year end June 30, 2014, the County failed to timely file its annual report. The County filed a notice of the failure to timely file its annual report on February 3, 2015. The County filed the following operating data on February 2, 2015: Assessment Summary, Property Tax Collections, Largest Taxpayers, and Future Debt Obligations. The County did not file its audited financials or the Tax Levy.

For the annual report due with respect to fiscal year end June 30, 2015, the County timely filed the following operating data: Assessment Summary, Tax Levy, and Future Debt Obligations. The County filed a notice of the failure to timely file its annual report on February 2, 2016, and also filed the following operating data: Property Tax Collections and Largest Taxpayers. The County filed its audited financials on January 31, 2017.

For the annual report due with respect to fiscal year end June 30, 2016, the County timely filed its operating data which included the information required by the Prior Undertakings. The County filed a notice of the failure to timely file its annual report on February 1, 2017. The County filed its audited financials on July 7, 2017.

The Prior Undertakings also obligated the County to provide notices of the occurrence of certain enumerated events. On April 14, 2014, the County filed notice of a March 18, 2014 ratings upgrade of Assured Guaranty Municipal Corp., the insurer of certain of the County's bond issuances, from AA- to AA by S&P. The County did not timely file a notice with respect to the withdrawal by Moody's Investor Service, Inc. ("**Moody's**"), in July of 2015 of the underlying long-term debt rating and insured long-term debt rating with respect to the County's 2008 Bonds. The County filed notice of the withdrawal on June 29, 2017.

On June 29, 2017, the County filed a corrective notice for its currently outstanding issues to provide the following information not previously filed in its annual reports within the past five years, but required pursuant to the terms of the Prior Undertakings:

- Assessment Summary and Future Debt Obligations with respect to fiscal year end June 30, 2013;
- Audited financials with respect to fiscal year end June 30, 2014; and
- Tax Levy with respect to fiscal year end June 30, 2015.

The County adopted a policy on August 7, 2017 ("**Disclosure Policy**"), which (i) implements controls and procedures to assist the County in timely gathering, preparing and filing its annual reports or notice events in accordance with the Prior Undertakings and the Disclosure Agreement, and (ii) assigns responsibility to the County's most senior administrative and finance staff members for the County's continuing disclosure obligations under the Prior Undertakings and the Disclosure Agreement. Pursuant to the Disclosure Policy, the County convened the Disclosure Working Group on November 16, 2017 and conducted a review of the items required by the Disclosure Policy, including this Official Statement.

In accordance with Section 11-1-85 of the South Carolina Code Annotated, the County has also covenanted in the Disclosure Agreement that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested (1) an annual independent audit, within thirty days of the County's receipt of the audit; and (2) event specific information, within thirty days of an event adversely affecting more than five percent of the County's revenue or tax base. The only remedy for failure by the County to comply with this covenant shall be an action for specific performance. Moreover, the County specifically reserves the right to

⁸ The operating data the County filed with respect to the State Appropriations omitted certain information required by the Prior Undertakings executed in connection with the 2003 Bonds which is the Prior Undertaking that requires the County to provide the State Appropriations operating data.

amend the covenant to reflect any change in (or repeal of) Section 11-1-85 of the South Carolina Code Annotated without the consent of any bondholder.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), and Fitch Ratings, Inc. ("**Fitch**") (each, a "**Rating Agency**," and collectively, "**Rating Agencies**"), have assigned the Bonds their municipal bond ratings of "A-," and "A-," respectively. Such ratings reflect only the views of the applicable Rating Agency and an explanation of the significance of such ratings may be obtained from S&P at: 55 Water Street, 38th Floor, New York, New York 10041 and from Fitch at: 33 Whitehall Street, New York, New York 10004. The County has furnished to the Rating Agencies certain information and materials respecting the Issuer, the County, and the Bonds. Generally, the Rating Agencies base their ratings on such information and materials and on investigations, studies and assumptions furnished to and obtained and made by them. There is no assurance that such ratings will remain unchanged for any period of time or that it may not be revised downward or withdrawn entirely by a Rating Agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by PNC Capital Markets LLC ("**Underwriter**"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at an aggregate price of \$39,084,859.10 (which reflects an original issue premium of \$2,689,886.35 and Underwriter's Discount of \$170,027.25). The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the offering prices stated on the inside front cover page. The offering prices may be changed from time to time by the Underwriter. The Underwriter is obligated to purchase all of the Bonds if any are purchased.

PNC Capital Markets LLC and PNC Bank, National Association, are both wholly owned subsidiaries of PNC Financial Services Group, Inc. PNC Capital Markets LLC is not a bank and is a distinct legal entity from PNC Bank, National Association.

FINANCIAL ADVISOR

First Tryon Advisors has acted as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to the investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

CERTIFICATION

All quotations from and summaries and explanations of provisions of laws of the State do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Bonds, and determinations of the Issuer or the County relating to the Bonds are qualified in their entirety by reference to the definitive forms of the Bonds and the authorizing ordinances and resolutions and to other documents and determinations. All such summaries, explanations and references are further qualified in their entirety by reference to the exercise of sovereign police powers of the State and the constitutional powers of the United States of America, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Certain of the information set forth in this Official Statement and in its Appendices has been obtained from sources other than the Issuer or the County that are believed to be reliable but is not guaranteed as to accuracy or completeness by the Issuer or the County. The information and expressions of opinion in this Official Statement

are subject to change, and neither the delivery of this Official Statement nor any sale made under such document shall create any implication that there has been no change in the Issuer's or the County's affairs.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. Further, certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." These types of statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "forecast," "project" or similar words. Forward-looking statements are included in various portions of this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO EXPECTATIONS, OR EVENTS, CONDITIONS, OR CIRCUMSTANCES, ON WHICH THE FORWARD-LOOKING STATEMENTS ARE BASED, OCCUR.

Reference to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

It is intended that the above information will be of assistance. If there are further inquiries, or requests for additional copies of this Official Statement, please address them to Issuer's Counsel, Anderson Law Office, P.A., 155 Wall Street, Orangeburg, South Carolina 29115, telephone: 803.536,4751, email: jerrodaa@hotmail.com, or Bond Counsel, Ray E. Jones, Esquire, Parker Poe Adams & Bernstein LLP, 1221 Main Street, Suite 1100, Columbia, South Carolina 29201, telephone: 803.255.8000, email: rayjones@parkerpoe.com.

The delivery of this Official Statement and its use in connection with the sale of the Bonds has been duly authorized by the Issuer and the County. The contents of this Official Statement are the County's responsibility, except that the Issuer is responsible for the statements contained under the caption "THE ISSUER" and other information with respect to the Issuer, if any, appearing under the caption "CERTAIN LEGAL MATTERS – Litigation," and, with the exception of this information for which the Issuer is responsible, the Issuer makes no representation as to the accuracy or completeness of any information.

ORANGEBURG COUNTY FACILITIES CORPORATION

/s/Harold M. Young
President

ORANGEBURG COUNTY, SOUTH CAROLINA

/s/Johnnie Wright, Sr.
Chairman, Orangeburg County Council

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APPENDIX A

FISCAL YEAR ENDED JUNE 30, 2016, AUDITED FINANCIAL STATEMENTS

The basic financial statements of the County as of June 30, 2016, and for the year then ended, included as this Appendix A, have been audited by Webster Rogers, LLP, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in this Appendix A.

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County of Orangeburg, South Carolina
Basic Financial Statements and Supplementary Information
June 30, 2016

County of Orangeburg
Orangeburg, South Carolina
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Independent Auditors' Report

The Honorable Chairman
and Members of County Council
Orangeburg County, South Carolina
Orangeburg, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Orangeburg County (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Orangeburg County Development Commission, a discretely presented component unit of the County, which represent 42.63%, 17.08%, and 30.84%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Orangeburg County Development Commission is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund; Schedule of Funding Progress – Other Post-employment Benefits, Schedule of the County's Proportionate Share of the Net Pension Liability, and Schedule of the County's Pension Contributions; as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund statements, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Fines, Assessments and Surcharges listed in the Table of Contents under Supplementary Information is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the financial statements. The SC Department of Transportation Transit Grant - Schedule of Budget to Actual Costs listed in the Table of Contents under Supplementary Information is presented for purposes of additional analysis as required by the South Carolina Department of Transportation and is not a required part of the financial statements.

The combining nonmajor fund financial statements, the Schedule of Fines, Assessments and Surcharges and SC Department of Transportation Transit Grant - Schedule of Budget to Actual Costs are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining nonmajor fund financial statements and schedules and supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Webster Rogers LLP". The signature is written in a cursive, flowing style.

Summerville, South Carolina
June 27, 2017

County of Orangeburg, South Carolina

Management's Discussion and Analysis

June 30, 2016

Management's Discussion and Analysis

This section of County of Orangeburg, South Carolina's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's Governmental Activities net position at year end was \$55,594,656.
- The County's Business-type Activities net position at year end was \$24,317,687.
- The County invested in new capital assets in the amount of \$9,695,356 for its Governmental Activities and \$753,654 for its Business-type activities.
- The County issued new long-term debt in its Governmental Activities and Business-type Activities in the amounts of \$4,938,000 and \$1,223,068, respectively, offset by repayments of long-term debt in the amounts of \$10,231,277 and \$107,047, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that presents *supplementary information* that includes combining statements for nonmajor governmental funds. The basic financial statements are presented as follows:

- The first two statements, The Statement of Net Position and the Statement of Activities, are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's *overall* financial status. The Statement of Net Position offers a snap-shot of balances at the end of the fiscal year while the Statement of Activities presents the results of providing governmental goods and services over the course of the fiscal year.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County Government, reporting the County's operations in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how general government services like public safety were financed in the short term. The *governmental funds* balance sheet is a snap shot of available spendable financial resources and the claims against those resources at year end. The *governmental funds* statement of revenue, expenditures and changes in fund balance indicate how the government used its inflows and outflows of available spendable resources over the course of the fiscal year.
- The *proprietary fund* statements provide financial details of water services to residents of a portion of the County.
- *Fiduciary fund* statements provide information about resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that of the proprietary funds.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in single columns in the basic financial statements.

County of Orangeburg, South Carolina

Management's Discussion and Analysis

June 30, 2016

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the County and its component units as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net position* and how that has changed. Net position, the difference between the County's assets and liabilities, is one way to measure the County's financial health.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of the County's roads.
- *Governmental activities* – Most of the County's basic services are included here, such as the police, fire, public works, parks departments, and general administration. Property taxes and state and federal grants finance most of the activities.
- *Business-type activities* – This area accounts for the water and sewer service and broadband internet service to residents of a portion of the County, including user fees, costs of providing services, and depreciation of capital assets.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's most significant *funds*, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The County Council established other funds to control and manage resources for particular purposes or to show that it is properly using certain taxes and grants.

The County has three kinds of funds:

- *Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – The County provides water and sewer utility services and broadband internet service to residents in portions of the County and charges user fees based on consumption for utilities or level of service for internet service. The proprietary fund statements provide details of the fees charged, costs to provide services, capital assets and debt related to providing this service.
- *Fiduciary funds* – The County acts as agent, or *fiduciary*, for other entities' resources. The County is responsible for ensuring that the assets reported in these funds are provided to the intended recipient. All of the County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

County of Orangeburg, South Carolina

Management's Discussion and Analysis

June 30, 2016

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position

The County's change in net position for the fiscal year ended June 30, 2016 was an increase of approximately \$4.0 million, which included an increase due to prior period restatements totaling approximately \$291 thousand, resulting in an ending net position of approximately \$79.9 million at June 30, 2016.

County of Orangeburg's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 74,286,464	\$ 77,770,995	\$ (7,249,247)	\$ (6,936,843)	\$ 67,037,217	\$ 70,834,152
Capital assets, net	103,155,477	100,823,022	46,390,114	46,779,657	149,545,591	147,602,679
Total assets	177,441,941	178,594,017	39,140,867	39,842,814	216,582,808	218,436,831
Deferred outflows of resources	3,139,576	3,317,780	13,877	8,684	3,153,453	3,326,464
Total assets and deferred outflows	\$ 180,581,517	\$ 181,911,797	\$ 39,154,744	\$ 39,851,498	\$ 219,736,261	\$ 221,763,295
Long-term liabilities	\$ 113,743,936	\$ 120,201,610	\$ 14,417,143	\$ 13,181,094	\$ 128,161,079	\$ 133,382,704
Other liabilities	5,003,508	7,788,040	390,019	1,399,005	5,393,527	9,187,045
Total Liabilities	118,747,444	127,989,650	14,807,162	14,580,099	133,554,606	142,569,749
Deferred inflows of resources	6,239,417	3,256,857	29,895	8,525	6,269,312	3,265,382
Net investment in capital assets	78,739,214	78,296,110	33,315,331	36,223,768	112,054,545	114,519,878
Restricted net position	39,884,696	23,229,618	-	-	39,884,696	23,229,618
Unrestricted (deficit)	(63,029,254)	(50,860,438)	(8,997,644)	(10,960,894)	(72,026,898)	(61,821,332)
Total net position	55,594,656	50,665,290	24,317,687	25,262,874	79,912,343	75,928,164
Total liabilities, deferred inflows and net position	\$ 180,581,517	\$ 181,911,797	\$ 39,154,744	\$ 39,851,498	\$ 219,736,261	\$ 221,763,295

Changes in net position

The County's total revenues increased by 4.4 percent to approximately \$76.0 million. Approximately 48 percent of the County's revenue comes from property taxes, approximately 12 percent comes from capital projects sales and accommodations tax, approximately 18 percent comes from charges for services, approximately 15 percent comes from operating and capital grants and contributions, 6 percent is from intergovernmental revenues, and 1 percent from other revenues.

The total cost of all programs, services and capital improvements increased approximately \$3.8 million or 5.6 percent. The County's expenses cover a range of services, with about 34 percent related to public safety and 18 percent related to public works. Certain prior period amounts have been reclassified for comparability.

County of Orangeburg, South Carolina

Management's Discussion and Analysis

June 30, 2016

County of Orangeburg's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenue						
Charges for services	\$ 12,359,077	\$ 10,967,920	\$ 1,025,151	\$ 612,991	\$ 13,384,228	\$ 11,580,911
Operating grants and contributions	3,221,680	3,620,340	-	-	3,221,680	3,620,340
Capital grants and contributions	7,205,465	4,614,775	1,442,858	3,519,149	8,648,323	8,133,924
General revenue						
Property taxes	36,832,021	36,104,661	-	-	36,832,021	36,104,661
Other taxes	9,307,833	9,160,794	-	-	9,307,833	9,160,794
Intergovernmental	4,268,902	3,717,665	-	-	4,268,902	3,717,665
Other	385,578	523,016	690	1,017	386,268	524,033
Total revenues	73,580,556	68,709,171	2,468,699	4,133,157	76,049,255	72,842,328
Expenses:						
General government	13,979,147	12,827,265	-	-	13,979,147	12,827,265
Judicial	4,601,541	4,502,340	-	-	4,601,541	4,502,340
Public works	12,716,872	11,880,383	-	-	12,716,872	11,880,383
Public safety	23,231,271	25,047,855	-	-	23,231,271	25,047,855
Social and health	4,512,715	4,245,790	-	-	4,512,715	4,245,790
Other agencies and institutions	9,509,866	6,511,088	-	-	9,509,866	6,511,088
Interest and other charges	1,032,567	1,734,726	-	-	1,032,567	1,734,726
Water, sewer and broadband	-	-	2,771,623	1,733,277	2,771,623	1,733,277
Total expenses	69,583,979	66,749,447	2,771,623	1,733,277	72,355,602	68,482,724
Transfers in (out)	631,536	(12,200)	(631,536)	12,200	-	-
Change in net position	4,628,113	1,947,524	(934,460)	2,412,080	3,693,653	4,359,604
Net position, beginning of year, as previously reported	50,665,290	84,628,312	25,262,874	22,502,459	75,928,164	107,130,771
Prior period restatements	301,253	(35,910,546)	(10,727)	348,335	290,526	(35,562,211)
Net position, beginning of year, as restated	50,966,543	48,717,766	25,252,147	22,850,794	76,218,690	71,568,560
Net position, end of period	\$ 55,594,656	\$ 50,665,290	\$ 24,317,687	\$ 25,262,874	\$ 79,912,343	\$ 75,928,164

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$62.8 million, a decrease of \$4.6 million, including the decrease from restatement of \$442 thousand, in comparison with the prior year. Of the total ending fund balances, there is a deficit of \$2.7 million in unassigned fund balance. Restricted fund balance is \$44.1 million for use in capital improvements, projects and infrastructure for the County as well as payment of debt; committed fund balance is \$232 thousand that is intended to fund capital and other projects for the County; assigned fund balance is \$2.7 million that is intended for use in solid waste activities; and nonspendable fund balance is \$18.5 million which represents land and buildings held for resale, inventories, and other nonspendable assets of the County.

County of Orangeburg, South Carolina

Management's Discussion and Analysis

June 30, 2016

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4.0 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 12.6 percent of total general fund expenditures.

Revenues in the general fund increased by approximately \$875 thousand as compared to the prior year. In the major revenue categories there were increases in property taxes of approximately \$319 thousand, intergovernmental revenues of approximately \$181 thousand, licenses and permits of approximately \$174 thousand and charges for services of approximately \$372 thousand. These increases were partially offset by decreases in fines, fees and forfeitures of approximately \$48 thousand and other revenues of approximately \$123 thousand.

Expenditures in the general fund increased by approximately \$1.0 million as compared to the prior year. The current year increase is primarily from general government increase of approximately \$441 thousand, judicial increase of approximately \$205 thousand, public works increase of approximately \$65 thousand, public safety increase of approximately \$107 thousand, social and health of approximately \$384 thousand and debt service increase of approximately \$24 thousand, partially offset by decreases in other agencies and institutions public works of approximately \$75 thousand and capital outlay of approximately \$130 thousand.

The fund balance of the County's general fund decreased by \$536 thousand during the current fiscal year, attributable to a prior period restatement to correct accounts receivable for emergency medical services (see note IV.H. for additional information on the restatement). The restatement was offset by an increase of \$63 thousand from current year operations.

The County's capital projects sales tax II and III funds had a combined fund balance of \$33.8 million which is restricted for projects approved in the capital projects sales tax referendum. Capital projects sales tax revenues increased in the current year by \$119 thousand over the prior year, while intergovernmental revenues increased by approximately \$1.5 million. Expenditures on capital projects in these funds slowed in the current year, decreasing by approximately \$12.3 million.

The John Matthews Industrial Park fund had a fund balance of \$12.1 million, of which \$11.3 million is related to assets held for resale, specifically parcels of land for industrial sites and speculative buildings. The remaining \$757 thousand is restricted for economic development within the park. Revenues for this fund increased over the prior year as intergovernmental revenues by \$500 thousand and other revenues increased by \$92 thousand. These revenues were related to state and other support for development of a speculative building in the industrial park. Expenditures in this fund generally relate to development or construction of assets held for resale and are reflected in that asset line item on the balance sheet.

The Special Education fund is a deficit balance of \$1.8 million, which will be addressed in coming years as the County actively looks at ways to increase revenues in this fund, as well as ways to more efficiently use the resources available. Revenues remained relatively flat as compared to the prior year, with a slight decrease of approximately \$34 thousand from property taxes and intergovernmental revenues. Expenditures increased over the prior year by approximately \$88 thousand.

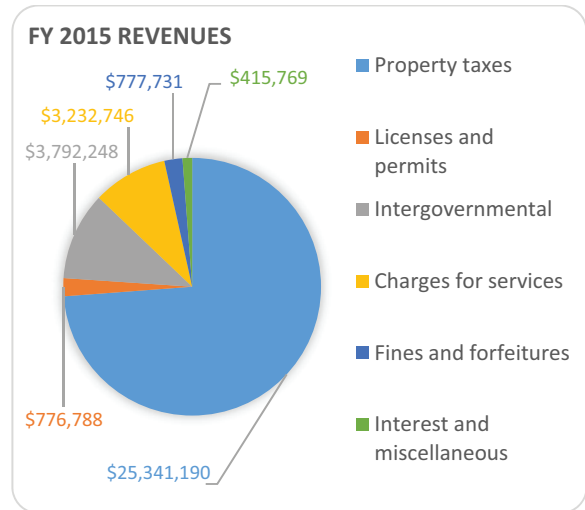
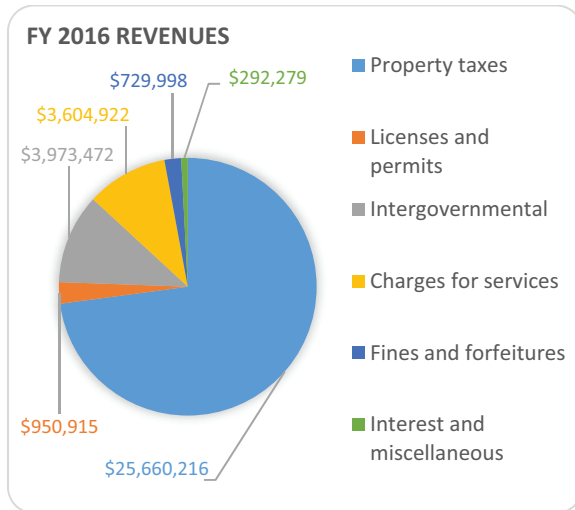
The C Funds fund balance is a deficit of \$2.8 million, which is expected to be resolved upon receipt of funding from the state during fiscal years 2017 and 2018 for reimbursement of County expenditures on roads improvements. Revenues for both the current and prior years were classified as unavailable on the fund's balance sheet as collections of the related accounts receivable were delayed until fiscal year 2017. Expenditures in this fund decreased by approximately \$2.8 million in the current year.

County of Orangeburg, South Carolina

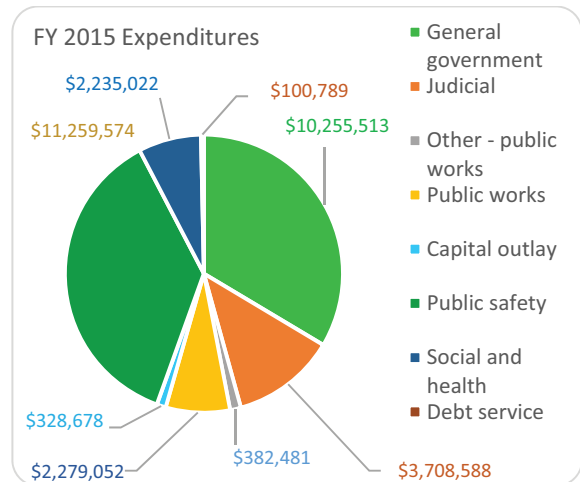
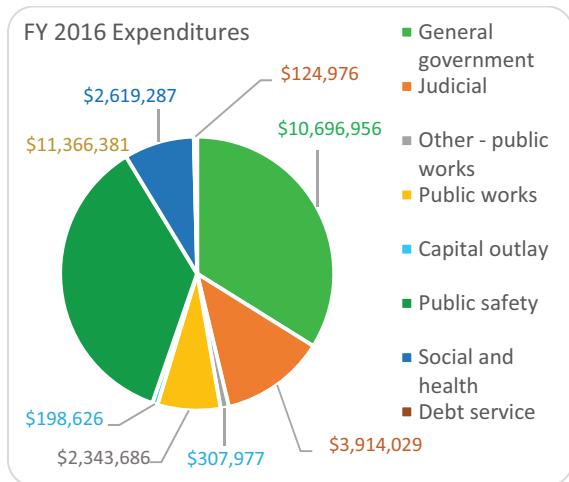
Management's Discussion and Analysis

June 30, 2016

The following charts depict the allocations of revenue to fund General Fund activities for the current and prior years.



The following charts depict the allocations of General Fund expenditures for the current and prior years.



General Fund Budgetary Highlights

The budget-to-actual comparison on the budgetary basis schedule is provided for the General Fund as Required Supplementary Information. A budget column showing the final budget adopted for fiscal year 2016 is presented. Total budgeted revenues fell short of the final budget by \$1,503,503, or 4.1% of the County's final budget of \$36,920,417. The expenditures incurred during the year were under budgeted appropriations by \$1,416,903. This is 3.8% less than the final total budgeted expenditures in the County's General Fund of \$37,305,318. It should be noted that County's management was able to respond to the shortfall in revenues with controls over expenditures to maintain an increase in fund balance from operations of \$63,042.

County of Orangeburg, South Carolina

Management's Discussion and Analysis

June 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the County had invested \$149.5 million (net of accumulated depreciation) in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of \$1.9 million over last year.

County of Orangeburg's Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 4,402,381	\$ 3,316,795	\$ 1,637,321	\$ 1,637,321	\$ 6,039,702	\$ 4,954,116
Easements	-	-	69,364	69,364	69,364	69,364
Construction in progress	4,592,993	7,355,657	9,831,636	9,705,419	14,424,629	17,061,076
Infrastructure	61,078,903	58,194,111	38,847,067	38,219,630	99,925,970	96,413,741
Buildings and improvements	81,554,060	75,948,528	-	-	81,554,060	75,948,528
Furniture, vehicles and equipment	51,248,908	49,641,333	12,899	12,899	51,261,807	49,654,232
Total capital assets	202,877,245	194,456,424	50,398,287	49,644,633	253,275,532	244,101,057
Accumulated depreciation	(99,721,768)	(93,633,402)	(4,008,173)	(2,864,976)	(103,729,941)	(96,498,378)
Net capital assets	\$ 103,155,477	\$ 100,823,022	\$ 46,390,114	\$ 46,779,657	\$ 149,545,591	\$ 147,602,679

This year's major capital asset additions included:

- Santee Water Park building additions of approximately \$3.3 million
- Santee Water Park improvements additions of approximately \$2.6 million
- North Challenge Center of approximately \$478 thousand
- Various parcels of land of approximately \$792 thousand
- 2 Freightliner chassis pumper fire trucks of approximately \$538 thousand
- 41 vehicles of approximately \$1.3 million

More detailed information about the County's capital assets is presented in Note III C to the financial statements.

Long-term Debt

At year-end the County had approximately \$61.0 million in bonds, notes, and capital lease obligations outstanding – a decrease of 6.4% as compared to last year. More detailed information about the County's long-term liabilities is presented in Note III D to the financial statements.

The state limits the amount of general obligation debt the County can issue without special referendum to 8 percent of the assessed value of all taxable property within the County's legal limits. Our outstanding general obligation debt subject to the limit is \$8.5 million at June 30, 2016, which is below the limit of approximately \$24.9 million.

County of Orangeburg's Outstanding Debt

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Long-term debt						
General obligation bonds	\$ 8,544,413	\$ 10,215,388	\$ -	\$ -	\$ 8,544,413	\$ 10,215,388
Revenue bonds	20,530,000	26,935,000	12,643,016	11,526,995	33,173,016	38,461,995
Loans payable	9,687,156	5,942,362	1,563,689	1,563,689	11,250,845	7,506,051
Capital leases	7,725,315	8,774,911	-	-	7,725,315	8,774,911
Total long term debt	\$ 46,486,884	\$ 51,867,661	\$ 14,206,705	\$ 13,090,684	\$ 60,693,589	\$ 64,958,345

County of Orangeburg, South Carolina

Management's Discussion and Analysis

June 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate in the County decreased from 10.9% at June 2015 to 8.9% for June 2016, as compared to the decrease in the unemployment rate for South Carolina from 6.6% at June 2015 to 4.9% at June 2016, and the decrease in the unemployment rate from 5.3% at June 2015 to 4.8% at June 2016 nationally.

Inflationary pressures and cost of living in the region continue to compare favorably with state and national trends.

These indicators were taken into account when adopting the general fund budget for 2017. Amounts available for appropriation in the general fund budget are at nearly \$38.3 million, an increase of about 3.8% percent over the final 2016 budget of \$36.9 million.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gloria Breland, Finance Director, or visit the County website at www.orangeburgcounty.org.

Basic Financial Statements

County of Orangeburg, South Carolina
Statement of Net Position
June 30, 2016

	Primary government			Component Units	
	Governmental activities	Business-type activities	Totals	Orangeburg County Development Commission	Orangeburg County Library
Assets and deferred outflows of resources					
Assets					
Cash and cash equivalents	\$ 8,063	\$ 519	\$ 8,582	\$ 318,712	\$ 431,519
Pooled cash	4,034,444	-	4,034,444	-	-
Investments	-	-	-	-	2,150
Receivables (net of allowance for uncollectible accounts)					
Property taxes	3,243,633	-	3,243,633	-	-
Intergovernmental	6,862,856	775,729	7,638,585	-	2,200
Accounts	1,377,811	82,604	1,460,415	-	-
Rents	9,975	-	9,975	-	-
Other	207,156	-	207,156	50,789	-
Internal balances, net	9,639,638	(9,639,638)	-	-	-
Due from component unit	249,634	-	249,634	-	-
Inventories	150,142	-	150,142	-	-
Prepaid items	418,517	-	418,517	3,260	40,551
Land and buildings held for resale	17,903,890	-	17,903,890	-	-
Restricted assets:					
Cash and cash equivalents	67,437	-	67,437	-	-
Pooled cash	18,802,135	1,531,539	20,333,674	-	-
Investments	11,311,133	-	11,311,133	-	-
Capital assets:					
Nondepreciable capital assets	8,995,374	11,538,321	20,533,695	-	-
Depreciable capital assets, net	94,160,103	34,851,793	129,011,896	377,706	505,179
Total assets	<u>177,441,941</u>	<u>39,140,867</u>	<u>216,582,808</u>	<u>750,467</u>	<u>981,599</u>
Deferred outflows of resources					
Deferred outflows related to pension	3,139,576	13,877	3,153,453	32,640	72,222
Total deferred outflows of resources	<u>3,139,576</u>	<u>13,877</u>	<u>3,153,453</u>	<u>32,640</u>	<u>72,222</u>
Total assets and deferred outflows of resources	<u>\$ 180,581,517</u>	<u>\$ 39,154,744</u>	<u>\$ 219,736,261</u>	<u>\$ 783,107</u>	<u>\$ 1,053,821</u>
Liabilities, deferred inflows of resources and net position					
Liabilities					
Accounts payable and other current liabilities	\$ 3,929,851	\$ 244,473	\$ 4,174,324	\$ 5,850	\$ 4,266
Accrued salaries and fringe benefits	661,284	3,253	664,537	-	-
Due to primary government	-	-	-	-	249,634
Due to other governments	174,476	-	174,476	-	-
Accrued interest payable	237,897	142,293	380,190	-	-
Non-current liabilities:					
Other post-employment benefit obligation (OPEB)	36,395,641	-	36,395,641	272,855	1,154,290
Net pension liability	28,780,331	210,438	28,990,769	232,598	596,969
Due within one year	18,109,284	144,158	18,253,442	36,838	47,640
Due in more than one year	30,458,680	14,062,547	44,521,227	12,894	22,713
Total liabilities	<u>118,747,444</u>	<u>14,807,162</u>	<u>133,554,606</u>	<u>561,035</u>	<u>2,075,512</u>
Deferred inflows of resources					
Deferred inflows related to pension	6,239,417	29,895	6,269,312	48,658	166,807
Total deferred inflows of resources	<u>6,239,417</u>	<u>29,895</u>	<u>6,269,312</u>	<u>48,658</u>	<u>166,807</u>
Net position					
Net investment in capital assets	78,739,214	33,315,331	112,054,545	377,706	505,179
Restricted					
Grant activities	1,317,906	-	1,317,906	-	-
Debt Service	1,104,062	-	1,104,062	-	-
Public safety activities	1,100,008	-	1,100,008	-	-
Public works activities	2,414,861	-	2,414,861	-	-
Economic development activities	19,075,581	-	19,075,581	-	-
Capital projects activities	14,872,278	-	14,872,278	-	-
Unrestricted (deficit)	(63,029,254)	(8,997,644)	(72,026,898)	(204,292)	(1,693,677)
Total net position	<u>55,594,656</u>	<u>24,317,687</u>	<u>79,912,343</u>	<u>173,414</u>	<u>(1,188,498)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 180,581,517</u>	<u>\$ 39,154,744</u>	<u>\$ 219,736,261</u>	<u>\$ 783,107</u>	<u>\$ 1,053,821</u>

See Notes to Financial Statements

County of Orangeburg, South Carolina

Statement of Activities

For the year ended June 30, 2016

Functions/Programs	Program revenues				Net (expense) revenue and changes in net position		Component Units		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Orangeburg County Development Commission	Orangeburg County Library	
					Governmental activities	Business-type activities			
Primary government									
Governmental activities									
General government	\$ 13,979,147	\$ 1,337,472	\$ 65,656	\$ -	\$ (12,576,019)	\$ -	\$ (12,576,019)	\$ -	\$ -
Judicial	4,601,541	1,107,333	-	-	(3,494,208)	-	(3,494,208)	-	-
Public works	12,716,872	4,206,073	1,923,427	6,618,465	31,093	-	31,093	-	-
Public safety	23,231,271	5,329,150	210,108	-	(17,692,013)	-	(17,692,013)	-	-
Social and health	4,512,715	379,049	1,022,489	587,000	(2,524,177)	-	(2,524,177)	-	-
Other agencies and institutions	9,509,866	-	-	-	(9,509,866)	-	(9,509,866)	-	-
Interest and other charges	1,032,567	-	-	-	(1,032,567)	-	(1,032,567)	-	-
Total governmental activities	69,583,979	12,359,077	3,221,680	7,205,465	(46,797,757)	-	(46,797,757)	-	-
Business-type activities									
Broadband utility	1,094,474	586,337	-	294,543	-	(213,594)	(213,594)	-	-
Sewer utility	1,209,232	374,288	-	673,311	-	(161,633)	(161,633)	-	-
Water utility	467,917	64,526	-	475,004	-	71,613	71,613	-	-
Total business-type activities	2,771,623	1,025,151	-	1,442,858	-	(303,614)	(303,614)	-	-
Total primary government	\$ 72,355,602	\$ 13,384,228	\$ 3,221,680	\$ 8,648,323	(46,797,757)	(303,614)	(47,101,371)	-	-
Component units									
Orangeburg County Development Commission	\$ 768,950	\$ -	\$ -	\$ 50,000	-	-	-	(718,950)	-
Orangeburg County Library	1,818,381	48,716	160,473	-	-	-	-	-	(1,609,192)
Total component unit	\$ 2,587,331	\$ 48,716	\$ 160,473	\$ 50,000	-	-	-	(718,950)	(1,609,192)
General revenues									
Property taxes					36,832,021	-	36,832,021	-	-
Capital project sales tax					8,949,551	-	8,949,551	-	-
Accommodations tax					358,282	-	358,282	-	-
Grants and contributions not restricted to specific programs					4,268,902	-	4,268,902	687,961	1,445,739
Gain on sale of capital assets					167,315	-	167,315	-	-
Other					210,360	-	210,360	-	-
Investment earnings					7,903	690	8,593	171	70
Transfers					631,536	(631,536)	-	-	-
Total general revenues and transfers					51,425,870	(630,846)	50,795,024	688,132	1,445,809
Change in net position					4,628,113	(934,460)	3,693,653	(30,818)	(163,383)
Net position, beginning of year, as previously reported					50,665,290	25,262,874	75,928,164	4,928	(1,759,606)
Prior period adjustment (See Note IV.H.)					301,253	(10,727)	290,526	199,304	734,491
Net position, beginning of year, as restated					50,966,543	25,252,147	76,218,690	204,232	(1,025,115)
Net position end of year					\$ 55,594,656	\$ 24,317,687	\$ 79,912,343	\$ 173,414	\$ (1,188,498)

See Notes to Financial Statements

County of Orangeburg, South Carolina
Balance Sheet - Governmental Funds
June 30, 2016

	General	Capital Project Tax II	Capital Project Tax III	John Matthews Industrial Park Fund	Special Education Fund	C Funds Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,963	\$ 8,063
Pooled cash	971,948	-	-	-	-	-	3,062,496	4,034,444
Receivables (net of allowance for uncollectible accounts)								
Property taxes	2,268,704	-	-	-	219,078		755,851	3,243,633
Intergovernmental	957,064	-	2,391,289	-	1,871	2,749,316	763,316	6,862,856
Accounts	1,224,144	-	-	-	-	-	153,667	1,377,811
Rents	9,975	-	-	-	-	-	-	9,975
Other	15,959	-	-	-	-	-	191,197	207,156
Due from other funds	3,587,210	7,915,710	4,070,082	637,840	3	-	1,014,769	17,225,614
Due from component unit	300	-	-	-	249,334	-	-	249,634
Inventories	150,142	-	-	-	-	-	-	150,142
Prepaid items	190,972	-	227,400	-	-	-	145	418,517
Land and buildings held for resale	-	-	-	11,304,518	-	-	6,599,372	17,903,890
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	67,437	67,437
Pooled cash	-	3,922,153	5,099,269	1,002,868	-	-	8,777,845	18,802,135
Investments	-	-	11,311,133	-	-	-	-	11,311,133
Total assets	<u>\$ 9,376,518</u>	<u>\$ 11,837,863</u>	<u>\$ 23,099,173</u>	<u>\$ 12,945,226</u>	<u>\$ 470,286</u>	<u>\$ 2,749,316</u>	<u>\$ 21,394,058</u>	<u>\$ 81,872,440</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other current liabilities	\$ 780,890	\$ -	\$ 1,102,824	\$ 883,135	\$ 1,766	\$ 303,000	\$ 858,236	\$ 3,929,851
Accrued salaries and fringe benefits	572,813	-	1,534	-	11,255	1,243	74,439	661,284
Due to other funds	783,254	-	-	-	2,039,825	2,507,897	2,255,000	7,585,976
Due to other governments	174,476	-	-	-	-	-	-	174,476
Total liabilities	<u>2,311,433</u>	<u>-</u>	<u>1,104,358</u>	<u>883,135</u>	<u>2,052,846</u>	<u>2,812,140</u>	<u>3,187,675</u>	<u>12,351,587</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	1,889,117	-	-	-	184,958	-	629,553	2,703,628
Unavailable revenue-accounts receivable	862,766	-	-	-	-	2,749,316	390,056	4,002,138
Total deferred inflows of resources	<u>2,751,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,958</u>	<u>2,749,316</u>	<u>1,019,609</u>	<u>6,705,766</u>
FUND BALANCES								
Nonspendable	341,114	-	227,400	-	-	-	145	568,659
Restricted	-	11,837,863	21,767,415	12,062,091	-	-	16,287,948	61,955,317
Committed	-	-	-	-	-	-	231,896	231,896
Assigned	-	-	-	-	-	-	2,742,258	2,742,258
Unassigned	3,972,088	-	-	-	(1,767,518)	(2,812,140)	(2,075,473)	(2,683,043)
Total fund balances	<u>4,313,202</u>	<u>11,837,863</u>	<u>21,994,815</u>	<u>12,062,091</u>	<u>(1,767,518)</u>	<u>(2,812,140)</u>	<u>17,186,774</u>	<u>62,815,087</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,376,518</u>	<u>\$ 11,837,863</u>	<u>\$ 23,099,173</u>	<u>\$ 12,945,226</u>	<u>\$ 470,286</u>	<u>\$ 2,749,316</u>	<u>\$ 21,394,058</u>	<u>\$ 81,872,440</u>

See Notes to Financial Statements

County of Orangeburg, South Carolina***Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities******June 30, 2016***

TOTAL FUND BALANCE- GOVERNMENTAL FUNDS \$ 62,815,087

Amounts reported for governmental activities in the Statement
of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds. The cost of the assets was
\$202,877,245 and the accumulated depreciation was \$99,721,768. 103,155,477

Deferred inflows of resources are not available to for current period expenditures, and
therefore, are deferred in the governmental funds:

Property taxes 2,703,628

Accounts receivable 4,002,138

Accrued interest on long-term obligations in governmental accounting
is not due or payable in the current period and therefore are not
reported as liabilities in the funds. (237,897)

Other post-employment benefit liabilities are not reported in governmental
funds, but are reported in governmental activities. (36,395,641)

Net pension liability is not reported in governmental funds, but is reported
in governmental activities. (28,780,331)

Pension related deferrals are not reported in governmental funds, but are
reported in governmental activities as follows:

Deferred outflows 3,139,576

Deferred inflows (6,239,417)

Long-term liabilities, including bonds and notes, are not due
or payable in the current period and therefore are not reported
as liabilities in the funds. Long-term liabilities consisted of
the following:

General obligation bonds payable \$ (8,544,413)

Revenue bonds payable (20,530,000)

Notes payable (9,687,156)

Capital leases payable (7,725,315)

Landfill closure and post-closure costs (235,776)

Compensated absences (1,845,304) (48,567,964)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 55,594,656

County of Orangeburg, South Carolina

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2016

	General	Capital Project Tax II	Capital Project Tax III	John Matthews Industrial Park Fund	Special Education Fund	C Funds Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Taxes:								
Property taxes	\$ 25,660,216	\$ -	\$ -	\$ -	\$ 2,307,163	\$ -	\$ 8,831,687	\$ 36,799,066
Capital project sales tax	-	-	8,949,551	-	-	-	-	8,949,551
Licenses and permits	950,915	-	-	-	-	-	-	950,915
Intergovernmental	3,973,472	-	2,531,324	500,000	155,589	-	5,556,772	12,717,157
Charges for services	3,604,922	-	-	-	-	-	4,675,822	8,280,744
Fines and forfeitures	729,998	-	-	-	-	-	487,122	1,217,120
Interest	-	-	651	-	-	-	7,889	8,540
Miscellaneous	292,279	-	-	92,000	-	7,593	161,224	553,096
Total revenues all sources	35,211,802	-	11,481,526	592,000	2,462,752	7,593	19,720,516	69,476,189
EXPENDITURES								
Current:								
General government	10,696,956	-	-	-	-	-	2,133,970	12,830,926
Judicial	3,914,029	-	-	-	-	-	176,952	4,090,981
Public works	2,343,686	-	125,754	-	-	-	6,639,759	9,109,199
Public safety	11,366,381	-	-	-	-	-	7,932,212	19,298,593
Social and health	2,619,287	-	-	-	38,857	-	988,501	3,646,645
Other agencies and institutions:								
Public works	307,977	168,673	6,017,222	-	39,959	-	322,140	6,855,971
Social and health	-	-	-	-	2,653,895	-	-	2,653,895
Capital outlay	198,626	-	4,568,003	-	-	2,304,284	2,624,443	9,695,356
Debt service:								
Principal	124,976	-	6,405,000	-	-	-	3,701,301	10,231,277
Interest	-	-	448,922	-	-	-	527,207	976,129
Bond issuance costs	-	-	-	38,344	-	-	32,037	70,381
Total expenditures	31,571,918	168,673	17,564,901	38,344	2,732,711	2,304,284	25,078,522	79,459,353
Excess (deficit) of revenues over (under) expenditures	3,639,884	(168,673)	(6,083,375)	553,656	(269,959)	(2,296,691)	(5,358,006)	(9,983,164)
OTHER FINANCING SOURCES (USES)								
Note payable issued	-	-	-	4,000,000	-	-	-	4,000,000
Capital lease	-	-	-	-	-	-	938,000	938,000
Sale of general capital assets	205,112	-	-	-	-	-	-	205,112
Transfers in	614,521	854,225	2,194,118	901,519	-	-	4,750,504	9,314,887
Transfers out	(4,396,475)	(2,046,937)	(1,259,249)	-	-	-	(980,690)	(8,683,351)
Total other financing sources (uses)	(3,576,842)	(1,192,712)	934,869	4,901,519	-	-	4,707,814	5,774,648
Net change in fund balances	63,042	(1,361,385)	(5,148,506)	5,455,175	(269,959)	(2,296,691)	(650,192)	(4,208,516)
Fund balances, beginning of year, as originally presented	4,849,396	13,199,248	27,143,321	6,606,916	(1,654,318)	(515,449)	17,836,966	67,466,080
Restatement (See Note IV.H.)	(599,236)	-	-	-	156,759	-	-	(442,477)
Fund balances, beginning of year, as restated	4,250,160	13,199,248	27,143,321	6,606,916	(1,497,559)	(515,449)	17,836,966	67,023,603
Fund balances, end of year	\$ 4,313,202	\$ 11,837,863	\$ 21,994,815	\$ 12,062,091	\$ (1,767,518)	\$ (2,812,140)	\$ 17,186,774	\$ 62,815,087

See Notes to Financial Statements

County of Orangeburg, South Carolina

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2016

Net change in fund balances - Total government funds	\$	(4,208,516)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues that do not provide financial resources with which to pay current expenditures are reported as unearned or unavailable revenues in the fund financial statements. However, such items are reported as revenues in the Statements of Activities.		
Property taxes		32,757
Accounts receivable		3,904,294
Repayment of bonds and notes payable principal is recognized in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the total reduction in the outstanding principal in the current year.		10,231,277
Bonds, notes and capital lease payable proceeds provide current financial resources to governmental funds, but issuing debt or entering into notes payable increases long-term liabilities in the Statement of Net Position.		(4,938,000)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Other post-employment benefits expense		(4,725,902)
County's portion of collective pension expense		1,942,933
Compensated absences expense		39,088
Landfill closure and post-closure costs		3,784
Interest expense		13,943
The cost of capital assets disposed of during the current year is expensed in the Statement of Activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balances by the undepreciated cost of the disposed assets.		(37,797)
Governmental funds report capital asset additions as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation expense in the current period.		
Capital asset additions	\$	9,695,356
Depreciation		(7,325,104)
		<u>2,370,252</u>
	\$	<u>4,628,113</u>

County of Orangeburg, South Carolina
Statement of Net Position - Proprietary Funds
June 30, 2016

	Business-Type Activities			
	Broadband Program	Sewer Utility Fund	Water Utility Fund	Total
Assets and Deferred Outflows of Resources				
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ 519	\$ 519
Receivables, net of allowance for doubtful accounts				
Intergovernmental	750,000	25,729	-	775,729
Accounts	31,794	28,141	22,669	82,604
Due from other funds	-	-	775	775
Restricted equity in pooled cash	399,617	231,490	900,432	1,531,539
Total current assets	1,181,411	285,360	924,395	2,391,166
Noncurrent assets				
Capital assets				
Nondepreciable capital assets	1,075,817	6,755,791	3,706,713	11,538,321
Depreciable capital assets, net	16,152,828	17,018,646	1,680,319	34,851,793
Total capital assets	17,228,645	23,774,437	5,387,032	46,390,114
Total noncurrent assets	17,228,645	23,774,437	5,387,032	46,390,114
Total assets	18,410,056	24,059,797	6,311,427	48,781,280
Deferred outflows of resources				
Deferred outflows - pension	-	-	13,877	13,877
Total deferred outflows of resources	-	-	13,877	13,877
Total assets and deferred outflows of resources	\$ 18,410,056	\$ 24,059,797	\$ 6,325,304	\$ 48,795,157
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Current liabilities				
Accounts payable and other current liabilities	\$ 201,859	\$ 29,140	\$ 13,474	\$ 244,473
Accrued salaries and fringe benefits	-	-	3,253	3,253
Accrued interest payable	-	27,521	114,772	142,293
Due to other funds	1,111,187	6,336,922	2,192,304	9,640,413
Revenue bond payable	-	144,158	-	144,158
Total current liabilities	1,313,046	6,537,741	2,323,803	10,174,590
Noncurrent liabilities				
Net pension liability	-	-	210,438	210,438
Revenue bonds payable	-	8,848,858	3,650,000	12,498,858
Notes payable	-	1,563,689	-	1,563,689
Total noncurrent liabilities	-	10,412,547	3,860,438	14,272,985
Total liabilities	1,313,046	16,950,288	6,184,241	24,447,575
Deferred inflows of resources				
Deferred inflows - pension	-	-	29,895	29,895
Total deferred inflows of resources	-	-	29,895	29,895
Net position				
Net investment in capital assets	17,228,645	13,449,222	2,637,464	33,315,331
Unrestricted	(131,635)	(6,339,713)	(2,526,296)	(8,997,644)
Total net position	17,097,010	7,109,509	111,168	24,317,687
Total liabilities, deferred inflows of resources and net position	\$ 18,410,056	\$ 24,059,797	\$ 6,325,304	\$ 48,795,157

See Notes to Financial Statements

County of Orangeburg, South Carolina**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds****For the year ended June 30, 2016**

	Business-Type Activities			Total
	Broadband Program	Sewer Utility Fund	Water Utility Fund	
OPERATING REVENUES				
Charges for services	\$ 586,337	\$ 374,288	\$ 64,526	\$ 1,025,151
Total operating revenues	586,337	374,288	64,526	1,025,151
OPERATING EXPENSES				
Operations and maintenance	595,701	442,636	165,723	1,204,060
Personnel	-	-	248,059	248,059
Depreciation	498,773	590,289	54,135	1,143,197
Total operating expenses	1,094,474	1,032,925	467,917	2,595,316
Operating income (loss)	(508,137)	(658,637)	(403,391)	(1,570,165)
NONOPERATING REVENUES (EXPENSES)				
Investment income	283	-	407	690
Interest expense	-	(176,307)	-	(176,307)
Total nonoperating revenues (expenses)	283	(176,307)	407	(175,617)
Income before capital contributions and transfers	(507,854)	(834,944)	(402,984)	(1,745,782)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital grants and contributions	294,543	673,311	475,004	1,442,858
Transfers in	-	27,108	36,215	63,323
Transfers out	-	(694,859)	-	(694,859)
Change in net position	(213,311)	(829,384)	108,235	(934,460)
Net position, beginning of year, as previously reported	17,170,339	7,938,893	153,642	25,262,874
Prior period adjustment (see note IV. H.)	139,982	-	(150,709)	(10,727)
Net position, beginning of year, as restated	17,310,321	7,938,893	2,933	25,252,147
Net position, end of year	\$ 17,097,010	\$ 7,109,509	\$ 111,168	\$ 24,317,687

See Notes to Financial Statements

County of Orangeburg, South Carolina

Statement of Cash Flows - Proprietary Funds

For the year ended June 30, 2016

	Business-Type Activities			
	Broadband Program	Sewer Utility Fund	Water Utility Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 581,327	\$ 341,830	\$ 43,775	\$ 966,932
Cash payments for goods and services	(1,255,306)	(570,782)	(298,964)	(2,125,052)
Cash payments for employees	-	-	(269,062)	(269,062)
NET CASH USED BY OPERATING ACTIVITIES	(673,979)	(228,952)	(524,251)	(1,427,182)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund activity	(2,072,658)	(1,070,819)	(1,253,148)	(4,396,625)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(2,072,658)	(1,070,819)	(1,253,148)	(4,396,625)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(421,529)	(114,756)	(36,214)	(572,499)
Grant revenue	1,261,985	673,311	475,004	2,410,300
Proceeds from revenue bond payable	-	403,068	820,000	1,223,068
Principal payments on revenue bond payable	-	(107,047)	-	(107,047)
Interest payments	-	(378,820)	(60,137)	(438,957)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	840,456	475,756	1,198,653	2,514,865
CASH FLOWS FROM INVESTING ACTIVITIES				
Income on investments	283	-	407	690
NET CASH PROVIDED BY INVESTING ACTIVITIES	283	-	407	690
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,905,898)	(824,015)	(578,339)	(3,308,252)
CASH AND CASH EQUIVALENTS, JUNE 30, 2015	2,305,515	1,055,505	1,479,290	4,840,310
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 399,617	\$ 231,490	\$ 900,951	\$ 1,532,058
Reconciliation of operating income to net cash provided by operating activities:				
Operating loss	\$ (508,137)	\$ (658,637)	\$ (403,391)	\$ (1,570,165)
Adjustments to reconcile operating income to net cash used in operating activities				
Depreciation	498,773	590,289	54,135	1,143,197
Change in:				
Accounts receivable	(5,010)	(32,458)	(20,751)	(58,219)
Accounts payable	(659,605)	(128,146)	(133,241)	(920,992)
Accrued salaries and fringe benefits	-	-	(6,499)	(6,499)
Deferred outflows of resources	-	-	(5,193)	(5,193)
Deferred inflows of resources	-	-	21,370	21,370
Net pension liability	-	-	(30,681)	(30,681)
Net cash used in operating activities	\$ (673,979)	\$ (228,952)	\$ (524,251)	\$ (1,427,182)
Reconciliation of Cash and Cash Equivalent Balances				
Cash and cash equivalents	\$ -	\$ -	\$ 519	\$ 519
Restricted equity in pooled cash	399,617	231,490	900,432	1,531,539
Total Cash and Cash Equivalent Balances	\$ 399,617	\$ 231,490	\$ 900,951	\$ 1,532,058

County of Orangeburg, South Carolina
Statement of Fiduciary Assets and Liabilities
June 30, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 5,263,506
Pooled cash	4,819,192
TOTAL ASSETS	<u>\$ 10,082,698</u>
LIABILITIES	
Due to taxing units	\$ 4,596,737
Due to others	5,485,961
TOTAL LIABILITIES	<u>\$ 10,082,698</u>

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Summary of Significant Accounting Policies

A. Reporting Entity

The County of Orangeburg, South Carolina, (the "County") is a political subdivision of the State of South Carolina and was chartered in 1785. The County operates under a Council-Administrator form of government and is governed by an elected seven-member council, one of whom is the chair. The Council is the legislative body of the County and is responsible for determining the policies and direction of the County government. The administrator is responsible for the County's daily operations.

The basic financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The basic financial statements of the County present the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable. The blended component units discussed below are included in the County's reporting entity because of their significant financial relationship to the County. Discretely presented component units, also discussed below, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County government.

Blended Component Unit - Orangeburg Joint Governmental Action Authority (the "Authority") – The Authority, created in 2002, is a non-profit public benefit corporation formed to facilitate the construction of projects authorized by the one-cent Capital Project Sales and Use Tax referendum. The Authority is governed by a board composed of the County Council Chairman and the Orangeburg County Administrator. The Authority financed its projects by issuing revenue bonds which are being retired exclusively by the County by the collection of the Capital Project Sales Tax authorized by referendum. The Authority is presented as a Governmental Fund type in the Capital Project Sales Tax Funds.

Blended Component Unit - Orangeburg County Fire Commission (the "Commission") – The Commission was created in 1997 to provide coordinated fire protection throughout the County. The Commission has either bought or leased the equipment used by the 23 volunteer fire departments which provide fire protection in the County. The Commission is governed by a board composed of seven members, all of whom are appointed by Orangeburg County Council. The Commission's budget and special millage rate to fund it must be approved by County Council. In addition, the County is wholly responsible for the Commission's debt and owns all the Commission's capital assets. The Commission is presented as a Governmental Fund type in the nonmajor Special Revenue Funds.

Discretely Presented Component Unit - Orangeburg County Library (the "Library") - The Library provides library services to County residents. The Library's Board of Trustees is appointed by County Council. The county owns the land and buildings used by the Library and provides most of the funds to operate the Library. The Library meets the criteria set forth in generally accepted accounting principles for inclusion as a component unit with the County. Complete financial statements for the Library may be obtained at its main branch located at 510 Louis Street, Orangeburg, South Carolina.

Discretely Presented Component Unit - Orangeburg County Development Commission (the "OCDC") - The OCDC was created by a County ordinance in 1980 and is governed by eleven members appointed by County Council for the purpose of promoting, advancing and fostering the agricultural, industrial and commercial development of the County. The OCDC is fiscally dependent on the County. Complete financial statements for the OCDC may be obtained at its office at 129 Regional Parkway, Orangeburg, South Carolina 29118.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Summary of Significant Accounting Policies, Continued

Joint Venture - The County is a participant in the Regional Medical Center of Orangeburg and Calhoun Counties (the "RMC"). RMC was created under the provisions of a joint ordinance passed by Orangeburg and Calhoun Counties in 1980. The RMC is governed by a 17 member board of trustees comprised of 12 members appointed by Orangeburg County and 3 members appointed by Calhoun County who each serve 4 year terms. The Chief of Staff and Chairman of the Executive Committee serve on the board by virtue of their position. The Board of Trustees must get permission from the two Counties to acquire or dispose of land and buildings as well as incur debt in excess of \$500,000.

At June 30, 2016, the County has an indeterminate financial interest in RMC. Per the joint ordinance, the percentage of interest by Orangeburg and Calhoun Counties shall be determined by dividing the net equity of the RMC by the Counties' ownership interest. Net equity shall be defined as assets minus liabilities as of September 30, 1981. The resulting percentages shall be the percentage of equity ownership of each county for determining equity at any time in the future. However, if one county invests in or improves the hospital in excess of \$5,000 at one time and the other county declines to participate therein, then the amount of such investment or improvement of the participating county shall be added to the net equity of the hospital at the end of the current year, and the percentage of equity ownership shall be recomputed. Complete financial statements of RMC can be obtained by writing to The Regional Medical Center 3000 St. Matthews Road Orangeburg, SC 29118.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

a. Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to avoid the double counting of interfund activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed primarily by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position reports all financial and capital resources of the County and reports the difference between assets plus deferred outflows and liabilities plus deferred inflows as net position. The statement of activities presents a comparison between direct expenses and program revenues for each activity of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular activity. Program revenues include: (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by the programs and, (b) grants and contributions that are restricted to meet the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

b. Fund Financial Statements

The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts comprised of assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues, and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Summary of Significant Accounting Policies, Continued

c. The County reports the following major fund types:

General Fund - The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Project Tax II and III Funds - These funds account for the sales tax revenues approved by county voters for the second and third penny referenda that are restricted to improve, repair and construct infrastructure for the County.

John Matthews Industrial Park Fund - This fund accounts for the development of an industrial park in which parcels will be sold to commercial enterprises for construction of industrial facilities. The County also constructs speculative buildings in this industrial park in order to have move in ready facilities for enterprises needing immediate or near-term occupancy.

Special Education Fund - This fund accounts for revenue and expenditures associated with the special education tax levy.

C Funds Fund - This fund accounts for revenues from state distributions of gasoline tax funds and expenditures on maintenance of highways and roads within the County.

Enterprise Funds - The Enterprise Funds are used to account for the activities of the County's Broadband, Water and Sewer utilities.

d. The County reports the following nonmajor governmental fund types:

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than debt service and major capital projects) that are legally restricted or committed to expenditure for specified purposes.

Capital Projects Funds - The capital projects funds are used to account for financial resources used for all general construction projects other than enterprise fund construction.

Debt Service Fund - The debt service fund accumulates financial resources for the payment of principal and interest on the general long-term debt of the County, other than revenue bonds payable in the Capital Projects Sales Tax funds and debt service payments in proprietary fund types.

e. The County reports the following additional fund types:

Agency Funds - These are fiduciary funds used to account for monies received, held, and disbursed on behalf of other governments, special tax districts and certain County departments related to the collection of taxes and court related transactions.

C. Measurement Focus and Basis of Accounting

a. Government-wide, Proprietary, and Fiduciary Fund Statements

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds also use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and entitlements. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting, Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the Broadband and Water and Sewer Utilities, principal operating revenues include sales to existing customers for services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

b. Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as the amounts become susceptible to accrual by becoming measurable and available to finance the County's operations. Revenue from the use of money and property and from intergovernmental reimbursement grants is recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 60 days thereafter. The primary revenues susceptible to accrual include property, business license, and other local taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt and certain other general long-term obligations, such as compensated absences and landfill closure and post-closure care costs, are recognized only to the extent they have matured. General capital asset acquisitions are reported as capital outlays in governmental funds. The issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources. The effect of interfund activity has not been eliminated from the governmental fund financial statements.

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance

Pooled cash and investments - The County maintains cash and temporary investments for its funds in a pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. State statutes authorize the government and its component units to invest in (1) obligations of the United States and its agencies, (2) general obligations of South Carolina and its political subdivisions, (3) financial institutions, if their deposits are insured by an agency of the federal government, and (4) certificates of deposit which are collaterally secured by securities of the type described at (1) and (2) above which are held by a third party. Investments consisting of repurchase agreements and mortgage-backed securities are stated at fair value. No investments are stated at amortized cost.

Cash and cash equivalents - The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statements of cash flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity's investment pool, as they are considered to be demand deposits for the purpose of complying with accounting principles.

Investments - Investments in all funds are stated at fair value.

Receivables - All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The loan receivable is a loan for economic development. The loan is offset in the governmental fund financial statements by a deferred inflow captioned "unavailable revenue". Revenue is recognized in the governmental fund as cash is received.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance, Continued

Property Tax Calendar - Property is valued for taxation at December 31 of the prior fiscal year with the tax bills due between September 30 and January 15 of the current fiscal year. Unpaid taxes are assessed a 3% penalty during the period January 16 to February 1, an additional 7% penalty is assessed February 2 to March 16 and a further 5% penalty is assessed for tax bills unpaid after March 16.

South Carolina law attaches a lien on the property at the December 31 valuation date. The County Treasurer transfers the delinquent tax accounts to the delinquent tax collector after March 17 for collection efforts as prescribed by state law.

Motor vehicle taxes are billed annually to coincide with the vehicles registration month and are due by the last day of that month. Property taxes billed but not collected as of June 30 are reflected in the Governmental Fund balance sheet as taxes receivable and unavailable revenue.

Inventories and Prepaid Items - Inventories are valued at cost using the average cost method. The consumption method of accounting for inventories is used. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply. Inventories in the general fund consist of fuel, medical and office supplies. Payments to vendors that reflect costs applicable to future periods are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items consist primarily of insurance coverage paid in advance.

Restricted Assets - Restricted assets are liquid assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Real Estate Held for Resale - Real estate held for resale consists of purchased properties, including both developed and undeveloped land, and buildings, intended to generate economic development in the County, and is recorded at the lower of cost or its net realizable value.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds. The amounts reported include infrastructure acquired prior to the County implementing GASB Statement No. 34. Capital assets are defined by the County as property with a unit or system cost in excess of \$2,500 and an estimated useful life in excess of three years.

Such assets are recorded at historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2015 are recorded at estimated fair market value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed.

All reported capital assets are depreciated if applicable. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Infrastructure	25 to 30 years
Buildings and improvements	15 to 30 years
Furniture vehicles and equipment	3 to 10 years

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance, Continued

Long-term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, or paid outside of debt closing, are reported as debt issuance expenditures.

The County's debt instruments are subject to a number of limitations and restrictions. The County is in compliance with all significant limitations and restrictions.

Capitalized Interest - Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of those assets being constructed. Interest is not capitalized on assets acquired by gifts and grants that are restricted by the donor or grantor to the acquisition of those assets. The County does not capitalize interest on capital assets used in governmental activities.

Interfund Receivables and Payables - Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts as "due to/from" funds.

Compensated Absences - County employees may accumulate up to 240 hours of unused vacation and carry it forward from one year to the next. Employees separating from service are paid their regular pay rate for accrued and unused leave. Employees may accumulate sick leave but the County does not pay employees separating from service for unused sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only when they mature because an employee resigns or retires.

Deferred outflows/inflows of resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County has two items that qualify for reporting in this category which are related to pension obligations. The first item is pension contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the subsequent year. The second item is the difference between expected and actual experience and is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, the deferred inflows relating to pension obligations. This amount is the net difference between the projected and actual earnings on pension plan investments which is deferred and amortized over a closed five-year period.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance, Continued

The government also has inflows which arise under modified accrual basis of accounting that qualifies for reporting as deferred inflows. The item, unavailable revenue, is reported only in the governmental funds Balance Sheet. As such, under the modified accrual basis of accounting, the governmental funds report unavailable revenues from property taxes and accounts receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position – Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the statement of net position. Net position is comprised of three categories: Net investment in capital assets; Restricted net position; and Unrestricted net position. The first category of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, loans and leases that are attributable to these capital assets. Restricted net position consists of net positions with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws and regulation of other governments, or (2) law through constitutional provisions or enabling legislation. Net position which is neither restricted nor related to net investment in capital assets, is reported as unrestricted net position. When the County funds outlays for a particular purpose from both restricted and unrestricted sources, it is the County's policy to use funds restricted for that purpose first, before using unrestricted net position.

Fund Balances

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts and long-term notes receivable.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - The County Council, as the highest level of authority within the County, establishes the commitment of fund balance to purposes through the approval of the annual budget plan by ordinance. As a result, all unrestricted amounts directed toward a purpose are shown as committed.

Assigned Fund Balance - Balances shown as assigned represent balances management has allocated for a specific purpose but which is neither restricted nor committed.

Unassigned Fund Balance – Balances shown as unassigned include amounts that have not been assigned to other funds and have not been restricted, committed or assigned for specific purposes within the fund.

The County considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available. When utilizing unrestricted balances, committed balances are applied first, followed by assigned then unassigned balances.

Use of Estimates - The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenditures. Actual results could differ from these estimates.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

At June 30, 2016, the following funds had deficit fund balances:

C Funds Fund	\$ (2,812,140)
Special Education Fund	\$ (1,767,518)
Roads and Bridges Fund	\$ (1,063,369)
Victims' Assistance Fund	\$ (412,396)
Carolina Transit Program	\$ (366,377)
HOME Consortium Grant Fund	\$ (129,990)
New Brooklyn Lighting Tax District Fund	\$ (60,245)
Brookdale Lighting District Fund	\$ (40,464)
Fox Run Lighting District Fund	\$ (1,626)
Empire States Lighting District Fund	\$ (1,006)

The County is developing plans in its Fiscal year 2017 and 2018 budgets to address the deficits in the Special Education, Roads and Bridges, Victims Assistance and Carolina Transit Program Funds. The current year deficit in the C Funds Fund is expected to be resolved by application to the C Funds Transportation Committee for reimbursements expected to be received in fiscal years 2017 and 2018. The HOME Consortium deficit is expected to be resolved by receipt of grant funds currently presented in deferred inflows on the balance sheet. Tax rates were increased in the Brookdale Lighting District and the New Brooklyn Lighting Tax District for the 2015 tax year and will take time to cover the deficit. The Fox Run and Empire States Lighting Districts were new special district funds for fiscal year 2015, with future tax collections expected to resolve the current deficits.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Investments

Custodial Credit Risk - Cash Deposits - At June 30, 2016, the carrying amount of the County's deposits was \$34,526,835 and the respective bank balances totaled \$36,971,593. Of the total bank balances, \$3,078,502 was insured through the Federal Depository Insurance Corporation (FDIC), \$30,980,371 was collateralized with securities held by the financial institutions in the County's name and \$2,311,845 was uncollateralized.

Investments - State law limits local government investments to (1) obligations of the United States and agencies thereof; (2) general obligations of the State of South Carolina or any of its political units; (3) savings and loan association deposits to the extent insured by the FDIC; (4) certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, at a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and (5) no load open and closed-end portfolios of certain investment companies with issues of the US Government. The County has no investment policy that would further limit its investment choices.

The County's investments totaling \$11,311,133 at June 30, 2016 are invested in government obligation mutual funds. These investments are carried at fair value. The change in fair value is recognized as an increase or decrease to investment assets and investment income. Fair value for all investments is determined on a recurring basis based on quoted market prices.

Credit Risk and Interest Rate Risk - The County has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuating interest rates or from credit risk arising from concentration of investments in a limited number of investment vehicles.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, Continued

A. Cash and Investments, Continued

A reconciliation of cash and cash equivalents as shown on the government-wide statement of net assets and the statement of fiduciary net assets is as follows:

Primary Government			
Unrestricted:	Cash and cash equivalents	\$	8,582
	Pooled cash		4,034,444
Restricted:	Cash and cash equivalents		67,437
	Pooled cash		20,333,674
Trust and Agency Funds:	Cash and cash equivalents		5,263,506
	Pooled cash		4,819,192
Carrying value of deposits		\$	<u>34,526,835</u>

As of June 30, 2016, the County had the following investments:

Investment Type	Rating	Fair Value	Investment Maturities (in years)	
			Less than 1	Greater than 1
Government obligation mutual funds	Aaa-mf	\$ 11,311,133	\$ 11,311,133	\$ -
Total investments		\$ 11,311,133	\$ 11,311,133	\$ -

B. Receivables

Receivables as of year-end for the County's governmental funds, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Capital Project Tax III	Special Education Fund	C Funds Fund	Nonmajor Governmental Funds	Total Governmental Funds
Taxes						
Property taxes	\$ 4,332,185	\$ -	\$ 418,339	\$ -	\$ 1,443,324	\$ 6,193,848
Allowance for uncollectible taxes	(2,063,481)	-	(199,261)	-	(687,473)	(2,950,215)
Net property taxes receivable	<u>\$ 2,268,704</u>	<u>\$ -</u>	<u>\$ 219,078</u>	<u>\$ -</u>	<u>\$ 755,851</u>	<u>\$ 3,243,633</u>
Intergovernmental receivables	<u>\$ 957,064</u>	<u>\$ 2,391,289</u>	<u>\$ 1,871</u>	<u>\$ 2,749,316</u>	<u>\$ 763,316</u>	<u>\$ 6,862,856</u>
Accounts						
EMS fees	\$ 18,300,802	\$ -	\$ -	\$ -	\$ -	\$ 18,300,802
Allowance for uncollectible EMS fees	(17,256,758)	-	-	-	-	(17,256,758)
Other receivables	898,840	-	-	-	153,667	1,052,507
Allowance for uncollectible receivables	(718,740)	-	-	-	-	(718,740)
Net accounts receivable	<u>\$ 1,224,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,667</u>	<u>\$ 1,377,811</u>
Rents receivable	<u>\$ 9,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,975</u>
Other receivables	<u>\$ 15,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,197</u>	<u>\$ 207,156</u>

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Receivables, Continued

Receivables as of year-end for the County's business-type activities are as follow:

	Broadband Program	Sewer Utility Fund	Water Utility Fund	Business-type Funds
Intergovernmental grants receivable	\$ 750,000	\$ 25,729	\$ -	\$ 775,729
Customer accounts receivable	\$ 31,794	\$ 28,141	\$ 22,669	\$ 82,604

The Broadband Program grant receivable results from reimbursements due from the grantor agency related to the development of the broadband system.

C. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2016 is as follows:

Primary Government Governmental Activities	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 3,316,795	\$ 792,450	\$ -	\$ 293,136	\$ 4,402,381
Construction in progress	7,355,657	4,401,946	-	(7,164,610)	4,592,993
Total capital assets not being depreciated	10,672,452	5,194,396	-	(6,871,474)	8,995,374
Capital assets being depreciated					
Infrastructure	58,194,111	1,744,877	(2,800)	1,142,715	61,078,903
Buildings and improvements	75,948,528	736,710	(859,937)	5,728,759	81,554,060
Furniture, vehicles and equipment	49,641,333	2,019,373	(411,798)	-	51,248,908
Total capital assets being depreciated	183,783,972	4,500,960	(1,274,535)	6,871,474	193,881,871
Less: accumulated depreciation					
Infrastructure	(16,421,212)	(2,163,903)	213	-	(18,584,902)
Buildings and improvements	(38,656,781)	(2,385,583)	859,937	-	(40,182,427)
Furniture, vehicles and equipment	(38,555,409)	(2,775,618)	376,588	-	(40,954,439)
Total accumulated depreciation	(93,633,402)	(7,325,104)	1,236,738	-	(99,721,768)
Total capital assets being depreciated - net	90,150,570	(2,824,144)	(37,797)	6,871,474	94,160,103
Governmental activity capital assets - net	\$ 100,823,022	\$ 2,370,252	\$ (37,797)	\$ -	\$ 103,155,477

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

C. Capital Assets, Continued

Depreciation expense was charged to governmental functions/programs as follows:

Governmental activities:	
General government	\$ 579,038
Judicial	245,192
Public works	3,157,484
Public safety	2,600,495
Social and health	742,895
Total depreciation expense - governmental activities	<u>\$ 7,325,104</u>

Primary Government Business-type activities	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 1,637,321	\$ -	\$ -	\$ -	\$ 1,637,321
Easements	69,364	-	-	-	69,364
Construction in progress	9,705,419	366,647	-	(240,430)	9,831,636
Total capital assets not being depreciated	<u>11,412,104</u>	<u>366,647</u>	<u>-</u>	<u>(240,430)</u>	<u>11,538,321</u>
Capital assets being depreciated					
Infrastructure	38,219,630	387,007	-	240,430	38,847,067
Furniture, vehicles and equipment	12,899	-	-	-	12,899
Total capital assets being depreciated	<u>38,232,529</u>	<u>387,007</u>	<u>-</u>	<u>240,430</u>	<u>38,859,966</u>
Less: accumulated depreciation					
Infrastructure	(2,860,096)	(1,140,757)	-	-	(4,000,853)
Furniture, vehicles and equipment	(4,880)	(2,440)	-	-	(7,320)
Total accumulated depreciation	<u>(2,864,976)</u>	<u>(1,143,197)</u>	<u>-</u>	<u>-</u>	<u>(4,008,173)</u>
Total capital assets being depreciated - net	<u>35,367,553</u>	<u>(756,190)</u>	<u>-</u>	<u>240,430</u>	<u>34,851,793</u>
Business-type activity capital assets - net	<u>\$ 46,779,657</u>	<u>\$ (389,543)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,390,114</u>

Capitalized interest totaling \$181,155 was added to construction in progress in the business-type activities for the year ended June 30, 2016.

Component unit capital assets include buildings and equipment used in the operation of the OCDC with a cost of \$894,171 and accumulated depreciation of \$513,465. The Library's books and audio-visual materials are capitalized with a cost of \$1,854,038 and accumulated depreciation of \$1,348,859. Additionally, Library capital assets with cost of \$1,632,856 and accumulated depreciation of \$1,045,183 are carried in the County's capital assets and are included in the above presentation of governmental activities capital assets.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Long Term Obligations

Governmental Activities

General Obligation Bonds

The County has issued general obligation bonds to provide for construction and purchase of capital assets used in carrying out its governmental activities. General obligation bonds have been issued only for governmental activities. General obligation bonds are direct obligations of the County, and the full faith and credit of the County are pledged as security. Article X, Section 14 of the Constitution of the State of South Carolina, 1895, permits the counties to issue general obligation indebtedness in an amount not exceeding eight percent of the assessed value of taxable property of such county.

General obligation bonds are liquidated by the debt service funds. General obligation bonds outstanding as of year-end are as follows:

General Obligation Bonds Series 2008 – issued June 2008 in the amount of \$9,715,000. Bonds are payable in annual principal and semiannual interest installments ranging from \$1,050,000 to \$1,145,000 including interest from 3.75% to 5.00%, maturing February 2019. The proceeds of the bond were used to purchase vehicles and equipment, acquire land for a new industrial park and expand an existing industrial park, and defray the cost of extensions and improvements to a water treatment system in the eastern part of the County.

General Obligation Bonds Series 2013 – issued February 2013 in the amount of \$2,200,000. Bonds are payable in annual installments of \$114,070 including interest at 3.125%, maturing February 2044. The proceeds of the bonds were used for renovations of County owned buildings.

General Obligation Refunding Bond Series 2014 – issued June 2014 in the amount of \$4,980,000. Bonds are payable in annual principal payments ranging from \$115,000 to \$651,000 and semi-annual interest installments at 2.36%, maturing April 2023. Bond proceeds of \$4,879,144 were used to currently refund the General Obligation Bonds Series 2003A including accrued interest of \$54,144.

Revenue Bonds

Capital Project Sales and Use Tax Revenue Bond Series 2014 – issued November 2014 in the amount of \$33,575,000. The bonds are payable in annual principal installments of \$6,405,000 to \$6,765,000 and a final payment of \$595,000, with semi-annual interest at 5.0%, maturing October 2020, collateralized by assignment of capital project sales and use tax collections. The proceeds of the bonds were used to fund various capital projects within the County. The bonds are being repaid by the Capital Project Sales Tax III fund.

Other Loans, Notes Payable and Capital Leases

Loan payable to the Lower Savannah Regional Development Corporation in monthly installments of \$4,234 including interest at 2.5%, maturing October 2022. The loan is being repaid by the Debt Service Fund.

Note payable to the Orangeburg Department of Public Utilities (DPU) – issued July 2011. The County entered into an agreement in which the DPU loaned the County up to \$1,600,000 at zero interest to use for economic development. The loan is payable from the proceeds of a fee-in-lieu agreement whereby the County pays to the DPU one half of the fee-in-lieu revenue received annually from the economic development project until the loan is paid in full. The fee-in-lieu revenue began during fiscal year 2015 and the first payment to DPU in the amount of \$124,976 was made during the fiscal year. It is currently projected that the note will be fully amortized by fiscal year 2027. The loan is being repaid by the General Fund.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Long Term Obligations, Continued

Note payable to the South Carolina Public Service Authority – issued May 2015 in the amount of \$4,000,000, and secured by a mortgage on real estate to be developed as a speculative building for economic development purposes. The note is due and payable twenty-four months from the issue date and bears no interest. Repayment is expected to be from sales proceeds of the speculative building in the John Matthews Industrial Park capital projects fund.

Note payable to the Central South Carolina Alliance – issued April 2015 in the amount of \$100,000, with the proceeds used for development of a speculative building for economic development purposes. The note is due and payable upon the sale, lease or donation of the speculative building and bears no interest. It is currently projected that the note will be repaid by fiscal year 2017. Repayment is expected to be from sales proceeds of the speculative building in the John Matthews Industrial Park capital projects fund.

Note payable to the South Carolina Public Service Authority – issued September 2015 in the amount of \$4,000,000, payable over a ten-year term with principal payments ranging from \$365,000 to \$420,000, bearing interest for the initial five-year term at 2.0%, and thereafter at the then current rate of interest on 10-year U.S. Treasury Notes. The note is secured by a mortgage on real estate to be developed as a speculative building for economic development purposes. Repayment is expected to be from the current revenue streams from the County's operating funds.

Various capital leases for the acquisition of equipment used in governmental activities as follows:

Motorola capital lease with monthly payments of \$32,069, through August 2017. Repayment is from the E911 Surcharge special revenue fund.

Motorola 2012 capital lease with monthly payments of \$15,675, through June 2022. Repayment is from the E911 Surcharge special revenue fund.

Caterpillar 2011 capital lease with quarterly payments of \$142,855, through December 2017, with a balloon payment of \$1,884,526. Repayment is from the Roads and Bridges and Solid Waste special revenue funds.

Caterpillar 2012 capital lease with quarterly payments of \$48,190, through March 2017, with a balloon payment of \$221,247. Repayment is from the Roads and Bridges and Solid Waste special revenue funds.

Caterpillar 2015 capital lease with quarterly leases of \$43,138, through March 2020, with a balloon payment of \$498,818. Repayment is from the Roads and Bridges and Solid Waste special revenue funds.

PNC capital lease with semi-annual payments of approximately \$365,000 through December 2018. Repayment is from the Debt Service fund.

Carolina Alliance Bank capital lease with five annual principal payments ranging from \$178,000 to \$197,000 through June 2021. Repayment is from the Debt Service fund.

Enterprise Funds

Revenue Bonds

The County is obligated for revenue bonds, proceeds of which were used to finance construction and expansion of the County's water and sewer systems. These bonds are secured by liens on and pledges of water and sewer revenue net of system operating and maintenance costs. The revenue bonds are liquidated by the Enterprise Funds. Water and sewer system revenue bonds outstanding at fiscal year end are as follows:

Revenue bond payable to the U. S. Department of Agriculture Rural Development Series 2002 – issued November 2002 in the amount of \$329,300. The bond is payable in monthly installments of \$1,496 including interest at 4.5%, maturing 2042. The proceeds of the bond were used in the construction and expansion of the sewer system.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Long Term Obligations, Continued

Enterprise Funds, Continued

Revenue Bonds, Continued

Revenue bond payable to the U. S. Department of Agriculture Rural Development Series 2013A – issued December 2013 in the amount of \$2,088,000. The bond is payable in monthly installments of \$7,100 including interest at 2.5%, maturing 2053. The proceeds of the bond were used in the construction and expansion of the sewer system.

Revenue bond payable to the U. S. Department of Agriculture Rural Development Series 2013B – issued December 2013 in the amount of \$6,741,000. The bond is payable in monthly installments of \$23,864 including interest at 2.75%, maturing 2053. The proceeds of the bond were used in the construction and expansion of the sewer system.

Revenue bond payable to the U. S. Department of Agriculture Rural Development Series 2015A – issued June 2015 in the amount of \$2,830,000. The bond is payable with interest only payments prior to the start of monthly installments of principal and interest of \$9,051 including interest at 2.125%, beginning July 2017, and maturing 2055. The proceeds of the bond were used in the construction and expansion of the water system.

Revenue bond payable to the U. S. Department of Agriculture Rural Development Series 2016A – issued March 2016 in the amount of \$820,000. The bond is payable with 24 interest only payments prior to the start of monthly installments of principal and interest of \$2,516 including interest at 1.875%, beginning April 2018, and maturing 2056. The proceeds of the bond were used in the construction and expansion of the water system in the Town of Vance.

Note Payable

Note payable – South Carolina Public Service Authority \$4,000,000 to fund a sewer system under construction. The County has drawn \$1,563,689 through June 30, 2016. The draws accrue interest at the U.S. Treasury ten year rate each January 1, approximately 1.50% at June 30, 2016. Repayment of accrued interest and principal is deferred until six months after the County receives the state permit to operate the sewer system and will be over a ten-year period. It is currently projected that the note will be fully amortized by fiscal year 2025. The note will be repaid by the Sewer Enterprise Fund.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Long Term Obligations, Continued

A summary of changes in long term obligations (other than other post-employment benefits) for the year ended June 30, 2016 for both the County's governmental activities and business-type activities is as follows:

	Beginning Balance As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities					
General Obligation Bonds Payable					
\$9,715,000 General Obligation Bonds-Series 2008	\$ 3,290,000	\$ -	\$ (1,050,000)	\$ 2,240,000	\$ 1,095,000
\$2,200,000 General Obligation Bonds-Series 2013	2,060,388	-	(54,975)	2,005,413	51,235
\$4,980,000 General Obligation Bonds-Series 2014	4,865,000	-	(566,000)	4,299,000	580,000
Total General Obligation Bonds	10,215,388	-	(1,670,975)	8,544,413	1,726,235
Revenue Bonds					
Series 2014 Capital Project Sales and					
Use Tax Revenue Bond	26,935,000	-	(6,405,000)	20,530,000	6,525,000
Total Revenue Bonds	26,935,000	-	(6,405,000)	20,530,000	6,525,000
Loans and Notes Payable					
Lower Savannah Regional					
Development Corporation	343,151	-	(42,730)	300,421	43,300
Orangeburg Department of Public Utilities *	1,411,711	-	(124,976)	1,286,735	125,000
South Carolina Public Service Authority	4,000,000	-	-	4,000,000	4,000,000
Central South Carolina Alliance	100,000	-	-	100,000	100,000
South Carolina Public Service Authority	-	4,000,000	-	4,000,000	365,306
Total Loans Payable	5,854,862	4,000,000	(167,706)	9,687,156	4,633,606
Capital Leases					
Motorola	787,200	-	(324,889)	462,311	371,487
Motorola 2012	1,174,221	-	(152,106)	1,022,115	156,706
Caterpillar 2011	2,633,578	-	(495,503)	2,138,075	2,138,075
Caterpillar 2012	536,702	-	(178,170)	358,532	358,532
Caterpillar 2015	1,162,210	-	(140,928)	1,021,282	144,987
PNC Lease	2,481,000	-	(696,000)	1,785,000	706,000
Carolina Alliance Bank	-	938,000	-	938,000	178,000
Total Capital Leases Payable	8,774,911	938,000	(1,987,596)	7,725,315	4,053,787
Landfill Closure and Post-Closure Costs	239,560	11,316	(15,100)	235,776	15,100
Compensated Absences	1,884,392	1,140,945	(1,180,033)	1,845,304	1,155,556
	<u>\$ 53,904,113</u>	<u>\$ 6,090,261</u>	<u>\$ (11,426,410)</u>	<u>\$ 48,567,964</u>	<u>\$ 18,109,284</u>

* The beginning balance for the Orangeburg Department of Public Utilities (DPU) obligation as shown above has been restated to reflect the correct balance as confirmed by DPU. DPU's actual initial loan advance for the economic development project for which these funds were used was \$1,512,500, or \$87,500 less than the maximum amount in the agreement dated July 11, 2011. The County recorded the debt at the maximum amount per the agreement, but with the new information as to DPU's actual advance to the project developer, has adjusted the debt balance.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Long Term Obligations, Continued

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Business-type Activities					
Revenue Bonds					
\$329,300 Revenue Bond-Series 2002	\$ 279,170	\$ -	\$ (5,501)	\$ 273,669	\$ 5,732
\$2,088,000 Sewer System Improvement Revenue Bonds-Series 2013A	2,088,000	-	(18,172)	2,069,828	33,611
\$6,741,000 Sewer System Improvement Revenue Bonds-Series 2013B	6,329,825	403,068	(83,374)	6,649,519	104,815
\$2,830,000 Sewer System Improvement Revenue Bonds-Series 2015A	2,830,000	-	-	2,830,000	-
\$820,000 Water System Improvement Revenue Bonds-Series 2016A	-	820,000	-	820,000	-
Total Revenue Bonds	11,526,995	1,223,068	(107,047)	12,643,016	144,158
Note Payable					
South Carolina Public Service Authority	1,563,689	-	-	1,563,689	-
	\$ 13,090,684	\$ 1,223,068	\$ (107,047)	\$ 14,206,705	\$ 144,158

Following is a summary of debt service requirements to maturity by year for the governmental and business-type activities:

Governmental Activities Year ended June 30,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 1,726,235	\$ 248,863	\$ 1,975,098	\$ 6,525,000	\$ 330,887	\$ 6,855,887
2018	1,789,837	192,512	1,982,349	6,645,000	210,656	6,855,656
2019	655,488	133,379	788,867	6,765,000	88,229	6,853,229
2020	670,190	117,493	787,683	595,000	4,072	599,072
2021	682,946	101,247	784,193	-	-	-
2022 - 2026	1,605,052	298,035	1,903,087	-	-	-
2027 - 2031	370,952	199,398	570,350	-	-	-
2032 - 2036	432,653	137,697	570,350	-	-	-
2037 - 2041	504,613	65,737	570,350	-	-	-
2042 - 2045	106,447	3,492	109,939	-	-	-
	<u>\$ 8,544,413</u>	<u>\$ 1,497,853</u>	<u>\$ 10,042,266</u>	<u>\$ 20,530,000</u>	<u>\$ 633,844</u>	<u>\$ 21,163,844</u>
Loans and Notes						
	Principal	Interest	Total			
2017	\$ 4,633,606	\$ 87,511	\$ 4,721,117			
2018	541,995	79,122	621,117			
2019	550,557	70,560	621,117			
2020	559,296	61,821	621,117			
2021	568,214	52,902	621,116			
2022 - 2026	2,796,752	128,352	2,925,104			
2027 - 2030	36,736	-	36,736			
	<u>\$ 9,687,156</u>	<u>\$ 480,268</u>	<u>\$ 10,167,424</u>			

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Long Term Obligations, Continued

Business-type Activities Year ended June 30,	Revenue Bonds			Note		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 144,158	\$ 320,875	\$ 465,033	\$ -	\$ 23,455	\$ 23,455
2018	200,845	317,425	518,270	-	23,455	23,455
2019	217,345	312,022	529,367	-	23,455	23,455
2020	222,493	306,896	529,389	-	23,455	23,455
2021	228,726	300,686	529,412	1,563,689	23,457	1,587,146
2022 - 2026	1,235,299	1,412,125	2,647,424	-	-	-
2027 - 2031	1,404,618	1,243,458	2,648,076	-	-	-
2032 - 2036	1,597,737	1,051,068	2,648,805	-	-	-
2037 - 2041	1,819,200	830,414	2,649,614	-	-	-
2042 - 2046	1,990,543	585,473	2,576,016	-	-	-
2047 - 2051	2,240,987	320,768	2,561,755	-	-	-
2052 - 2055	1,341,065	59,536	1,400,601	-	-	-
	<u>\$ 12,643,016</u>	<u>\$ 7,060,746</u>	<u>\$ 19,703,762</u>	<u>\$ 1,563,689</u>	<u>\$ 117,277</u>	<u>\$ 1,680,966</u>

Capital Leases. The County has entered into lease agreements as lessee to finance acquisition of equipment and vehicles used in governmental activities. Capital leases are liquidated by the General Fund, Roads and Bridges Fund and the Solid Waste Fund. The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2016 are:

Fiscal year ending June 30,	Primary Government Governmental Activities
	Total
2017	\$ 4,210,112
2018	1,387,047
2019	926,180
2020	973,891
2021	389,490
Thereafter	188,095
Total minimum payments	8,074,815
Less: interest	(349,500)
Net minimum payments	<u>\$ 7,725,315</u>

The balance of capital assets, net of accumulated depreciation, under these capital lease agreements as of June 30, 2016, are:

Equipment and vehicles	\$ 14,318,423
Less: accumulated depreciation	(9,387,609)
Net capital assets under capital lease	<u>\$ 4,930,814</u>

Current year depreciation of assets acquired under capital leases totaled \$1,127,454 and has been included in depreciation expense.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Long Term Obligations, Continued

Landfill Closure and Post-closure Costs. State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste, and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. In accordance with state and federal law, the County closed its Class III solid waste landfill in fiscal year 1995. The County paid to cover the landfill in fiscal year 1996. The estimated total liability for post-closure care costs equaled \$453,000 which is being amortized over 30 years. The remaining unamortized balance is \$135,900.

The County also operates a Class II landfill, which based upon recent expansion, has an estimated remaining life of 71 years. The filled capacity at June 30, 2016 is estimated to be 20.3%. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of estimated closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year end. The County estimates the total costs for closure and post-closure monitoring for the Class II landfill to be \$492,000. At June 30, 2016, the costs to be recognized as a liability based on estimates of filled capacity is \$99,876.

The County has not accumulated funds to meet this additional closure and post-closure care liability. The \$235,776 reported as the accrual for landfill closure and post-closure costs at June 30, 2016 is calculated as follows:

	Estimated Liability Recognized		
	Class III	Class II	Total
Accrued liabilities at June 30, 2015	\$ 151,000	\$ 88,560	\$ 239,560
Current year changes	(15,100)	11,316	(3,784)
Estimated liability	135,900	99,876	235,776
Less: current portion	15,100	-	15,100
	<u>\$ 120,800</u>	<u>\$ 99,876</u>	<u>\$ 220,676</u>

The County's landfill closure and post-closure liability represents what it would cost to perform all closure and post-closure care at June 30, 2016 and are based on engineering estimates subject to change due to inflation, deflation, technology, and/or applicable laws and regulations. Federal and state statutes and regulations require that all permitted landfills have a financial assurance mechanism in place to ensure that funds are available for clean-up of the facility at the time of closure to cover any post-closure care that may be required. The County does not qualify for the financial or alternative means tests to satisfy federal and state financial assurance requirements. The County has adopted a pay-as-you-go policy, anticipating that future available resources will be the primary source of funds to pay the cost of closure and post-closure care.

Component units

Long-term obligations include accrued leave due to employees of the County Library and OCDC.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

E. Operating Leases

The County leases copiers and other equipment under non-cancelable operating leases. Some of the copier leases include payment terms based on copy volume rather than minimum lease payments. Future minimum lease payments under the terms of these leases are as follows:

Year ending June 30,	
2017	\$ 19,963
2018	15,113
2019	15,113
2020	<u>13,854</u>
Total	<u>\$ 64,043</u>

Lease expense during the fiscal year was \$135,901, which included payments on leases that are both cancelable and non-cancelable.

F. Interfund Receivables and Payables

Interfund balances arise because the County utilizes a cash pool to maximize potential interest earnings. Interfund balances at June 30, 2016 were:

	Receivable	Payable
Governmental Funds:		
General Fund	\$ 3,587,210	\$ 783,254
Capital Project Tax II Fund	7,915,710	-
Capital Project Tax III Fund	4,070,082	-
John Matthews Industrial Park	637,840	-
Special Education Fund	3	2,039,825
C Funds	-	2,507,897
Other Nonmajor Governmental Funds	<u>1,014,769</u>	<u>2,255,000</u>
Total Governmental Funds	<u>17,225,614</u>	<u>7,585,976</u>
Enterprise Funds:		
Broadband Fund	-	1,111,187
Sewer Fund	-	6,336,922
Water Fund	<u>775</u>	<u>2,192,304</u>
Total Enterprise Funds	<u>775</u>	<u>9,640,413</u>
Total	<u>\$ 17,226,389</u>	<u>\$ 17,226,389</u>

G. Transfers In and Out

During the course of normal operations, the County makes numerous transactions between funds. Transfers of resources from a fund receiving revenue to a fund through which the resources are expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as nonoperating revenues (expenses) in proprietary funds. Transfers into the general fund were primarily to recover overhead and related costs. Transfers from the state accommodations tax fund were made to the general fund to support tourism promotion.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

G. Transfers In and Out, Continued

Transfers between funds for the year ended June 30, 2016, consisted of the following:

	Transfers in	Transfers out
Governmental Funds:		
General Fund	\$ 614,521	\$ 4,396,475
Capital Project Tax II Fund	854,225	2,046,937
Capital Project Tax III Fund	2,194,118	1,259,249
John Matthews Industrial Park	901,519	-
Nonmajor Governmental Funds	4,750,504	980,690
Total Governmental Funds	9,314,887	8,683,351
Enterprise Funds:		
Sewer Fund	27,108	694,859
Water Fund	36,215	-
Total Enterprise Funds	63,323	694,859
Total	\$ 9,378,210	\$ 9,378,210

H. Fund Balance/Net Position

The following table details the components of nonspendable, restricted, committed and assigned fund balances:

	General Fund	Capital Project Tax II	Capital Project Tax III	John Matthews Industrial Park Fund	Special Education Fund	C Funds Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable								
Inventories	\$ 150,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,142
Prepaid items	190,972	-	227,400	-	-	-	145	418,517
Total nonspendable	341,114	-	227,400	-	-	-	145	568,659
Restricted for:								
Grant programs	-	-	-	-	-	-	1,317,906	1,317,906
Public safety	-	-	-	-	-	-	1,100,008	1,100,008
Public works	-	-	-	-	-	-	2,414,861	2,414,861
Capital projects	-	11,837,863	21,767,415	-	-	-	3,337,621	36,942,899
Economic development	-	-	-	12,062,091	-	-	7,013,490	19,075,581
Debt service	-	-	-	-	-	-	1,104,062	1,104,062
Total restricted	-	11,837,863	21,767,415	12,062,091	-	-	16,287,948	61,955,317
Committed for:								
Public safety	-	-	-	-	-	-	231,896	231,896
Total committed	-	-	-	-	-	-	231,896	231,896
Assigned for:								
Solid waste	-	-	-	-	-	-	2,742,258	2,742,258
Total assigned	-	-	-	-	-	-	2,742,258	2,742,258
Unassigned	3,972,088	-	-	-	(1,767,518)	(2,812,140)	(2,075,473)	(2,683,043)
Total fund balance	\$ 4,313,202	\$ 11,837,863	\$ 21,994,815	\$ 12,062,091	\$ (1,767,518)	\$ (2,812,140)	\$ 17,186,774	\$ 62,815,087

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

H. Fund Balance/Net Position, Continued

The County's Net Position for its government-wide activities is follows:

	Governmental	Business-type
Net investment in capital assets		
Net capital assets	\$ 103,155,477	\$ 46,390,114
Less: Bonds payable, net	(29,074,413)	(12,643,016)
Notes and loans payable	(9,687,156)	(1,563,689)
Capital leases payable	(7,725,314)	-
Add: Unspent bond proceeds	22,070,620	1,131,922
Total net investment in capital assets	78,739,214	33,315,331
Restricted for:		
Grant activities	1,317,906	-
Debt service	1,104,062	-
Public safety activities	1,100,008	-
Public works activities	2,414,861	-
Economic development activities	19,075,581	-
Capital projects activities	36,942,898	-
Less: Unspent bond proceeds	(22,070,620)	-
Total restricted	39,884,696	-
Unrestricted (deficit)	(63,029,254)	(8,997,644)
Total net position	\$ 55,594,656	\$ 24,317,687

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and job related illnesses and accidents. The County carries insurance for these risks of loss. Premiums for workers' compensation are paid to a public entity risk pool. The public entity risk pool promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with the insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

The County is also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all its employees in the State's health insurance plans administered by the South Carolina Budget and Control Board.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan

Description of the Entity:

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems (the "Systems") and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors (the "PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the Systems and the trust funds. By law, the State Fiscal Accountability Authority (the "SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to South Carolina Public Employee Benefit Authority, Retirement Systems Finance, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the State of South Carolina's CAFR.

Plan Descriptions:

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the State of South Carolina, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the State of South Carolina and its political subdivisions.

Membership:

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each System is presented below.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the System as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the System with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the System with an effective date of membership on or after July 1, 2012, is a Class Three member.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the State of South Carolina; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the System with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the System with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age sixty-five or with twenty-eight years of credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age fifty-five with twenty-five years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the "Rule of 90" requirement that the total of the member's age and the member's creditable service equals at least ninety years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age sixty if they satisfy the five or eight years earned service requirement, respectively.

The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class Two members, AFC is the average annual earnable compensation during twelve consecutive quarters and includes an amount for up to forty-five days termination pay at retirement for unused annual leave. For Class Three members, AFC is the average annual earnable compensation during twenty consecutive quarters and termination pay for unused annual leave at retirement is not included. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age fifty-five with twenty-five years of service are not eligible for the benefit adjustment until the second July 1 after reaching age sixty or the second July 1 after the date they would have had twenty-eight years of service credit had they not retired.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

Benefits, Continued:

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and five percent for PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and this increase is not limited to one-half of one percent per year.

County of Orangeburg, South Carolina**Notes to the Basic Financial Statements****June 30, 2016**

B. Pension Plan, ContinuedContributions, Continued:Required **employee** contribution rates are as follows:

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
<u>SCRS</u>		
Employee Class Two	8.16%	8.00%
Employee Class Three	8.16%	8.00%
<u>PORS</u>		
Employee Class Two	8.74%	8.41%
Employee Class Three	8.74%	8.41%

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Required employer contribution rates are as follows:		
<u>SCRS</u>		
Employer Class Two	10.91%	10.75%
Employer Class Three	10.91%	10.75%
Employer Incidental Death Benefit	0.15%	0.15%

<u>PORS</u>		
Employer Class Two	13.34%	13.01%
Employer Class Three	13.34%	13.01%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

Contribution rates are calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

Contributions, Continued:

The County's contributions to the SCRS and PORS plans were as follows for the year ended June 30, 2016, which equaled the required contributions:

	<u>Required Contributions</u>	<u>Actual Contributions</u>
<u>Primary Government</u>		
SCRS		
Governmental Activities	\$ 1,401,632	\$ 1,401,632
Business Activities	10,381	10,381
Total SCRS for the Primary Government	<u>1,412,013</u>	<u>1,412,013</u>
PORS		
Governmental Activities	981,416	981,416
Total PORS for the Primary Government	<u>981,416</u>	<u>981,416</u>
Total Primary Government	<u>\$ 2,393,429</u>	<u>\$ 2,393,429</u>
<u>Component Units</u>		
SCRS		
Library	\$ 42,171	\$ 42,171
OCDC	26,951	26,951
Total SCRS for the Component Units	<u>69,122</u>	<u>69,122</u>
PORS		
Library	6,059	6,059
Total PORS for the Component Units	<u>6,059</u>	<u>6,059</u>
Total Component Units	<u>\$ 75,181</u>	<u>\$ 75,181</u>

Net Pension Liability:

At June 30, 2016, the County reported liabilities of \$19,425,084 and \$9,565,685 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively.

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Statement Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

The net pension liability (NPL) is calculated separately for each retirement System and represents that particular System's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. As of June 30, 2016, the County's proportional share of the NPL amounts are:

	Fiscal Year Ended June 30,	
	2016	2015
	Measurement Period Ended June 30,	
	2015	2014
Primary Government		
SCRS		
Governmental Activities	\$ 19,214,646	\$ 23,557,220
Business-Type Activities	210,438	61,662
Total SCRS for the Primary Government	\$ 19,425,084	\$ 23,618,882
Primary Government's SCRS Proportionate Share of the NPL	0.102317%	0.128108%
PORS		
Governmental Activities	\$ 9,565,685	\$ 11,011,786
Total PORS for the Primary Government	\$ 9,565,685	\$ 11,011,786
Primary Government's PORS Proportionate Share of the NPL	0.425700%	0.575200%
Component Units		
SCRS		
Library	\$ 594,229	\$ 1,096,467
OCDC	232,598	467,048
Total SCRS for the Component Units	\$ 826,827	\$ 1,563,515
Component Units' SCRS Proportionate Share of the NPL	0.004466%	0.009082%
PORS		
Library	\$ 2,740	\$ -
Total PORS for the Component Units	\$ 2,740	\$ -
Component Unit's PORS Proportionate Share of the NPL	0.013318%	0.000000%
Totals		
SCRS NPL	\$ 20,251,911	\$ 25,182,397
PORS NPL	\$ 9,568,425	\$ 11,011,786
SCRS Proportionate Share of the NPL	0.106783%	0.137190%
PORS Proportionate Share of the NPL	0.439018%	0.575200%

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

Pension expense and deferred outflows (inflows) of resources:

For the year ended June 30, 2016, the County recognized pension expense for the SCRS and PORS plans of \$143,416 and \$251,772, respectively.

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each of the respective plans:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Governmental Activities</u>	SCRS	
Difference between expected and actual experience	\$ 333,301	\$ 34,457
Net difference between projected and actual earnings on pension plan investments	128,969	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,957,375
Employer contributions subsequent to the measurement date	1,401,632	-
	<u>\$ 1,863,902</u>	<u>\$ 3,991,832</u>
	PORS	
Difference between expected and actual experience	\$ 189,593	\$ -
Net difference between projected and actual earnings on pension plan investments	104,665	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,247,585
Employer contributions subsequent to the measurement date	981,416	-
	<u>\$ 1,275,674</u>	<u>\$ 2,247,585</u>
<u>Business-Type Activities</u>	SCRS	
Difference between expected and actual experience	\$ 2,539	\$ 256
Net difference between projected and actual earnings on pension plan investments	957	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	29,639
Employer contributions subsequent to the measurement date	10,381	-
	<u>\$ 13,877</u>	<u>\$ 29,895</u>
	<u>\$ 3,153,453</u>	<u>\$ 6,269,312</u>
<u>Component Units</u>		
<u>Library</u>	SCRS	
Difference between expected and actual experience	\$ 19,835	\$ 1,088
Net difference between projected and actual earnings on pension plan investments	4,073	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	165,075
Employer contributions subsequent to the measurement date	42,171	-
	<u>\$ 66,079</u>	<u>\$ 166,163</u>
	PORS	
Difference between expected and actual experience	\$ 54	\$ -
Net difference between projected and actual earnings on pension plan investments	30	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	644
Employer contributions subsequent to the measurement date	6,059	-
	<u>\$ 6,143</u>	<u>\$ 644</u>
<u>OCDC</u>	SCRS	
Difference between expected and actual experience	\$ 4,132	\$ 416
Net difference between projected and actual earnings on pension plan investments	1,557	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	48,242
Employer contributions subsequent to the measurement date	26,951	-
	<u>\$ 32,640</u>	<u>\$ 48,658</u>

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

Pension Expense and Deferred Outflows (Inflows) of Resources, Continued:

The deferred outflows of resources of \$1,412,013 for SCRS and \$981,416 for PORS related to pensions resulting from contributions made subsequent to the measurement date for the SCRS and PORS plans. These deferred outflows of resources will be recognized as a reduction of the net pension liabilities during the year ending June 30, 2017. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the County's proportionate share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2016. Average remaining service lives of all employees provided with pensions through the pension plans at the June 30, 2015 measurement date was 4.164 years and 4.796 years for SCRS and PORS, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans:

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	SCRS	PORS
Primary Government			
Governmental Activities			
2016	2017	\$ (1,170,600)	\$ (562,346)
2017	2018	(1,170,600)	(562,346)
2018	2019	(1,288,147)	(570,718)
2019	2020	99,785	(257,917)
Net balance of deferred outflows / (inflows) of resources		<u>\$ (3,529,562)</u>	<u>\$ (1,953,327)</u>
Business-type Activities			
2016	2017	\$ (8,756)	\$ -
2017	2018	(8,756)	-
2018	2019	(9,628)	-
2019	2020	741	-
Net balance of deferred outflows / (inflows) of resources		<u>\$ (26,399)</u>	<u>\$ -</u>
Component Units			
Library			
2016	2017	\$ (47,229)	\$ (161)
2017	2018	(47,229)	(161)
2018	2019	(50,978)	(164)
2019	2020	3,181	(74)
Net balance of deferred outflows / (inflows) of resources		<u>\$ (142,255)</u>	<u>\$ (560)</u>
OCDC			
2016	2017	\$ (14,251)	\$ -
2017	2018	(14,251)	-
2018	2019	(15,671)	-
2019	2020	1,204	-
Net balance of deferred outflows / (inflows) of resources		<u>\$ (42,969)</u>	<u>\$ -</u>

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

Payables to the Pension Plans

At June 30, 2016, the County reported a payable of \$197,728 and \$125,545 for the outstanding amount of contributions due to SCRS and PORS, respectively, including component units. The liabilities will be paid in the normal course of paying year-end obligations.

Actuarial Assumptions and Methods:

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statutes requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The June 30, 2015, total pension liability, net pension liability, and sensitivity information were determined by the Systems' consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2014, actuarial valuations, as adopted by the PEBA Board and the SFAA which utilized membership data as of July 1, 2014. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2015, using Generally Accepted Actuarial Principles. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014 valuations for the SCRS and PORS plans.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

Actuarial Assumptions and Methods, Continued:

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014, valuations for SCRS and PORS are as follows.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014 actuarial valuations, was based upon the thirty-year capital market outlook developed in the third quarter of 2013, as developed by the Retirement Systems Investment Commission (RSIC) in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
ShortTerm	5.0%		
Cash	2.0%	1.9%	0.04%
Short Duration	3.0%	2.0%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.7%	0.19%
Mixed Credit	6.0%	3.8%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.8%	0.08%
Emerging Markets Debt	6.0%	5.1%	0.31%
Global Public Equity	31.0%	7.1%	2.20%
Global Tactical Asset Allocation	10.0%	4.9%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.3%	0.34%
Private Debt	7.0%	9.9%	0.69%
Private Equity	9.0%	9.9%	0.89%
Real Estate (Broad Market)	5.0%	6.0%	0.30%
Commodities	3.0%	5.9%	0.18%
Total Expected Rate of Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

B. Pension Plan, Continued

Sensitivity Analysis:

The following table presents the County's proportionate share of the net pension liabilities of the respective plans calculated using the discount rate of 7.50 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

	<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>		
	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
<u>Primary Government</u>			
SCRS			
Governmental Activities	\$ 24,088,503	\$ 19,214,646	\$ 14,931,458
Business-Type Activities	265,302	210,438	164,455
Total SCRS for the Primary Government	24,353,805	19,425,084	15,095,913
PORS			
Governmental Activities	13,030,695	9,565,685	6,468,152
Total PORS for the Primary Government	13,030,695	9,565,685	6,468,152
Total Primary Government	<u>\$ 37,384,500</u>	<u>\$ 28,990,769</u>	<u>\$ 21,564,065</u>
<u>Component Units</u>			
SCRS			
Library	\$ 884,828	\$ 594,229	\$ 548,946
OCDC	293,240	232,598	181,773
Total SCRS for the Component Units	1,178,068	826,827	730,719
PORS			
Library	3,733	2,740	1,853
Total PORS for the Component Units	3,733	2,740	1,853
Total Component Units	<u>\$ 1,181,801</u>	<u>\$ 829,567</u>	<u>\$ 732,572</u>

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2015 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2015.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

C. Deferred Compensation Plans

Certain County employees participate in one of two optional deferred compensation plans which are available to them in conjunction with the State Retirement System. The multiple employer plans, created under Internal Revenue Code Sections 457 and 401(k) are administered for the State Retirement System by third parties. Compensation deferred under the plans is placed in trust for the contributing employee. The County has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate their employment with the County. Employees may also withdraw contributions prior to termination if they meet requirement specified by the applicable plan.

D. Other Post-Employment Benefits

Plan Description. The County's defined benefit post-employment healthcare plan (the plan) provides medical insurance to retirees. The County will contribute the full monthly premium for a retiree with 30 years or more of service with the County, or for an elected official with 15 or more years of service in County elected office, provided the employee or elected official is eligible for retirement under the State Retirement System at the time the retiree leaves active County service. The County will contribute the full monthly premium for a retiree with 25 years or more of service provided the retiree is eligible for regular or disability retirement under the Police Officers' Retirement System at the time the retiree leaves active County service. The County will contribute 50 percent of the monthly premium for a retiree with 15 years or more of service with the County provided the retiree is eligible for regular or disability retirement under either the State Retirement System or the Police Officers' Retirement System at the time the retiree leaves active County service. The health insurance benefits received by a retiree are the same as those under the County's group plan, minus any payments attributable to Medicare. If a retiree desires to cover dependents, the retiree must pay the entire cost of the dependent's insurance premium. The plan does not issue separate financial statements.

As of July 1, 2014, the measurement date for the plan year, there were 591 covered participants; 85 members were retirees (73) and spouses (12) receiving benefits and 506 were active participants.

Funding Policy. The plan was established and may be amended by County Council. The County currently finances the plan on a pay-as-you-go basis. During the year ended June 30, 2016, the County paid \$335,639 to meet its obligation for participants under the terms of the plan.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other post-employment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with accounting principles generally accepted in the United States of America. The ARC is equal to the normal cost plus the amortization of any unfunded actuarially accrued liability. The normal cost represents the annual ongoing cost of benefits accruing to active participants. The actuarial accrued liability is the portion of the total present value of benefits that is attributable to service up to the date of the valuation. The amount of the actuarially accrued liability in excess of the plan's assets is the unfunded actuarially accrued liability which is being amortized over a period not to exceed 30 years.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Other Post-Employment Benefits, Continued

Annual OPEB Cost and Net OPEB Obligation, Continued - The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan and any changes in the County's obligation under the plan:

		Governmental		
	Total	Activities	Library	OCDC
Annual required contribution (ARC)	\$ 5,236,775	\$ 5,068,336	\$ 143,324	\$ 25,115
Interest on unfunded OPEB obligation	1,318,122	1,266,790	41,395	9,937
Adjustment to ARC	(1,345,345)	(1,302,073)	(36,820)	(6,452)
Annual OPEB cost (expense)	5,209,552	5,033,053	147,899	28,600
Less: actual contributions	(335,639)	(307,151)	(28,488)	-
Increase in net OPEB obligation	4,873,913	4,725,902	119,411	28,600
Net OPEB liability, beginning of year	32,948,873	31,669,739	1,034,879	244,255
Net OPEB liability, end of year	\$ 37,822,786	\$ 36,395,641	\$ 1,154,290	\$ 272,855

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and each of the two preceding years were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Amount Contributed	Percentage of	
			Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 5,033,053	\$ 307,151	6.1%	\$ 36,395,641
2015	4,743,813	302,507	6.4%	31,669,739
2014	4,465,115	267,308	6.0%	27,228,433

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and each of the two preceding years were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Amount Contributed	Percentage of	
			Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 147,899	\$ 28,488	19.3%	\$ 1,154,290
2015	140,182	26,152	18.7%	1,034,879
2014	168,869	38,647	22.9%	920,849

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Other Post-Employment Benefits, Continued

Annual OPEB Cost and Net OPEB Obligation, Continued - The OCDC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and each of the two preceding years were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 28,600	\$ -	0.0%	\$ 272,855
2015	22,793	-	0.0%	244,255
2014	24,104	388	1.6%	221,462

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date, the funded status of the plan (excluding component units) was as follows:

Actuarial accrued liability (AAL)	\$ 51,707,478
Actuarial value of Plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 51,707,478</u>
Funded ratio (actuarial value of Plan assets/AAL)	0.0%
Covered payroll (annual payroll of active employees covered by the Plan)	<u>\$ 19,471,757</u>
UAAL as a percentage of covered payroll	265.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends.

Actuarial Methods and Assumptions - The Projected Unit Credit actuarial cost method is used to calculate the ARC for the County's retiree health care plan. Anticipated future payments are projected using the plan benefits, the present health premiums and a set of actuarial assumptions. The projected unit credit method then provides for a systematic funding for the anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The Projected Unit Credit Actuarial Cost Method was used to calculate the ARC, based on an assumed level percent of payroll funding and an assumed 4 percent rate of return on investments for the current year. The assumed general inflation rate was 2.5 percent. The assumed rate of annual increase in health costs varied from 5.0 to 10.0 percent. The actuarial methods and assumptions and calculations reflect a long-term perspective and are designed to reduce short-term volatility in actuarially accrued liabilities and in actuarial value of assets.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

D. Other Post-Employment Benefits, Continued

Actuarial Methods and Assumptions, Continued - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Component Unit - Library. The assumptions for the Library are the same as for the Primary Government. At June 30, 2016, the actuarial accrued liability for the Library's Retiree Health Plan was \$1,462,196, all of which is unfunded. The unfunded accrued actuarial liability was 191.7% of payroll for the year ended June 30, 2016.

Component Unit - Development Commission. The assumptions for the Development Commission are the same as for the Primary Government. At June 30, 2016, the actuarial accrued liability for the Development Commission's Retiree Health Plan was \$256,226, all of which is unfunded. The unfunded accrued actuarial liability was 101.2% of payroll for the year ended June 30, 2016.

E. Conduit Debt

From time to time, the County issues bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally for a period of 20 years, are secured by the property financed, and are payable solely from the payments received on the underlying mortgage notes or lease arrangements. Pursuant to County Council ordinances and certain lease agreements, the County shall own legal title to the real property and facilities during the term of the lease and debt service of the bonds shall be payable solely out of lease payments made by the business. Upon repayment of bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the County, State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities, nor are the deeded (leased) assets in the accompanying financial statements.

At June 30, 2016, the County had outstanding arrangements with RMC (Hospital) and the Three Rivers Solid Waste Authority with aggregate outstanding bonds equaling approximately \$7,545,000 and \$29,600,000, respectively.

F. Commitments

The County had commitments for construction contracts not yet completed at year end totaling \$2,039,306.

G. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute liabilities of the applicable funds. The amount, if any, of expenditures which may be disallowed by a grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

H. Restatements

The County made several restatement adjustments to the prior year financial statements. Those restatements are as follow:

	Governmental Activities	Business-type Funds	Government Funds
Fund balance / net position - June 30, 2015, as previously reported	\$ 50,665,290	\$ 25,262,874	\$ 67,466,080
Restated for correction of an error:			
Correction of net pension liability accrual	656,230	(150,709)	-
Broadband fund grants receivable correction of prior year adjustment	-	139,982	-
Correction of accounts receivable in a governmental fund to reflect prior year amounts due from a component unit	156,759	-	156,759
Correction of accounts receivable in a governmental fund to reflect modified accrual basis of accounting	(599,236)	-	(599,236)
Correction of note payable balance originally recorded at higher amount than actual proceeds	87,500	-	-
Total Restatement	301,253	(10,727)	(442,477)
Fund balance / net position - June 30, 2015, as restated	\$ 50,966,543	\$ 25,252,147	\$ 67,023,603

The restatements above had no impact on the current year change in net position or change in fund balance.

I. Pending Implementation of GASB Statements

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68 and Amendments to Certain Provision of GASB Statement 67 and 68. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The County will implement the new guidance with the 2017 financial statements.

GASB Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The County will implement the new guidance with the 2017 financial statements.

GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The County will implement the new guidance with the 2018 financial statements.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Pending Implementation of GASB Statements, Continued

GASB Statement No. 77, Tax Abatement Disclosures, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The County will implement the new guidance with the 2017 financial statements.

GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14, requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The County will implement the new guidance with the 2017 financial statements.

GASB Statement No. 81, Irrevocable Split-Interest Agreements, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The County will implement the new guidance with the 2018 financial statements.

GASB Statement No. 82, Pension issues – an amendment of GASB Statements No. 67, No. 68, and No. 73, requires the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The County will implement the new guidance with the 2017 financial statements.

GASB Statement No. 83, Certain Asset Retirement Obligations addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The County will implement the new guidance with the 2019 financial statements.

GASB Statement No. 84, Fiduciary Activities addresses the criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The County will implement the new guidance with the 2019 financial statements.

County of Orangeburg, South Carolina

Notes to the Basic Financial Statements

June 30, 2016

I. Pending Implementation of GASB Statements, Continued

GASB Statement No. 85, Omnibus 2017 addresses practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application and post-employment benefits (pensions and other post-employment benefits (OPEB). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The County will implement the new guidance with the 2018 financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues addresses consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The County will implement the new guidance with the 2018 financial statements.

Management has not yet determined the impact implementation of these standards will have on the County's financial statements, if any.

J. Subsequent Events

In September 2016, the County issued a General Obligation Bond Anticipation Note (BAN) in the amount of \$5,000,000 at a fixed rate of interest of 0.98%, with a maturity date of March 1, 2017 to assist the County with planning and design of a new detention center and other capital projects.

In February 2017, the County issued a General Obligation Bond Anticipation Note (BAN) in the amount of \$7,000,000 at a fixed rate of interest of 1.39%, with a maturity date of December 1, 2017 to pay off the \$5,000,000 BAN issued in September 2016 and to assist the County with planning and design of a new detention center and other capital projects.

In January 2017, the County entered into a capital lease agreement to finance the acquisition of equipment with nineteen quarterly payments of \$126,038 and a final balloon payment of \$873,727 due December 2021.

In March 2017, the County entered into a capital lease agreement to finance the acquisition of equipment with nineteen quarterly payments of \$64,894 and a final balloon payment of \$420,174 due December 2021.

Management has evaluated subsequent events through June 27, 2017.

Required Supplementary Information

County of Orangeburg, South Carolina**Required Supplementary Information****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****General Fund****For the year ended June 30, 2016**

	GENERAL FUND					
	Original Budget	Final Budget	Actual (GAAP Basis)	GAAP to Budgetary Basis Differences	Actual (Budgetary Basis)	Variance
REVENUES						
Property taxes:						
Current property taxes	\$ 21,123,420	\$ 21,123,420	\$ 18,808,723	\$ -	\$ 18,808,723	\$ (2,314,697)
Delinquent property taxes	2,252,384	2,252,384	2,612,133	-	2,612,133	359,749
Homestead	1,185,526	1,185,526	1,241,898	-	1,241,898	56,372
Penalties	209,600	209,600	195,142	-	195,142	(14,458)
Manufacturers' reimbursement	569,250	569,250	537,558	-	537,558	(31,692)
Merchants' inventory tax	205,757	205,757	205,757	-	205,757	-
Fees in lieu of taxes	1,713,597	1,713,597	1,749,051	-	1,749,051	35,454
Sums in lieu of taxes (SCPSA)	6,500	6,500	9,212	-	9,212	2,712
Motor carriers' allocation	151,944	151,944	196,071	-	196,071	44,127
Escheatments - delinquent tax	105,000	105,000	104,671	-	104,671	(329)
Total property taxes	<u>27,522,978</u>	<u>27,522,978</u>	<u>25,660,216</u>	<u>-</u>	<u>25,660,216</u>	<u>(1,862,762)</u>
Licenses and permits:						
Franchise fees	337,152	337,152	375,824	-	375,824	38,672
Documentary stamps	134,000	134,000	222,025	-	222,025	88,025
Health department fees	38,000	38,000	-	-	-	(38,000)
Building permits	260,000	260,000	318,710	-	318,710	58,710
Mobile home licenses/inspection fees	4,500	4,500	3,363	-	3,363	(1,137)
Probate Judge licenses	10,000	10,000	9,180	-	9,180	(820)
Pollution control	3,500	3,500	10,513	-	10,513	7,013
Subdivision regulation fees	6,550	6,550	11,300	-	11,300	4,750
Total licenses and permits	<u>793,702</u>	<u>793,702</u>	<u>950,915</u>	<u>-</u>	<u>950,915</u>	<u>157,213</u>
Intergovernmental:						
State supplement	3,494,813	3,494,813	3,503,111	-	3,503,111	8,298
Mini-bottle tax	140,000	140,000	177,373	-	177,373	37,373
Accommodations tax	36,000	36,000	41,664	-	41,664	5,664
Tax supply aid	3,085	3,085	-	-	-	(3,085)
Voter registration and elections	136,750	136,750	61,956	-	61,956	(74,794)
Veterans' affairs	10,000	10,000	6,497	-	6,497	(3,503)
DSS - FFP funds	20,000	20,000	160,648	-	160,648	140,648
Probate, RMC, Clerk of Court, Sheriff	7,875	7,875	7,875	-	7,875	-
Other	-	-	14,348	-	14,348	14,348
Total intergovernmental	<u>3,848,523</u>	<u>3,848,523</u>	<u>3,973,472</u>	<u>-</u>	<u>3,973,472</u>	<u>124,949</u>
Charges for services						
Probate Judge	177,300	177,300	211,133	-	211,133	33,833
Clerk of Court	6,000	6,000	9,419	-	9,419	3,419
Family Court	65,045	65,045	31,950	-	31,950	(33,095)
Register of Deeds	130,000	130,000	113,790	-	113,790	(16,210)
Master in Equity	125,000	125,000	90,169	-	90,169	(34,831)
Treasurer returned checks	3,000	3,000	-	-	-	(3,000)
Tax Collector fees	493,168	493,168	567,439	-	567,439	74,271
Sheriff's fees	17,000	17,000	15,859	-	15,859	(1,141)
Ambulance service fees	2,000,000	2,000,000	2,474,898	-	2,474,898	474,898
Clean up fees	12,000	12,000	73,112	-	73,112	61,112
Magistrates' costs	104,031	104,031	6,201	-	6,201	(97,830)
Other charges for services	100,000	100,000	10,952	-	10,952	(89,048)
Total charges for services	<u>3,232,544</u>	<u>3,232,544</u>	<u>3,604,922</u>	<u>-</u>	<u>3,604,922</u>	<u>372,378</u>

Continued

County of Orangeburg, South Carolina

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2016

	GENERAL FUND					
	Original Budget	Final Budget	Actual (GAAP Basis)	GAAP to Budget Differences	Actual (Budgetary Basis)	Variance
REVENUES, Continued						
Fines and forfeitures						
Animal control fines	\$ 500	\$ 500	\$ 4,482	\$ -	\$ 4,482	\$ 3,982
Litter control fines	552	552	-	-	-	(552)
Central Traffic Court	622,874	622,874	446,814	-	446,814	(176,060)
Clerk of Court - General Sessions	16,000	16,000	14,596	-	14,596	(1,404)
Forfeited bonds	8,183	8,183	240	-	240	(7,943)
3% service costs	5,157	5,157	11,578	-	11,578	6,421
Magistrates' fees	184,320	184,320	198,267	-	198,267	13,947
Magistrates - various	52,211	52,211	54,021	-	54,021	1,810
Total fines and forfeits	889,797	889,797	729,998	-	729,998	(159,799)
Interest / miscellaneous						
Interest	50,473	50,473	-	-	-	(50,473)
Other	42,400	42,400	111,720	-	111,720	69,320
Rents and royalties	200,000	200,000	139,621	-	139,621	(60,379)
Map sales	25,000	25,000	22,388	-	22,388	(2,612)
Family Court set off debt	32,000	32,000	18,550	-	18,550	(13,450)
Surplus property sales	238,000	238,000	-	205,112	205,112	(32,888)
Magistrates' Court set off debt	37,000	37,000	-	-	-	(37,000)
Project reimbursements	8,000	8,000	-	-	-	(8,000)
Total interest / miscellaneous	632,873	632,873	292,279	205,112	497,391	(135,482)
Total revenues	36,920,417	36,920,417	35,211,802	205,112	35,416,914	(1,503,503)
EXPENDITURES						
General government:						
Legislative delegation	1,046	1,046	820	-	820	226
County Council / Clerk	292,283	292,583	275,427	-	275,427	17,156
County Administrator	269,644	271,735	291,366	-	291,366	(19,631)
Deputy Administrator - property services	179,028	179,028	167,277	-	167,277	11,751
Deputy Administrator - public works	530,257	530,257	334,374	-	334,374	195,883
Personnel	450,386	450,386	471,666	-	471,666	(21,280)
Election Commission	373,770	379,552	408,485	-	408,485	(28,933)
GIS mapping / record retention	331,811	331,811	362,552	-	362,552	(30,741)
Delinquent Tax Collector	456,362	456,362	406,638	-	406,638	49,724
Treasurer	363,669	363,669	366,731	-	366,731	(3,062)
Finance	396,415	396,415	423,398	-	423,398	(26,983)
Auditor	291,460	291,460	295,118	-	295,118	(3,658)
Tax Assessor	699,297	699,297	731,134	-	731,134	(31,837)
Information technology	1,389,161	1,389,161	1,078,254	-	1,078,254	310,907
Building inspection	332,558	332,558	341,474	-	341,474	(8,916)
Planning	192,286	192,286	206,281	-	206,281	(13,995)
Grants	55,059	55,059	63,496	-	63,496	(8,437)
Register of Deeds	203,935	203,935	219,373	-	219,373	(15,438)
Legal	239,410	239,410	278,383	-	278,383	(38,973)
Non-departmental	3,867,636	4,113,051	3,300,832	-	3,300,832	812,219
Development Commission	660,863	660,863	673,877	-	673,877	(13,014)
Capital outlay	48,000	52,218	-	43,394	43,394	8,824
Total general government	11,624,336	11,882,142	10,696,956	43,394	10,740,350	1,141,792

Continued

County of Orangeburg, South Carolina

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2016

	GENERAL FUND					
	Original Budget	Final Budget	Actual (GAAP Basis)	GAAP to Budget Differences	Actual (Budgetary Basis)	Variance
EXPENDITURES, Continued						
Judicial:						
Clerk of Court	\$ 256,607	\$ 256,607	\$ 264,622	\$ -	\$ 264,622	\$ (8,015)
Master in Equity	155,832	155,832	161,040	-	161,040	(5,208)
Circuit Court	200	200	-	-	-	200
Family Court	431,254	431,254	453,709	-	453,709	(22,455)
Probate Court	353,706	353,706	374,289	-	374,289	(20,583)
Regional Magistrates' Courts	1,355,374	1,358,374	1,426,081	-	1,426,081	(67,707)
Public Defender	600,000	600,000	600,000	-	600,000	-
Solicitor	634,288	634,288	634,288	-	634,288	-
Capital outlay	500	500	-	-	-	500
Total judicial	<u>3,787,761</u>	<u>3,790,761</u>	<u>3,914,029</u>	<u>-</u>	<u>3,914,029</u>	<u>(123,268)</u>
Public Works:						
Sign shop	66,728	66,728	48,059	-	48,059	18,669
Buildings and grounds	1,567,397	1,567,052	1,243,299	-	1,243,299	323,753
Purchasing	180,884	180,884	157,501	-	157,501	23,383
Vehicle maintenance	796,247	793,447	894,827	-	894,827	(101,380)
Capital outlay	153,000	156,275	-	126,801	126,801	29,474
Intergovernmental	-	-	307,977	-	307,977	(307,977)
Total public works	<u>2,764,256</u>	<u>2,764,386</u>	<u>2,651,663</u>	<u>126,801</u>	<u>2,778,464</u>	<u>(14,078)</u>
Public Safety:						
Sheriff	6,883,179	6,879,736	6,772,672	-	6,772,672	107,064
Emergency services	343,746	339,709	353,633	-	353,633	(13,924)
Coroner	332,626	332,626	303,218	-	303,218	29,408
Emergency medical services	2,708,062	2,767,062	3,208,122	-	3,208,122	(441,060)
E-911 communications center	667,979	666,935	728,736	-	728,736	(61,801)
Capital outlay	33,214	39,840	-	14,028	14,028	25,812
Transfer to LEC - Jail	5,103,559	5,123,476	-	4,181,843	4,181,843	941,633
Total public safety	<u>16,072,365</u>	<u>16,149,384</u>	<u>11,366,381</u>	<u>4,195,871</u>	<u>15,562,252</u>	<u>587,132</u>
Social and Health:						
Health Department	198,539	198,539	120,330	-	120,330	78,209
Mosquito control	50,297	50,297	46,661	-	46,661	3,636
Animal control	317,361	363,687	331,733	-	331,733	31,954
Orangeburg Area Development Center	481,640	481,640	421,448	-	421,448	60,192
Red Cross	14,000	14,000	14,000	-	14,000	-
Elloree Heritage Museum	10,000	10,000	10,000	-	10,000	-
Springfield Museum'	9,000	9,000	9,000	-	9,000	-
Depart of Social Services	190,000	190,000	192,419	-	192,419	(2,419)
Veterans' Affairs	108,174	108,141	116,434	-	116,434	(8,293)
Carolina Transit	76,683	76,683	-	134,654	134,654	(57,971)
Recreation - summer	33,172	33,172	6,160	-	6,160	27,012
Recreation - basketball	43,195	43,195	52,355	-	52,355	(9,160)
Indian Bluff park	89,746	90,366	69,638	-	69,638	20,728
Samaritan House	8,047	8,047	8,047	-	8,047	-
Council on Aging	94,000	94,000	94,000	-	94,000	-
Dawn Center	64,300	64,300	64,300	-	64,300	-
Dawn Center - mini bottle	140,000	140,000	165,349	-	165,349	(25,349)

Continued

County of Orangeburg, South Carolina

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2016

	GENERAL FUND					
	Original Budget	Final Budget	Actual (GAAP Basis)	GAAP to Budget Differences	Actual (Budgetary Basis)	Variance
EXPENDITURES, Continued						
Social and Health:						
Medically indigent	\$ 370,400	\$ 370,400	\$ 370,400	\$ -	\$ 370,400	\$ -
Orangeburg County Fine Arts Council	8,000	8,000	8,000	-	8,000	-
Soil and Water	48,945	48,945	56,185	-	56,185	(7,240)
Tri-County Chamber of Commerce	7,000	7,000	7,000	-	7,000	-
Project Life: Positeen	12,000	12,000	12,000	-	12,000	-
Santee Water Park	111,000	111,000	223,828	-	223,828	(112,828)
Boys and Girls Clubs	104,000	104,000	104,000	-	104,000	-
Orangeburg Community Action	10,000	10,000	10,000	-	10,000	-
Family Health Center	8,000	8,000	8,000	-	8,000	-
Mental Health	18,000	18,000	18,000	-	18,000	-
CORE	30,000	30,000	30,000	-	30,000	-
YMCA	-	-	50,000	-	50,000	(50,000)
Capital outlay	16,200	16,233	-	14,403	14,403	1,830
Total social and health	2,671,699	2,718,645	2,619,287	149,057	2,768,344	(49,699)
Capital outlay	-	-	198,626	(198,626)	-	-
Total capital outlay	-	-	198,626	(198,626)	-	-
Debt service						
Principal	-	-	124,976	-	124,976	(124,976)
Total debt service	-	-	124,976	-	124,976	(124,976)
Total expenditures	36,920,417	37,305,318	31,571,918	4,316,497	35,888,415	1,416,903
Excess of revenues over expenditures	-	(384,901)	3,639,884	(4,111,385)	(471,501)	(86,600)
OTHER FINANCING SOURCES						
Proceeds on sale of capital assets	-	-	205,112	(205,112)	-	-
Transfers in	-	384,901	614,521	-	614,521	229,620
Transfers out	-	-	(4,396,475)	4,316,497	(79,978)	(79,978)
Total other financing sources	-	384,901	(3,576,842)	4,111,385	534,543	149,642
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 63,042	\$ -	\$ 63,042	\$ 63,042

See Notes to Required Supplementary Information.

County of Orangeburg, South Carolina

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Special Education Fund

For the year ended June 30, 2016

	Special Education Fund					
	Original Budget	Final Budget	Actual (GAAP Basis)	GAAP to Budgetary Basis Differences	Actual (Budgetary Basis)	Variance
REVENUES						
Property taxes:						
Current property taxes	\$ 1,840,554	\$ 1,840,554	\$ 1,747,874	\$ -	\$ 1,747,874	\$ (92,680)
Delinquent property taxes	225,518	225,518	236,532	-	236,532	11,014
Homestead	131,000	131,000	111,384	-	111,384	(19,616)
Penalties	21,836	21,836	17,322	-	17,322	(4,514)
Manufacturers' reimbursement	55,000	55,000	48,195	-	48,195	(6,805)
Merchants' inventory tax	22,813	22,813	22,813	-	22,813	-
Fees in lieu of taxes	145,627	145,627	103,624	-	103,624	(42,003)
Motor carriers' allocation	18,786	18,786	19,419	-	19,419	633
Total property taxes	<u>2,461,134</u>	<u>2,461,134</u>	<u>2,307,163</u>	<u>-</u>	<u>2,307,163</u>	<u>(153,971)</u>
Intergovernmental:						
Library Aid	85,000	85,000	123,574	-	123,574	38,574
Lottery Funds	-	-	32,015	-	32,015	32,015
Total intergovernmental	<u>85,000</u>	<u>85,000</u>	<u>155,589</u>	<u>-</u>	<u>155,589</u>	<u>70,589</u>
Fines and forfeitures						
Fines	20,000	20,000	-	-	-	(20,000)
Total fines and forfeits	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Total revenues	<u>2,566,134</u>	<u>2,566,134</u>	<u>2,462,752</u>	<u>-</u>	<u>2,462,752</u>	<u>(103,382)</u>
EXPENDITURES						
Social and health						
Adult Literacy Council	6,000	6,000	6,000	-	6,000	-
North Family Community School	32,857	32,857	32,857	-	32,857	-
Total social and health	<u>38,857</u>	<u>38,857</u>	<u>38,857</u>	<u>-</u>	<u>38,857</u>	<u>-</u>
Other agencies and institutions:						
Public works						
Soil and Water	1,212	1,212	1,212	-	1,212	-
Soil and Water - personnel and benefits	37,142	37,142	38,747	-	38,747	(1,605)
Total public works	<u>38,354</u>	<u>38,354</u>	<u>39,959</u>	<u>-</u>	<u>39,959</u>	<u>(1,605)</u>
Social and health						
Clemson Extension	5,000	5,000	3,750	-	3,750	1,250
OC Technical College	1,130,740	1,130,740	1,130,740	-	1,130,740	-
Disability and Special Needs Board	12,000	12,000	12,000	-	12,000	-
Orangeburg County Library	1,334,658	1,334,658	1,507,405	-	1,507,405	(172,747)
Total social and health	<u>2,482,398</u>	<u>2,482,398</u>	<u>2,653,895</u>	<u>-</u>	<u>2,653,895</u>	<u>(171,497)</u>
Total expenditures	<u>2,559,609</u>	<u>2,559,609</u>	<u>2,732,711</u>	<u>-</u>	<u>2,732,711</u>	<u>(173,102)</u>
OTHER FINANCING SOURCES						
Transfers out	6,525	6,525	-	-	-	6,525
Total other financing sources	<u>6,525</u>	<u>6,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,525</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (269,959)</u>	<u>\$ -</u>	<u>\$ (269,959)</u>	<u>\$ (269,959)</u>

See Notes to Required Supplementary Information.

County of Orangeburg, South Carolina

Notes to Required Supplementary Information

June 30, 2016

Budgetary Data

The County uses the following procedures to establish the budgetary data reflected in the financial statements:

- a. In February of each year, all agencies of the county submit requests for appropriations to the County Administrator so that a budget may be prepared. By the end of March, the proposed budget is presented to County Council for review. The Council holds public hearings, and a final budget must be prepared and adopted by way of a County Ordinance no later than June 30.
- b. The budget ordinance appropriates amounts for activities/departments of the General, Accommodations Tax, Debt Service, Capital Improvement, New Brooklyn Lighting Tax District, Brookdale Lighting District, Creekmore Lighting District, Whittaker Lighting District, Enterprise, Roads and Bridges, E-911 Tariff, Victims' Assistance, Solid Waste, Detention Center and Orangeburg County Fire District Funds. The County by way of an additional ordinance, appropriates amounts raised by the Special Education Millage to fund the Library and other educational purposes.
- c. County Council authorization is required to transfer amounts exceeding \$20,000 from the Contingency Fund. The County administrator may, if deemed in the best interest of the County and within the appropriations provided by the budget ordinance, transfer funds from any fund, department, activity or purpose.
- d. The General Fund and Special Education Fund budgets reflect the legal level of budgetary control. The major special revenue fund, C Funds Fund, does not have a legally adopted budget.
- e. The budgets are on a basis consistent with GAAP for the General Fund and Special Education Fund, except that:
 1. Certain capital outlays are budgeted as functional expenditures.
 2. Proceeds of sale of certain capital assets are budgeted as revenue rather than other financing source.
 3. Certain transfers are budgeted as functional expenditures.

County of Orangeburg, South Carolina**Required Supplementary Information****Schedule of Funding Progress - Other Post-Employment Benefits****For the year ended June 30, 2016**

The County's annual required contribution (ARC), actual contributions and the percent funded are as follow:

Fiscal Period Ended	Annual Required Contribution (ARC)	Actual Contributions	Percent Funded
2016	\$ 5,068,336	\$ 307,151	6.1%
2015	4,775,688	302,507	6.3%
2014	4,502,762	267,308	5.9%

The funded status and funding progress of the plan was as follows:

Actuarial valuation date	Fiscal period ended	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll
7/1/2014	6/30/2016	\$ -	\$ 51,707,478	\$ 51,707,478	0.00%	\$ 19,471,757	265.6%
7/1/2014	6/30/2015	-	47,269,448	47,269,448	0.00%	19,149,443	246.8%
7/1/2012	6/30/2014	-	45,526,003	45,526,003	0.00%	19,375,957	235.0%

County of Orangeburg, South Carolina**Required Supplementary Information****Schedule of the County's Proportionate Share of the Net Pension Liability****For the year ended June 30, 2016**

	SCRS		
	2016	2015	2014
Employer's proportion of the net pension liability	0.10231%	0.12811%	0.12811%
Employer's proportionate share of the net pension liability	<u>\$ 19,425,084</u>	<u>\$ 23,618,882</u>	<u>\$ 24,606,275</u>
Employer's covered payroll during the measurement period	<u>\$ 13,300,897</u>	<u>\$ 12,433,158</u>	<u>\$ 12,063,783</u>
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	146.04341%	189.96688%	203.96815%
Plan fiduciary net position as a percentage of the total pension liability	57.00%	59.90%	56.39%

	PORS		
	2016	2015	2014
Employer's proportion of the net pension liability	0.43257%	0.57520%	0.57520%
Employer's proportionate share of the net pension liability	<u>\$ 9,565,685</u>	<u>\$ 11,011,786</u>	<u>\$ 11,923,738</u>
Employer's covered payroll during the measurement period	<u>\$ 7,186,862</u>	<u>\$ 6,942,799</u>	<u>\$ 6,889,946</u>
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.09961%	158.60730%	173.05996%
Plan fiduciary net position as a percentage of the total pension liability	64.60%	67.55%	62.98%

Note: The County implemented GASB 68 during fiscal year 2015, as such, only the last three years of data are available.
Over time, ten years of historical data will be presented.

County of Orangeburg, South Carolina
Required Supplementary Information
Schedule of the County's Pension Contributions
For the year ended June 30, 2016

	SCRS		
	2016	2015	2014
Statutorily required contribution	\$ 1,412,013	\$ 1,436,528	\$ 1,320,824
Contributions in relation to the statutorily required contribution	1,412,013	1,436,528	1,320,824
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 13,300,897	\$ 12,443,158	\$ 12,063,783
Contributions as a percentage of covered-employee payroll	10.61592%	11.54472%	10.94867%

	PORS		
	2016	2015	2014
Statutorily required contribution	\$ 981,416	\$ 926,821	\$ 895,058
Contributions in relation to the statutorily required contribution	981,416	926,821	895,058
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 7,186,862	\$ 6,942,799	\$ 6,889,946
Contributions as a percentage of covered-employee payroll	13.65570%	13.34939%	12.99078%

Note: The County implemented GASB 68 during fiscal year 2015, as such, only the last three years of data are available.
Over time, ten years of historical data will be presented.

Other Supplementary Information

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 7,963	\$ -	\$ -	\$ 7,963
Pooled cash	3,062,496	-	-	3,062,496
Receivables (net of allowance for uncollectibles)				
Property taxes	491,894	53,163	210,794	755,851
Intergovernmental	760,220	1,027	2,069	763,316
Accounts	153,667	-	-	153,667
Other	171,197	20,000	-	191,197
Due from other funds	14,419	1,000,350	-	1,014,769
Prepaid items	145	-	-	145
Land and buildings held for resale	-	6,599,372	-	6,599,372
Restricted assets:				
Cash and cash equivalents	67,437	-	-	67,437
Pooled cash	4,886,851	2,822,619	1,068,375	8,777,845
Total assets	<u>\$ 9,616,289</u>	<u>\$ 10,496,531</u>	<u>\$ 1,281,238</u>	<u>\$ 21,394,058</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other current liabilities	\$ 763,410	\$ 94,826	\$ -	\$ 858,236
Accrued salaries and fringe benefits	74,439	-	-	74,439
Due to other funds	2,131,551	119,215	4,234	2,255,000
Total liabilities	<u>2,969,400</u>	<u>214,041</u>	<u>4,234</u>	<u>3,187,675</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	411,957	44,654	172,942	629,553
Unavailable revenues - receivables	390,056	-	-	390,056
Total deferred inflows of resources	<u>802,013</u>	<u>44,654</u>	<u>172,942</u>	<u>1,019,609</u>
FUND BALANCES				
Nonspendable	145	-	-	145
Restricted	4,946,050	10,237,836	1,104,062	16,287,948
Committed	231,896	-	-	231,896
Assigned	2,742,258	-	-	2,742,258
Unassigned	(2,075,473)	-	-	(2,075,473)
Total fund balances	<u>5,844,876</u>	<u>10,237,836</u>	<u>1,104,062</u>	<u>17,186,774</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,616,289</u>	<u>\$ 10,496,531</u>	<u>\$ 1,281,238</u>	<u>\$ 21,394,058</u>

County of Orangeburg, South Carolina**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Governmental Funds****For the year ended June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Nonmajor Funds
REVENUES				
Taxes:				
Property taxes	\$ 5,594,486	\$ 629,426	\$ 2,607,775	\$ 8,831,687
Intergovernmental	5,166,805	389,967	-	5,556,772
Charges for services	4,675,822	-	-	4,675,822
Fines and forfeitures	487,122	-	-	487,122
Interest	5,894	1,995	-	7,889
Miscellaneous	161,224	-	-	161,224
Total revenues all sources	16,091,353	1,021,388	2,607,775	19,720,516
EXPENDITURES				
Current:				
General government	1,793,638	340,332	-	2,133,970
Judicial	176,952	-	-	176,952
Public works	6,569,087	70,672	-	6,639,759
Public safety	7,932,212	-	-	7,932,212
Social and health	988,501	-	-	988,501
Other agencies and institutions:				
Public works	156,120	166,020	-	322,140
Capital outlay	1,359,949	1,264,494	-	2,624,443
Debt service:				
Principal	1,291,596	-	2,409,705	3,701,301
Interest	187,271	-	339,936	527,207
Bond issuance costs	-	28,987	3,050	32,037
Total expenditures	20,455,326	1,870,505	2,752,691	25,078,522
Excess of revenues over (under) expenditures	(4,363,973)	(849,117)	(144,916)	(5,358,006)
OTHER FINANCING SOURCES (USES)				
Capital lease	-	938,000	-	938,000
Transfers in	4,669,477	81,027	-	4,750,504
Transfers out	(733,008)	(247,682)	-	(980,690)
Total other financing sources (uses)	3,936,469	771,345	-	4,707,814
Net change in fund balances	(427,504)	(77,772)	(144,916)	(650,192)
Fund balances, beginning of year	6,272,380	10,315,608	1,248,978	17,836,966
Fund balances, end of year	\$ 5,844,876	\$ 10,237,836	\$ 1,104,062	\$ 17,186,774

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Roads and Bridges Fund	Accommodations - Promotion Fund	Victims' Assistance Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Pooled cash	-	-	-
Receivables (net of allowance for uncollectibles)			
Property taxes	-	-	-
Intergovernmental	-	94,668	30,445
Accounts	557	-	6,233
Other	-	-	-
Due from other funds	-	-	10,185
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Pooled cash	-	49,541	3,291
Total assets	<u>\$ 557</u>	<u>\$ 144,209</u>	<u>\$ 50,154</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and other current liabilities	\$ 33,976	\$ 30,934	\$ -
Accrued salaries and fringe benefits	17,706	-	2,212
Due to other funds	1,012,244	-	429,893
Total liabilities	<u>1,063,926</u>	<u>30,934</u>	<u>432,105</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
Unavailable revenues - receivables	-	-	30,445
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>30,445</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	113,275	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	(1,063,369)	-	(412,396)
Total fund balances	<u>(1,063,369)</u>	<u>113,275</u>	<u>(412,396)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 557</u>	<u>\$ 144,209</u>	<u>\$ 50,154</u>

Continued

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	E911 Surcharge Fund	Legislative Delegation Fund	Carolina Transit Program
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Pooled cash	-	-	-
Receivables (net of allowance for uncollectibles)			
Property taxes	-	-	-
Intergovernmental	-	-	33,411
Accounts	-	-	-
Other	92,923	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Pooled cash	283,514	2,254,040	-
Total assets	<u>\$ 376,437</u>	<u>\$ 2,254,040</u>	<u>\$ 33,411</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 34	\$ -	\$ 82,665
Accrued salaries and fringe benefits	573	-	1,884
Due to other funds	2,069	-	315,239
Total liabilities	<u>2,676</u>	<u>-</u>	<u>399,788</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
Unavailable revenues - receivables	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	373,761	2,254,040	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(366,377)
Total fund balances	<u>373,761</u>	<u>2,254,040</u>	<u>(366,377)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 376,437</u>	<u>\$ 2,254,040</u>	<u>\$ 33,411</u>

Continued

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Solid Waste Fund	Fire Service Fund	Orangeburg Detention Center Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 500	\$ 7,463
Pooled cash	1,783,070	-	163,571
Receivables (net of allowance for uncollectibles)			
Property taxes	275,432	209,408	-
Intergovernmental	13,573	2,093	-
Accounts	146,877	-	-
Other	-	-	-
Due from other funds	4,234	-	-
Prepaid items	145	-	-
Restricted assets:			
Cash and cash equivalents	-	-	67,437
Pooled cash	-	670,184	-
Total assets	<u>\$ 2,223,331</u>	<u>\$ 882,185</u>	<u>\$ 238,471</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 158,505	\$ 3,774	\$ 156,611
Accrued salaries and fringe benefits	13,865	5,369	28,220
Due to other funds	34,172	12,773	53,094
Total liabilities	<u>206,542</u>	<u>21,916</u>	<u>237,925</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	231,708	174,709	-
Unavailable revenues - receivables	-	-	-
Total deferred inflows of resources	<u>231,708</u>	<u>174,709</u>	<u>-</u>
FUND BALANCES			
Nonspendable	145	-	-
Restricted	-	685,560	-
Committed	-	-	546
Assigned	1,784,936	-	-
Unassigned	-	-	-
Total fund balances	<u>1,785,081</u>	<u>685,560</u>	<u>546</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,223,331</u>	<u>\$ 882,185</u>	<u>\$ 238,471</u>

Continued

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Sheriff Sub-Funds	Grant Sub-Funds	HOME Consortium Grant Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Pooled cash	62,801	182,512	17,152
Receivables (net of allowance for uncollectibles)			
Property taxes	-	-	-
Intergovernmental	-	239,224	239,711
Accounts	-	-	-
Other	-	78,274	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Pooled cash	41,198	1,419,766	-
Total assets	<u>\$ 103,999</u>	<u>\$ 1,919,776</u>	<u>\$ 256,863</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and other current liabilities	\$ 3,424	\$ 17,157	\$ 256,863
Accrued salaries and fringe benefits	-	4,316	-
Due to other funds	-	179,314	-
Total liabilities	<u>3,424</u>	<u>200,787</u>	<u>256,863</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
Unavailable revenues - receivables	-	229,621	129,990
Total deferred inflows of resources	<u>-</u>	<u>229,621</u>	<u>129,990</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	40,687	1,317,906	-
Committed	59,888	171,462	-
Assigned	-	-	-
Unassigned	-	-	(129,990)
Total fund balances	<u>100,575</u>	<u>1,489,368</u>	<u>(129,990)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 103,999</u>	<u>\$ 1,919,776</u>	<u>\$ 256,863</u>

Continued

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Clerk of Court DSS Incentive Fund	Whittaker Lighting District Fund	Brookdale Lighting District Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Pooled cash	853,390	-	-
Receivables (net of allowance for uncollectibles)			
Property taxes	-	4,418	871
Intergovernmental	107,095	-	-
Accounts	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Pooled cash	-	160,134	-
Total assets	<u>\$ 960,485</u>	<u>\$ 164,552</u>	<u>\$ 871</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and other current liabilities	\$ 2,027	\$ 4,184	\$ 4,163
Accrued salaries and fringe benefits	294	-	-
Due to other funds	842	-	36,738
Total liabilities	<u>3,163</u>	<u>4,184</u>	<u>40,901</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	4,015	434
Unavailable revenues - receivables	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>4,015</u>	<u>434</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	156,353	-
Committed	-	-	-
Assigned	957,322	-	-
Unassigned	-	-	(40,464)
Total fund balances	<u>957,322</u>	<u>156,353</u>	<u>(40,464)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 960,485</u>	<u>\$ 164,552</u>	<u>\$ 871</u>

Note: In prior years, the HOME Consortium and Clerk of Court DSS Incentive Funds, now presented individually above, were presented as part of the Grant Sub-Funds fund.

Continued

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	New Brooklyn Lighting District Fund	Creekmoor Lighting District Fund	Fox Run Lighting District Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Pooled cash	-	-	-
Receivables (net of allowance for uncollectibles)			
Property taxes	1,379	152	211
Intergovernmental	-	-	-
Accounts	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Pooled cash	-	5,183	-
Total assets	<u>\$ 1,379</u>	<u>\$ 5,335</u>	<u>\$ 211</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and other current liabilities	\$ 5,563	\$ 749	\$ 1,752
Accrued salaries and fringe benefits	-	-	-
Due to other funds	55,173	-	-
Total liabilities	<u>60,736</u>	<u>749</u>	<u>1,752</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	888	118	85
Unavailable revenues - receivables	-	-	-
Total deferred inflows of resources	<u>888</u>	<u>118</u>	<u>85</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	4,468	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	(60,245)	-	(1,626)
Total fund balances	<u>(60,245)</u>	<u>4,468</u>	<u>(1,626)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,379</u>	<u>\$ 5,335</u>	<u>\$ 211</u>

Continued

County of Orangeburg, South Carolina**Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2016**

	Empire States Lighting District Fund	Nonmajor Special Revenue Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 7,963
Pooled cash	-	3,062,496
Receivables (net of allowance for uncollectibles)		
Property taxes	23	491,894
Intergovernmental	-	760,220
Accounts	-	153,667
Other	-	171,197
Due from other funds	-	14,419
Prepaid items	-	145
Restricted assets:		
Cash and cash equivalents	-	67,437
Pooled cash	-	4,886,851
Total assets	<u>\$ 23</u>	<u>\$ 9,616,289</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable and other current liabilities	\$ 1,029	\$ 763,410
Accrued salaries and fringe benefits	-	74,439
Due to other funds	-	2,131,551
Total liabilities	<u>1,029</u>	<u>2,969,400</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	-	411,957
Unavailable revenues - receivables	-	390,056
Total deferred inflows of resources	<u>-</u>	<u>802,013</u>
FUND BALANCES		
Nonspendable	-	145
Restricted	-	4,946,050
Committed	-	231,896
Assigned	-	2,742,258
Unassigned	(1,006)	(2,075,473)
Total fund balances	<u>(1,006)</u>	<u>5,844,876</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23</u>	<u>\$ 9,616,289</u>

County of Orangeburg, South Carolina***Combining Statement of Revenues, Expenditures and Changes in Fund Balances******Nonmajor Special Revenue Funds******For the year ended June 30, 2016***

	Roads and Bridges Fund	Accommodations - Promotion Fund	Victims' Assistance Fund
REVENUES			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	-	316,618	11,342
Charges for services	2,444,155	-	-
Fines and forfeitures	-	-	103,015
Interest	-	-	-
Miscellaneous	250	-	23,710
Total revenues all sources	<u>2,444,405</u>	<u>316,618</u>	<u>138,067</u>
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	-	-	-
Public works	1,806,041	-	-
Public safety	-	-	208,279
Social and health	-	311,054	-
Other agencies and institutions:			
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	663,310	-	-
Interest	101,658	-	-
Total expenditures	<u>2,571,009</u>	<u>311,054</u>	<u>208,279</u>
Excess of revenues over (under) expenditures	<u>(126,604)</u>	<u>5,564</u>	<u>(70,212)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	26,487	-	75,457
Transfers out	-	-	-
Total other financing sources (uses)	<u>26,487</u>	<u>-</u>	<u>75,457</u>
Net change in fund balances	(100,117)	5,564	5,245
Fund balances, beginning of year	<u>(963,252)</u>	<u>107,711</u>	<u>(417,641)</u>
Fund balances, end of year	<u>\$ (1,063,369)</u>	<u>\$ 113,275</u>	<u>\$ (412,396)</u>

Continued

County of Orangeburg, South Carolina***Combining Statement of Revenues, Expenditures and Changes in Fund Balances******Nonmajor Special Revenue Funds******For the year ended June 30, 2016***

	E911 Surcharge Fund	Legislative Delegation Fund	Carolina Transit Program
REVENUES			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	61,889	495,444	369,048
Charges for services	563,082	-	3,567
Fines and forfeitures	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total revenues all sources	<u>624,971</u>	<u>495,444</u>	<u>372,615</u>
EXPENDITURES			
Current:			
General government	-	210,348	-
Judicial	-	-	-
Public works	-	-	-
Public safety	224,684	-	-
Social and health	-	-	643,846
Other agencies and institutions:			
Public works	-	61,200	-
Capital outlay	-	-	121,962
Debt service:			
Principal	476,996	-	-
Interest	65,136	-	-
Total expenditures	<u>766,816</u>	<u>271,548</u>	<u>765,808</u>
Excess of revenues over (under) expenditures	<u>(141,845)</u>	<u>223,896</u>	<u>(393,193)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	134,654
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>134,654</u>
Net change in fund balances	(141,845)	223,896	(258,539)
Fund balances, beginning of year	<u>515,606</u>	<u>2,030,144</u>	<u>(107,838)</u>
Fund balances, end of year	<u>\$ 373,761</u>	<u>\$ 2,254,040</u>	<u>\$ (366,377)</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Special Revenue Funds****For the year ended June 30, 2016**

	Solid Waste Fund	Fire Service Fund	Orangeburg Detention Center Fund
REVENUES			
Taxes:			
Property taxes	\$ 2,896,694	\$ 2,606,181	\$ -
Intergovernmental	50,637	-	674,323
Charges for services	1,565,240	-	98,772
Fines and forfeitures	-	-	-
Interest	-	-	-
Miscellaneous	-	100,000	-
Total revenues all sources	<u>4,512,571</u>	<u>2,706,181</u>	<u>773,095</u>
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	-	-	-
Public works	4,426,555	-	-
Public safety	-	1,862,923	5,067,276
Social and health	-	-	-
Other agencies and institutions:			
Public works	-	-	-
Capital outlay	-	814,172	6,680
Debt service:			
Principal	151,290	-	-
Interest	20,477	-	-
Total expenditures	<u>4,598,322</u>	<u>2,677,095</u>	<u>5,073,956</u>
Excess of revenues over (under) expenditures	<u>(85,751)</u>	<u>29,086</u>	<u>(4,300,861)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	151,088	4,277,272
Transfers out	(82,813)	-	-
Total other financing sources (uses)	<u>(82,813)</u>	<u>151,088</u>	<u>4,277,272</u>
Net change in fund balances	(168,564)	180,174	(23,589)
Fund balances, beginning of year	<u>1,953,645</u>	<u>505,386</u>	<u>24,135</u>
Fund balances, end of year	<u>\$ 1,785,081</u>	<u>\$ 685,560</u>	<u>\$ 546</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Special Revenue Funds****For the year ended June 30, 2016**

	Sheriff Sub-Funds	Grant Sub-Funds	HOME Consortium Grant Fund
REVENUES			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	21,283	1,438,915	1,210,774
Charges for services	-	-	-
Fines and forfeitures	50,975	-	-
Interest	-	5,894	-
Miscellaneous	12,659	23,920	-
Total revenues all sources	<u>84,917</u>	<u>1,468,729</u>	<u>1,210,774</u>
EXPENDITURES			
Current:			
General government	-	254,056	1,329,234
Judicial	-	1,988	-
Public works	-	336,491	-
Public safety	93,894	475,156	-
Social and health	-	33,601	-
Other agencies and institutions:			
Public works	-	-	-
Capital outlay	-	417,135	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>93,894</u>	<u>1,518,427</u>	<u>1,329,234</u>
Excess of revenues over (under) expenditures	<u>(8,977)</u>	<u>(49,698)</u>	<u>(118,460)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,519	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,519</u>	<u>-</u>
Net change in fund balances	(8,977)	(45,179)	(118,460)
Fund balances, beginning of year	<u>109,552</u>	<u>1,534,547</u>	<u>(11,530)</u>
Fund balances, end of year	<u>\$ 100,575</u>	<u>\$ 1,489,368</u>	<u>\$ (129,990)</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Special Revenue Funds****For the year ended June 30, 2016**

	Clerk of Court DSS Incentive Fund	Whittaker Lighting District Fund	Brookdale Lighting District Fund
REVENUES			
Taxes:			
Property taxes	\$ -	\$ 52,356	\$ 8,940
Intergovernmental	516,532	-	-
Charges for services	1,006	-	-
Fines and forfeitures	333,132	-	-
Interest	-	-	-
Miscellaneous	685	-	-
Total revenues all sources	851,355	52,356	8,940
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	174,964	-	-
Public works	-	-	-
Public safety	-	-	-
Social and health	-	-	-
Other agencies and institutions:			
Public works	-	49,769	12,015
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	174,964	49,769	12,015
Excess of revenues over (under) expenditures	676,391	2,587	(3,075)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(650,195)	-	-
Total other financing sources (uses)	(650,195)	-	-
Net change in fund balances	26,196	2,587	(3,075)
Fund balances, beginning of year	931,126	153,766	(37,389)
Fund balances, end of year	\$ 957,322	\$ 156,353	\$ (40,464)

Note: In prior years, the HOME Consortium and Clerk of Court DSS Incentive Funds, now presented individually above, were presented as part of the Grant Sub-Funds fund.

Continued

County of Orangeburg, South Carolina**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Special Revenue Funds****For the year ended June 30, 2016**

	New Brooklyn Lighting District Fund	Creekmoor Lighting District Fund	Fox Run Lighting District Fund
REVENUES			
Taxes:			
Property taxes	\$ 9,019	\$ 9,804	\$ 7,306
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total revenues all sources	9,019	9,804	7,306
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	-	-	-
Public works	-	-	-
Public safety	-	-	-
Social and health	-	-	-
Other agencies and institutions:			
Public works	13,227	8,822	7,003
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	13,227	8,822	7,003
Excess of revenues over (under) expenditures	(4,208)	982	303
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(4,208)	982	303
Fund balances, beginning of year	(56,037)	3,486	(1,929)
Fund balances, end of year	\$ (60,245)	\$ 4,468	\$ (1,626)

Continued

County of Orangeburg, South Carolina**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Special Revenue Funds****For the year ended June 30, 2016**

	Empire States Lighting District Fund	Nonmajor Special Revenue Funds
REVENUES		
Taxes:		
Property taxes	\$ 4,186	\$ 5,594,486
Intergovernmental	-	5,166,805
Charges for services	-	4,675,822
Fines and forfeitures	-	487,122
Interest	-	5,894
Miscellaneous	-	161,224
Total revenues all sources	<u>4,186</u>	<u>16,091,353</u>
EXPENDITURES		
Current:		
General government	-	1,793,638
Judicial	-	176,952
Public works	-	6,569,087
Public safety	-	7,932,212
Social and health	-	988,501
Other agencies and institutions:		
Public works	4,084	156,120
Capital outlay	-	1,359,949
Debt service:		
Principal	-	1,291,596
Interest	-	187,271
Total expenditures	<u>4,084</u>	<u>20,455,326</u>
Excess of revenues over (under) expenditures	<u>102</u>	<u>(4,363,973)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	4,669,477
Transfers out	-	(733,008)
Total other financing sources (uses)	<u>-</u>	<u>3,936,469</u>
Net change in fund balances	102	(427,504)
Fund balances, beginning of year	<u>(1,108)</u>	<u>6,272,380</u>
Fund balances, end of year	<u>\$ (1,006)</u>	<u>\$ 5,844,876</u>

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016

	Capital Project Tax I	Capital Improvement Fund	Western Orangeburg Industrial Park Fund	Orangeburg County / City Industrial Park
ASSETS				
Receivables (net of allowance for uncollectibles)				
Property taxes	\$ -	\$ 53,163	\$ -	\$ -
Intergovernmental	-	1,027	-	-
Other	-	-	-	20,000
Due from other funds	1,000,350	-	-	-
Land and buildings held for resale	-	-	2,315,308	987,799
Restricted assets:				
Pooled cash	1,738,066	628,031	248,409	151,649
Total assets	<u>\$ 2,738,416</u>	<u>\$ 682,221</u>	<u>\$ 2,563,717</u>	<u>\$ 1,159,448</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other current liabilities	\$ -	\$ 41,194	\$ -	\$ -
Due to other funds	-	-	119,215	-
Total liabilities	<u>-</u>	<u>41,194</u>	<u>119,215</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	44,654	-	-
Total deferred inflows of resources	<u>-</u>	<u>44,654</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	<u>2,738,416</u>	<u>596,373</u>	<u>2,444,502</u>	<u>1,159,448</u>
Total fund balances	<u>2,738,416</u>	<u>596,373</u>	<u>2,444,502</u>	<u>1,159,448</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,738,416</u>	<u>\$ 682,221</u>	<u>\$ 2,563,717</u>	<u>\$ 1,159,448</u>

Continued

County of Orangeburg, South Carolina
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016

	Capital Equipment Fund	Economic Development	Bond Issue 2016	Nonmajor Capital Projects Funds
ASSETS				
Receivables (net of allowance for uncollectibles)				
Property taxes	\$ -	\$ -	\$ -	\$ 53,163
Intergovernmental	-	-	-	1,027
Other	-	-	-	20,000
Due from other funds	-	-	-	1,000,350
Land and buildings held for resale	-	3,296,265	-	6,599,372
Restricted assets:				
Pooled cash	2,832	-	53,632	2,822,619
Total assets	<u>\$ 2,832</u>	<u>\$ 3,296,265</u>	<u>\$ 53,632</u>	<u>\$ 10,496,531</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ -	\$ -	\$ 53,632	\$ 94,826
Due to other funds	-	-	-	119,215
Total liabilities	<u>-</u>	<u>-</u>	<u>53,632</u>	<u>214,041</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	-	44,654
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,654</u>
FUND BALANCES				
Restricted	<u>2,832</u>	<u>3,296,265</u>	<u>-</u>	<u>10,237,836</u>
Total fund balances	<u>2,832</u>	<u>3,296,265</u>	<u>-</u>	<u>10,237,836</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,832</u>	<u>\$ 3,296,265</u>	<u>\$ 53,632</u>	<u>\$ 10,496,531</u>

County of Orangeburg, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the year ended June 30, 2016

	Capital Project Tax I	Capital Improvement Fund	Western Orangeburg Industrial Park Fund	Orangeburg County / City Industrial Park
REVENUES				
Taxes:				
Property taxes	\$ -	\$ 629,426	\$ -	\$ -
Intergovernmental	-	389,967	-	-
Interest	-	-	-	-
Total revenues all sources	-	1,019,393	-	-
EXPENDITURES				
Current:				
General government	-	329,053	-	-
Public works	70,672	-	-	-
Other agencies and institutions:				
Public works	-	166,020	-	-
Capital outlay	-	283,738	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	70,672	778,811	-	-
Excess of revenues over (under) expenditures	(70,672)	240,582	-	-
OTHER FINANCING SOURCES (USES)				
Capital lease	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(247,682)	-	-
Total other financing sources (uses)	-	(247,682)	-	-
Net change in fund balances	(70,672)	(7,100)	-	-
Fund balances, beginning of year	2,809,088	603,473	2,444,502	1,159,448
Fund balances, end of year	\$ 2,738,416	\$ 596,373	\$ 2,444,502	\$ 1,159,448

Continued

County of Orangeburg, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the year ended June 30, 2016

	Capital Equipment Fund	Economic Development	Bond Issue 2016	Nonmajor Capital Projects Funds
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ 629,426
Intergovernmental	-	-	-	389,967
Interest	-	-	1,995	1,995
Total revenues all sources	-	-	1,995	1,021,388
EXPENDITURES				
Current:				
General government	-	-	11,279	340,332
Public works	-	-	-	70,672
Other agencies and institutions:				
Public works	-	-	-	166,020
Capital outlay	-	-	980,756	1,264,494
Debt service:				
Bond issuance costs	-	-	28,987	28,987
Total expenditures	-	-	1,021,022	1,870,505
Excess of revenues over (under) expenditures	-	-	(1,019,027)	(849,117)
OTHER FINANCING SOURCES (USES)				
Notes payable- master lease	-	-	938,000	938,000
Transfers in	-	-	81,027	81,027
Transfers out	-	-	-	(247,682)
Total other financing sources (uses)	-	-	1,019,027	771,345
Net change in fund balances	-	-	-	(77,772)
Fund balances, beginning of year	2,832	3,296,265	-	10,315,608
Fund balances, end of year	\$ 2,832	\$ 3,296,265	\$ -	\$ 10,237,836

County of Orangeburg, South Carolina**Combining Statement of Changes in Assets and Liabilities - Agency Funds****For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Education Agency Funds				
Consolidated School District 3				
Assets				
Pooled cash	\$ 1,742,585	\$ 15,800,088	\$ (15,901,244)	\$ 1,641,429
Total assets	<u>\$ 1,742,585</u>	<u>\$ 15,800,088</u>	<u>\$ (15,901,244)</u>	<u>\$ 1,641,429</u>
Liabilities				
Due to taxing unit	\$ 1,742,585	\$ 15,800,088	\$ (15,901,244)	\$ 1,641,429
Total liabilities	<u>\$ 1,742,585</u>	<u>\$ 15,800,088</u>	<u>\$ (15,901,244)</u>	<u>\$ 1,641,429</u>
Consolidated School District 4				
Assets				
Pooled cash	\$ 1,455,867	\$ 13,874,415	\$ (15,224,539)	\$ 105,743
Total assets	<u>\$ 1,455,867</u>	<u>\$ 13,874,415</u>	<u>\$ (15,224,539)</u>	<u>\$ 105,743</u>
Liabilities				
Due to taxing unit	\$ 1,455,867	\$ 13,874,415	\$ (15,224,539)	\$ 105,743
Total liabilities	<u>\$ 1,455,867</u>	<u>\$ 13,874,415</u>	<u>\$ (15,224,539)</u>	<u>\$ 105,743</u>
Consolidated School District 5				
Assets				
Pooled cash	\$ 2,280,199	\$ 36,393,927	\$ (36,187,052)	\$ 2,487,074
Total assets	<u>\$ 2,280,199</u>	<u>\$ 36,393,927</u>	<u>\$ (36,187,052)</u>	<u>\$ 2,487,074</u>
Liabilities				
Due to taxing unit	\$ 2,280,199	\$ 36,393,927	\$ (36,187,052)	\$ 2,487,074
Total liabilities	<u>\$ 2,280,199</u>	<u>\$ 36,393,927</u>	<u>\$ (36,187,052)</u>	<u>\$ 2,487,074</u>
County Board of Education				
Assets				
Pooled cash	\$ 466,535	\$ 8,580,088	\$ (8,794,225)	\$ 252,398
Total assets	<u>\$ 466,535</u>	<u>\$ 8,580,088</u>	<u>\$ (8,794,225)</u>	<u>\$ 252,398</u>
Liabilities				
Due to taxing unit	\$ 466,535	\$ 8,580,088	\$ (8,794,225)	\$ 252,398
Total liabilities	<u>\$ 466,535</u>	<u>\$ 8,580,088</u>	<u>\$ (8,794,225)</u>	<u>\$ 252,398</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Changes in Assets and Liabilities - Agency Funds****For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Municipal Agency Funds				
Town of Bowman				
Assets				
Pooled cash	\$ 2,872	\$ 131,535	\$ (132,069)	\$ 2,338
Total assets	<u>\$ 2,872</u>	<u>\$ 131,535</u>	<u>\$ (132,069)</u>	<u>\$ 2,338</u>
Liabilities				
Due to taxing unit	\$ 2,872	\$ 131,535	\$ (132,069)	\$ 2,338
Total liabilities	<u>\$ 2,872</u>	<u>\$ 131,535</u>	<u>\$ (132,069)</u>	<u>\$ 2,338</u>
Town of Branchville				
Assets				
Pooled cash	\$ 2,819	\$ 123,595	\$ (125,214)	\$ 1,200
Total assets	<u>\$ 2,819</u>	<u>\$ 123,595</u>	<u>\$ (125,214)</u>	<u>\$ 1,200</u>
Liabilities				
Due to taxing unit	\$ 2,819	\$ 123,595	\$ (125,214)	\$ 1,200
Total liabilities	<u>\$ 2,819</u>	<u>\$ 123,595</u>	<u>\$ (125,214)</u>	<u>\$ 1,200</u>
Town of Cope				
Assets				
Pooled cash	\$ 30	\$ 4,945	\$ (4,805)	\$ 170
Total assets	<u>\$ 30</u>	<u>\$ 4,945</u>	<u>\$ (4,805)</u>	<u>\$ 170</u>
Liabilities				
Due to taxing unit	\$ 30	\$ 4,945	\$ (4,805)	\$ 170
Total liabilities	<u>\$ 30</u>	<u>\$ 4,945</u>	<u>\$ (4,805)</u>	<u>\$ 170</u>
Town of Cordova				
Assets				
Pooled cash	\$ 43	\$ 4,209	\$ (4,200)	\$ 52
Total assets	<u>\$ 43</u>	<u>\$ 4,209</u>	<u>\$ (4,200)</u>	<u>\$ 52</u>
Liabilities				
Due to taxing unit	\$ 43	\$ 4,209	\$ (4,200)	\$ 52
Total liabilities	<u>\$ 43</u>	<u>\$ 4,209</u>	<u>\$ (4,200)</u>	<u>\$ 52</u>
Town of Elloree				
Assets				
Pooled cash	\$ 2,620	\$ 251,223	\$ (258,435)	\$ (4,592)
Total assets	<u>\$ 2,620</u>	<u>\$ 251,223</u>	<u>\$ (258,435)</u>	<u>\$ (4,592)</u>
Liabilities				
Due to taxing unit	\$ 2,620	\$ 251,223	\$ (258,435)	\$ (4,592)
Total liabilities	<u>\$ 2,620</u>	<u>\$ 251,223</u>	<u>\$ (258,435)</u>	<u>\$ (4,592)</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Changes in Assets and Liabilities - Agency Funds****For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Municipal Agency Funds				
Town of Eutawville				
Assets				
Pooled cash	\$ 1,177	\$ 78,634	\$ (79,228)	\$ 583
Total assets	<u>\$ 1,177</u>	<u>\$ 78,634</u>	<u>\$ (79,228)</u>	<u>\$ 583</u>
Liabilities				
Due to taxing unit	\$ 1,177	\$ 78,634	\$ (79,228)	\$ 583
Total liabilities	<u>\$ 1,177</u>	<u>\$ 78,634</u>	<u>\$ (79,228)</u>	<u>\$ 583</u>
Town of Holly Hill				
Assets				
Pooled cash	\$ 4,626	\$ 298,428	\$ (298,250)	\$ 4,804
Total assets	<u>\$ 4,626</u>	<u>\$ 298,428</u>	<u>\$ (298,250)</u>	<u>\$ 4,804</u>
Liabilities				
Due to taxing unit	\$ 4,626	\$ 298,428	\$ (298,250)	\$ 4,804
Total liabilities	<u>\$ 4,626</u>	<u>\$ 298,428</u>	<u>\$ (298,250)</u>	<u>\$ 4,804</u>
Town of Livingston				
Assets				
Pooled cash	\$ 121	\$ 5,011	\$ (4,936)	\$ 196
Total assets	<u>\$ 121</u>	<u>\$ 5,011</u>	<u>\$ (4,936)</u>	<u>\$ 196</u>
Liabilities				
Due to taxing unit	\$ 121	\$ 5,011	\$ (4,936)	\$ 196
Total liabilities	<u>\$ 121</u>	<u>\$ 5,011</u>	<u>\$ (4,936)</u>	<u>\$ 196</u>
Town of Neeses				
Assets				
Pooled cash	\$ 532	\$ 23,979	\$ (24,149)	\$ 362
Total assets	<u>\$ 532</u>	<u>\$ 23,979</u>	<u>\$ (24,149)</u>	<u>\$ 362</u>
Liabilities				
Due to taxing unit	\$ 532	\$ 23,979	\$ (24,149)	\$ 362
Total liabilities	<u>\$ 532</u>	<u>\$ 23,979</u>	<u>\$ (24,149)</u>	<u>\$ 362</u>
Town of North				
Assets				
Pooled cash	\$ 2,508	\$ 138,051	\$ (140,049)	\$ 510
Total assets	<u>\$ 2,508</u>	<u>\$ 138,051</u>	<u>\$ (140,049)</u>	<u>\$ 510</u>
Liabilities				
Due to taxing unit	\$ 2,508	\$ 138,051	\$ (140,049)	\$ 510
Total liabilities	<u>\$ 2,508</u>	<u>\$ 138,051</u>	<u>\$ (140,049)</u>	<u>\$ 510</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Changes in Assets and Liabilities - Agency Funds****For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Municipal Agency Funds				
Town of Norway				
Assets				
Pooled cash	\$ 1,260	\$ 37,924	\$ (38,304)	\$ 880
Total assets	<u>\$ 1,260</u>	<u>\$ 37,924</u>	<u>\$ (38,304)</u>	<u>\$ 880</u>
Liabilities				
Due to taxing unit	\$ 1,260	\$ 37,924	\$ (38,304)	\$ 880
Total liabilities	<u>\$ 1,260</u>	<u>\$ 37,924</u>	<u>\$ (38,304)</u>	<u>\$ 880</u>
Town of Orangeburg				
Assets				
Pooled cash	\$ 25,238	\$ 342,808	\$ (336,827)	\$ 31,219
Total assets	<u>\$ 25,238</u>	<u>\$ 342,808</u>	<u>\$ (336,827)</u>	<u>\$ 31,219</u>
Liabilities				
Due to taxing unit	\$ 25,238	\$ 342,808	\$ (336,827)	\$ 31,219
Total liabilities	<u>\$ 25,238</u>	<u>\$ 342,808</u>	<u>\$ (336,827)</u>	<u>\$ 31,219</u>
Town of Rowesville				
Assets				
Pooled cash	\$ 1,417	\$ 24,631	\$ (24,795)	\$ 1,253
Total assets	<u>\$ 1,417</u>	<u>\$ 24,631</u>	<u>\$ (24,795)</u>	<u>\$ 1,253</u>
Liabilities				
Due to taxing unit	\$ 1,417	\$ 24,631	\$ (24,795)	\$ 1,253
Total liabilities	<u>\$ 1,417</u>	<u>\$ 24,631</u>	<u>\$ (24,795)</u>	<u>\$ 1,253</u>
Town of Santee				
Assets				
Pooled cash	\$ 25,072	\$ 722,353	\$ (741,825)	\$ 5,600
Total assets	<u>\$ 25,072</u>	<u>\$ 722,353</u>	<u>\$ (741,825)</u>	<u>\$ 5,600</u>
Liabilities				
Due to taxing unit	\$ 25,072	\$ 722,353	\$ (741,825)	\$ 5,600
Total liabilities	<u>\$ 25,072</u>	<u>\$ 722,353</u>	<u>\$ (741,825)</u>	<u>\$ 5,600</u>
Town of Springfield				
Assets				
Pooled cash	\$ 1,818	\$ 62,916	\$ (62,720)	\$ 2,014
Total assets	<u>\$ 1,818</u>	<u>\$ 62,916</u>	<u>\$ (62,720)</u>	<u>\$ 2,014</u>
Liabilities				
Due to taxing unit	\$ 1,818	\$ 62,916	\$ (62,720)	\$ 2,014
Total liabilities	<u>\$ 1,818</u>	<u>\$ 62,916</u>	<u>\$ (62,720)</u>	<u>\$ 2,014</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Changes in Assets and Liabilities - Agency Funds****For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Municipal Agency Funds				
Town of Vance				
Assets				
Pooled cash	\$ 108	\$ 12,790	\$ (12,740)	\$ 158
Total assets	<u>\$ 108</u>	<u>\$ 12,790</u>	<u>\$ (12,740)</u>	<u>\$ 158</u>
Liabilities				
Due to taxing unit	\$ 108	\$ 12,790	\$ (12,740)	\$ 158
Total liabilities	<u>\$ 108</u>	<u>\$ 12,790</u>	<u>\$ (12,740)</u>	<u>\$ 158</u>
Town of Woodford				
Assets				
Pooled cash	\$ 81	\$ 3,461	\$ (3,433)	\$ 109
Total assets	<u>\$ 81</u>	<u>\$ 3,461</u>	<u>\$ (3,433)</u>	<u>\$ 109</u>
Liabilities				
Due to taxing unit	\$ 81	\$ 3,461	\$ (3,433)	\$ 109
Total liabilities	<u>\$ 81</u>	<u>\$ 3,461</u>	<u>\$ (3,433)</u>	<u>\$ 109</u>
Special Tax District Agency Funds				
Horse Range Watershed District				
Assets				
Pooled cash	\$ 30,260	\$ 19,883	\$ (28,780)	\$ 21,363
Total assets	<u>\$ 30,260</u>	<u>\$ 19,883</u>	<u>\$ (28,780)</u>	<u>\$ 21,363</u>
Liabilities				
Due to taxing unit	\$ 30,260	\$ 19,883	\$ (28,780)	\$ 21,363
Total liabilities	<u>\$ 30,260</u>	<u>\$ 19,883</u>	<u>\$ (28,780)</u>	<u>\$ 21,363</u>
Holly Hill Health and Drainage District				
Assets				
Pooled cash	\$ 1,074	\$ 13,105	\$ (12,640)	\$ 1,539
Total assets	<u>\$ 1,074</u>	<u>\$ 13,105</u>	<u>\$ (12,640)</u>	<u>\$ 1,539</u>
Liabilities				
Due to taxing unit	\$ 1,074	\$ 13,105	\$ (12,640)	\$ 1,539
Total liabilities	<u>\$ 1,074</u>	<u>\$ 13,105</u>	<u>\$ (12,640)</u>	<u>\$ 1,539</u>
Cow Castle Drainage District				
Assets				
Pooled cash	\$ 20,560	\$ 20,560	\$ (20,560)	\$ 20,560
Total assets	<u>\$ 20,560</u>	<u>\$ 20,560</u>	<u>\$ (20,560)</u>	<u>\$ 20,560</u>
Liabilities				
Due to taxing unit	\$ 20,560	\$ 20,560	\$ (20,560)	\$ 20,560
Total liabilities	<u>\$ 20,560</u>	<u>\$ 20,560</u>	<u>\$ (20,560)</u>	<u>\$ 20,560</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Changes in Assets and Liabilities - Agency Funds****For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Special Tax District Agency Funds				
Santee Fire District				
Assets				
Pooled cash	\$ 21,643	\$ 234,399	\$ (236,267)	\$ 19,775
Total assets	<u>\$ 21,643</u>	<u>\$ 234,399</u>	<u>\$ (236,267)</u>	<u>\$ 19,775</u>
Liabilities				
Due to taxing unit	\$ 21,643	\$ 234,399	\$ (236,267)	\$ 19,775
Total liabilities	<u>\$ 21,643</u>	<u>\$ 234,399</u>	<u>\$ (236,267)</u>	<u>\$ 19,775</u>
Departmental Agency Funds				
Solicitor's Drug Fund				
Assets				
Cash and cash equivalents	\$ 26,586	\$ 29,435	\$ (26,584)	\$ 29,437
Total assets	<u>\$ 26,586</u>	<u>\$ 29,435</u>	<u>\$ (26,584)</u>	<u>\$ 29,437</u>
Liabilities				
Due to others	\$ 26,586	\$ 29,435	\$ (26,584)	\$ 29,437
Total liabilities	<u>\$ 26,586</u>	<u>\$ 29,435</u>	<u>\$ (26,584)</u>	<u>\$ 29,437</u>
Solicitor's Forfeited Bond Fund				
Assets				
Cash and cash equivalents	\$ 18,737	\$ 19,153	\$ (18,797)	\$ 19,093
Total assets	<u>\$ 18,737</u>	<u>\$ 19,153</u>	<u>\$ (18,797)</u>	<u>\$ 19,093</u>
Liabilities				
Due to others	\$ 18,737	\$ 19,153	\$ (18,797)	\$ 19,093
Total liabilities	<u>\$ 18,737</u>	<u>\$ 19,153</u>	<u>\$ (18,797)</u>	<u>\$ 19,093</u>
Clerk of Court Agency Fund				
Assets				
Cash and cash equivalents	\$ 528,495	\$ 495,300	\$ (528,495)	\$ 495,300
Total assets	<u>\$ 528,495</u>	<u>\$ 495,300</u>	<u>\$ (528,495)</u>	<u>\$ 495,300</u>
Liabilities				
Due to others	\$ 528,495	\$ 495,300	\$ (528,495)	\$ 495,300
Total liabilities	<u>\$ 528,495</u>	<u>\$ 495,300</u>	<u>\$ (528,495)</u>	<u>\$ 495,300</u>
Master in Equity Agency Fund				
Assets				
Cash and cash equivalents	\$ 94,087	\$ 75,099	\$ (94,087)	\$ 75,099
Total assets	<u>\$ 94,087</u>	<u>\$ 75,099</u>	<u>\$ (94,087)</u>	<u>\$ 75,099</u>
Liabilities				
Due to others	\$ 94,087	\$ 75,099	\$ (94,087)	\$ 75,099
Total liabilities	<u>\$ 94,087</u>	<u>\$ 75,099</u>	<u>\$ (94,087)</u>	<u>\$ 75,099</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Changes in Assets and Liabilities - Agency Funds****For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Departmental Agency Funds				
Probate Court Agency Fund				
Assets				
Cash and cash equivalents	\$ 364,254	\$ 226,405	\$ (364,254)	\$ 226,405
Total assets	<u>\$ 364,254</u>	<u>\$ 226,405</u>	<u>\$ (364,254)</u>	<u>\$ 226,405</u>
Liabilities				
Due to others	\$ 364,254	\$ 226,405	\$ (364,254)	\$ 226,405
Total liabilities	<u>\$ 364,254</u>	<u>\$ 226,405</u>	<u>\$ (364,254)</u>	<u>\$ 226,405</u>
Family Court Agency Fund				
Assets				
Cash and cash equivalents	\$ 216,191	\$ 242,274	\$ (216,190)	\$ 242,275
Total assets	<u>\$ 216,191</u>	<u>\$ 242,274</u>	<u>\$ (216,190)</u>	<u>\$ 242,275</u>
Liabilities				
Due to others	\$ 216,191	\$ 242,274	\$ (216,190)	\$ 242,275
Total liabilities	<u>\$ 216,191</u>	<u>\$ 242,274</u>	<u>\$ (216,190)</u>	<u>\$ 242,275</u>
Magistrate Agency Fund				
Assets				
Cash and cash equivalents	\$ 33,742	\$ 43,748	\$ (33,742)	\$ 43,748
Total assets	<u>\$ 33,742</u>	<u>\$ 43,748</u>	<u>\$ (33,742)</u>	<u>\$ 43,748</u>
Liabilities				
Due to others	\$ 33,742	\$ 43,748	\$ (33,742)	\$ 43,748
Total liabilities	<u>\$ 33,742</u>	<u>\$ 43,748</u>	<u>\$ (33,742)</u>	<u>\$ 43,748</u>
Sheriff's Agency Fund				
Assets				
Cash and cash equivalents	\$ 25,341	\$ 20,449	\$ (25,341)	\$ 20,449
Total assets	<u>\$ 25,341</u>	<u>\$ 20,449</u>	<u>\$ (25,341)</u>	<u>\$ 20,449</u>
Liabilities				
Due to others	\$ 25,341	\$ 20,449	\$ (25,341)	\$ 20,449
Total liabilities	<u>\$ 25,341</u>	<u>\$ 20,449</u>	<u>\$ (25,341)</u>	<u>\$ 20,449</u>
Delinquent Tax Collector Agency Fund				
Assets				
Cash and cash equivalents	\$ 4,226,329	\$ 4,111,700	\$ (4,226,329)	\$ 4,111,700
Total assets	<u>\$ 4,226,329</u>	<u>\$ 4,111,700</u>	<u>\$ (4,226,329)</u>	<u>\$ 4,111,700</u>
Liabilities				
Due to others	\$ 4,226,329	\$ 4,111,700	\$ (4,226,329)	\$ 4,111,700
Total liabilities	<u>\$ 4,226,329</u>	<u>\$ 4,111,700</u>	<u>\$ (4,226,329)</u>	<u>\$ 4,111,700</u>

Continued

County of Orangeburg, South Carolina**Combining Statement of Changes in Assets and Liabilities - Agency Funds****For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Departmental Agency Funds				
Installment Tax Payment Agency Fund				
Assets				
Pooled cash	\$ 222,455	\$ 222,455	\$ (222,455)	\$ 222,455
Total assets	<u>\$ 222,455</u>	<u>\$ 222,455</u>	<u>\$ (222,455)</u>	<u>\$ 222,455</u>
Liabilities				
Due to others	\$ 222,455	\$ 222,455	\$ (222,455)	\$ 222,455
Total liabilities	<u>\$ 222,455</u>	<u>\$ 222,455</u>	<u>\$ (222,455)</u>	<u>\$ 222,455</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 5,533,762	\$ 5,263,563	\$ (5,533,819)	\$ 5,263,506
Pooled cash	6,313,520	77,425,413	(78,919,741)	4,819,192
Total assets	<u>\$ 11,847,282</u>	<u>\$ 82,688,976</u>	<u>\$ (84,453,560)</u>	<u>\$ 10,082,698</u>
Liabilities				
Due to taxing unit	\$ 6,091,065	\$ 77,202,958	\$ (78,697,286)	\$ 4,596,737
Due to others	5,756,217	5,486,018	(5,756,274)	5,485,961
Total liabilities	<u>\$ 11,847,282</u>	<u>\$ 82,688,976</u>	<u>\$ (84,453,560)</u>	<u>\$ 10,082,698</u>

Schedules Required by State Law

County of Orangeburg, South Carolina***Schedule of Fines, Assessments and Surcharges******For the year ended June 30, 2016***

Court fines and assessments

Court fines, assessments and surcharges	\$ 1,651,568
Remitted to State Treasurer	809,006
Court fines, assessments and surcharges retained by County	<u>\$ 842,562</u>

Court fines, assessments and surcharges retained by the County

General fund	\$ 739,547
Victims' assistance services	103,015
	<u>\$ 842,562</u>

Victims' Advocate fund

Court assessments allocated to victim fund	\$ 103,015
Local contribution	110,509
Funds available for victims' services	<u>213,524</u>

Victims' services expenditures

Wages and benefits	204,733
Supplies	1,701
Training and travel	1,401
Dues and memberships	200
Other	244
Total victims' services expenditures	<u>208,279</u>

Revenues in excess (deficit) of expenditures	5,245
--	-------

Deficit available for carry forward, beginning of year	(417,641)
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Deficit available for carry forward, end of year	<u>\$ (412,396)</u>
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County of Orangeburg, South Carolina
SC Department of Transportation Transit Grant
Schedule of Budgeted To Actual Costs
For the fiscal year ended June 30, 2016

Grant # SC-16-X039

OPT Contract # PT-6CC11-51

Contract Period: FY 2015-2016

Period of Performance: July 1, 2015 - June 30, 2016

	CONTRACT BUDGET		ACTUAL			Variance
	Original	Final	Section 5311	SMTF	Local	
Administration						
Personnel	\$ 31,535	\$ 43,500	\$ 14,770	\$ -	\$ 3,694	\$ 25,036
Fringe benefits	9,399	19,110	2,714	-	679	15,717
Professional services	3,600	5,400	-	-	-	5,400
Contract services - maintenance	3,400	3,600	2,207	-	552	841
Custodial fees	4,400	10,100	7,176	-	1,794	1,130
Materials and supplies	1,633	4,450	2,887	-	722	841
Utilities	2,000	6,000	1,454	-	363	4,183
Miscellaneous						
Advertising & promotion media	3,333	3,333	1,615	-	404	1,314
Drug testing	134	200	-	-	-	200
Professional dues & subscriptions	400	600	-	-	-	600
Travel	533	1,200	-	-	-	1,200
Total administration	60,367	97,493	32,823	-	8,208	56,462
Operations						
Personnel - wages	13,669	39,000	18,959	8,516	10,443	1,082
Personnel - benefits	6,041	14,000	2,769	1,243	1,526	8,462
Management service fee	324,631	443,000	207,820	93,343	114,477	27,360
Fuel and lubricants	10,000	16,000	-	-	-	16,000
Total operations	354,341	512,000	229,548	103,102	126,446	52,904
Capital						
Bus < 30 foot	-	58,000	46,378	-	8,184	3,438
Maintenance - vehicles	3,334	4,400	-	-	-	4,400
Total capital	3,334	62,400	46,378	-	8,184	7,838
Total program	\$ 418,042	\$ 671,893	\$ 308,749	\$ 103,102	\$ 142,838	\$ 117,204

Reconciliation:

Approved Budget	\$ 671,893
TI Federal Costs	308,749
TI State Costs	103,102
TI Local Costs	142,838
Budget Balance	\$ 117,204

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APPENDIX B

FORMS OF:

I. TRUST AGREEMENT

II. PURCHASE AND USE AGREEMENT

III. BASE LEASE

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INDEX

(This Index is not a part of the Trust Agreement but rather is for convenience of reference only)

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TRUST AGREEMENT
between
ORANGEBURG COUNTY FACILITIES CORPORATION
and
U.S. BANK NATIONAL ASSOCIATION, as Trustee
\$36,595,000 Orangeburg County Facilities Corporation Installment Purchase Revenue Bonds (Detention Center Project) Series 2017
Dated as of December 1, 2017

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TRUST AGREEMENT

This TRUST AGREEMENT, dated as of December 1, 2017 (“*Trust Agreement*”), is between ORANGEBURG COUNTY FACILITIES CORPORATION, a nonprofit corporation organized and existing under the laws of the State of South Carolina (“*Corporation*”), and U.S. Bank National Association, a national banking association chartered under the laws of the United States of America, with a corporate trust office located in Columbia, South Carolina (“*Trustee*”).

WITNESSETH:

WHEREAS, Orangeburg County, South Carolina (“*County*”), is simultaneously entering a Base Lease and Conveyance Agreement dated of even date herewith (“*Base Lease*”) with the Corporation, pursuant to which the County has leased certain real property as more particularly described in the Base Lease (“*2017 Real Property*”), and has conveyed the existing facilities located thereon (collectively, “*Conveyed Improvements*”), as more fully described in the Base Lease, to the Corporation;

WHEREAS, the Corporation is simultaneously entering an Installment Purchase and Use Agreement dated of even date herewith (“*Purchase and Use Agreement*”) with the County, pursuant to which the Corporation has agreed to make certain improvements comprising the 2017 Projects (as defined in the Purchase and Use Agreement) to certain of the Conveyed Improvements;

WHEREAS, the County will purchase the 2017 Facilities (as defined in the Purchase and Use Agreement) from the Corporation under the provisions of the Purchase and Use Agreement and the County will be entitled to occupy the 2017 Facilities pending completion of the payment therefor;

WHEREAS, the Corporation has agreed to make certain improvements comprising the Ancillary Projects (as defined below), which Ancillary Projects will be owned by the County and (i) are separate and distinct from the 2017 Projects, (ii) are not located on the 2017 Real Property, (iii) are not subject either to the Base Lease or the Purchase and Use Agreement, and (iv) do not serve as security for the Bonds;

WHEREAS, to provide funds to pay the costs of the 2017 Projects and the Ancillary Projects, the Corporation will issue its not exceeding \$36,595,000 Installment Purchase Revenue Bonds (Detention Center Project) Series 2017 Bonds (“*Series 2017 Bonds*”), pursuant to the terms of this Trust Agreement;

WHEREAS, the Corporation desires to enter into this Trust Agreement in order to prescribe the terms and conditions of the Series 2017 Bonds and the security therefor and to provide for the issuance of one or more series of additional bonds (“*Additional Bonds*” and, together with the Series 2017 Bonds, “*Bonds*”) to be secured under the terms hereof on a parity with the Series 2017 Bonds, and the Corporation and the Trustee are each authorized to execute and deliver this Trust Agreement and to do or cause to be done all acts provided or required to be performed on their respective parts;

WHEREAS, the Bonds are and will be secured by this Trust Agreement, and the Corporation and the Trustee are each authorized to execute and deliver this Trust Agreement and to do or cause to be done all acts provided or required to be performed on their respective parts;

WHEREAS, the source of payment and security for the Bonds, the rights (except for certain reserved rights described) of the Corporation under the Purchase and Use Agreement and certain of the payments to be made by the County under the Purchase and Use Agreement are being assigned, among other things, to the Trustee hereunder; and

WHEREAS, the Trustee has accepted the trusts created by this Trust Agreement, and in evidence thereof has joined in the execution hereof;

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BUT IN TRUST, NEVERTHELESS, and subject to the provisions of this Trust Agreement, the Bonds provided for herein, and the Purchase and Use Agreement, for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds executed and delivered under and secured by this Trust Agreement; for the enforcement of the payment of Base Payments by the County when payable, according to the true intent and meaning thereof of this Trust Agreement; and to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Trust Agreement, in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other Bond by reason of series designation, number, date of the Bond or of authorization, sale, execution, delivery or maturity thereof, or otherwise, so that each of the Bonds has the same right, lien and privilege under this Trust Agreement as all other Bonds and shall be secured equally and ratably hereby, it being intended that the lien and security of this Trust Agreement shall take effect from the date hereof, without regard to the date of the actual execution, delivery, sale or disposition of the Bonds as though upon that date all of the Bonds were actually executed, sold and delivered to purchasers for value; provided, however, that the amounts on deposit in the subaccounts, if any, of the Facilities Purchase Account and Reserve Account established for a particular series of Bonds shall be available solely for the benefit of such series (and for no other series) of Bonds; and provided, further, that:

(i) if the principal of the Bonds and premium, if any, and the interest due or to become due with respect thereto shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds of a particular Series has been paid and discharged in accordance with Article IX hereof; and

(ii) if all of the covenants, agreements, obligations, terms and conditions of the Corporation under this Trust Agreement have been kept, performed and observed and there has been paid to the Trustee, as such and as the Paying Agent (as defined herein), all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, this Trust Agreement and the rights assigned hereby shall cease, determine and be void with respect to the Bonds, except as provided in Section 9.2 hereof with respect to the survival of certain provisions hereof; otherwise, this Trust Agreement shall be and remain in full force and effect.

It is declared that all Bonds executed and delivered hereunder and secured hereby are to be executed, authenticated and delivered, and that all property assigned hereby is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Trust Agreement. The Corporation and the Trustee have each agreed and covenanted, and agree and covenant with each other and with each and all Holders, as follows:

ARTICLE I DEFINITIONS

SECTION 1.1 Definitions. Terms used herein without other definition have the meanings provided therefore in the Purchase and Use Agreement unless the context or use clearly indicates another meaning or intent. In addition, the following words and terms have the meanings set forth below unless the context or use clearly indicates another meaning or intent:

“*2017 BAN*” means the County’s General Obligation Bond Anticipation Note, Series 2017 outstanding in the principal amount of \$7,000,000.

“*2017 Facilities*” shall have the meaning set forth in the Purchase and Use Agreement.

“*2017 Projects*” shall have the meaning set forth in the Purchase and Use Agreement.

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NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that to secure the payment of the principal of, premium, if any, and interest on the Bonds, to secure the performance and observance of all the covenants, agreements, obligations and conditions contained therein and herein; and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be executed, delivered, held, secured and enforced; and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders thereof, and for other good and valuable consideration, the receipt of which is acknowledged, the Corporation has executed and delivered this Trust Agreement and absolutely assigns hereby and grants a security interest herein to the Trustee, and to its successors in trust, and its assigns all of the following described collateral, whether presently owned or subsequently acquired by the Corporation (“*Trust Estate*”):

GRANTING CLAUSE FIRST

All right, title and interest of the Corporation in and to the Revenues (as defined herein), including, without limitation, all Installment Payments (as defined in the Purchase and Use Agreement) and other amounts receivable by or on behalf of the Corporation under the Purchase and Use Agreement; subject to certain reserved rights described in Sections 4.2, 4.4 and 5.5, of the Purchase and Use Agreement, as described and referenced in Section 4.5 thereof (“*Reserved Rights*”).

GRANTING CLAUSE SECOND

All of the Corporation’s right, title, and interest in and to the 2017 Facilities, the Purchase and Use Agreement (except for the Reserved Rights), the Base Lease and the property rights evidenced thereby in the 2017 Real Property, including all the right, title, and interest of the Corporation in and to (a) all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the 2017 Real Property, and from and in connection with the Corporation’s ownership of the 2017 Facilities, including, without limiting the generality of the foregoing, rents and revenues under any and all leases of the 2017 Real Property or the 2017 Facilities or any agreement for the operation or management of the 2017 Real Property or the 2017 Facilities, and (b) all leases of all or part of the 2017 Facilities hereafter made, executed, or delivered, whether oral or written, together with any and all renewals, extensions, and modifications thereof and any guarantees of the lessees’ obligations thereof and any and all tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and other contracts, licenses, and permits now or hereafter affecting the 2017 Facilities, the 2017 Real Property or any part thereof.

GRANTING CLAUSE THIRD

All of the Corporation’s rights with respect to any contracts for the construction or acquisition of the 2017 Projects, including without limitation the Acquisition and Construction Contracts (as defined in the Purchase and Use Agreement); any insurance or condemnation proceeds with respect to the 2017 Facilities or any portion thereof, and the proceeds of any other collateral granted hereunder or assigned hereby as security for the Bonds.

GRANTING CLAUSE FOURTH

All moneys and investments in the funds and accounts created pursuant to this Trust Agreement (except such funds or accounts as may be created by the Trustee exclusively for the payment of arbitrage rebate related to the Bonds) and all income thereon.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

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“*2017 Real Property*” shall have the meaning set forth in the Recitals hereof.

“*2017 Reserve Requirement*” means, as of the date of delivery of the Series 2017 Bonds, \$0.

“*Account*” means any account in the Project Fund or Bond Fund or any account described in or created by the Trustee pursuant to Article V.

“*Additional Ancillary Projects*” means improvements funded by proceeds of Additional Bonds, but which improvements and the real property upon which the same is situated shall not be subject to the Base Lease or the Purchase and Use Agreement.

“*Additional Bonds*” means any bonds issued pursuant to this Trust Agreement after the issuance of the Series 2017 Bonds and secured by the Trust Estate on a parity with the Series 2017 Bonds under the terms of this Trust Agreement.

“*Additional Facilities*” means any facilities of the County proposed to be acquired, constructed or improved by the Corporation and made subject to the Purchase and Use Agreement and the Base Lease.

“*Additional Payments*” means Additional Payments as defined in the Purchase and Use Agreement.

“*Additional Real Property*” means any real property in addition to the 2017 Real Property that is or will become the site of Additional Facilities.

“*Ancillary Projects*” means the acquisition, construction, and equipping of certain new or existing facilities using proceeds of the 2017 BAN and the Series 2017 Bonds, all as described on Exhibit A to the Purchase and Use Agreement, as the same may be amended from time to time. The Ancillary Projects do not include the 2017 Projects. The Ancillary Projects are owned by the County.

“*Authorized Financial Representative*” means such person designated by the County as the agent of the Corporation who is authorized to provide directions with respect to the investment or reinvestment of amounts held by the Trustee or Custodian, as applicable, in funds and accounts established under this Trust Agreement, which designation shall be evidenced by a written certificate or letter signed by the Chairman of County Council or the County Administrator delivered to the Trustee or Custodian, as applicable, and may be revoked, rescinded or replaced by a similar certificate or letter at any time.

“*Base Lease*” means the Base Lease and Conveyance Agreement dated of even date herewith, between the County and the Corporation, as it may be amended and modified from time to time.

“*Base Payments*” means the Base Payments as defined in the Purchase and Use Agreement.

“*Beneficial Owner*” means any purchaser who acquires a beneficial ownership interest in an Initial Bond held by the Securities Depository. In determining any Beneficial Owner, the County, the Corporation, the Trustee and the Paying Agent may rely exclusively upon written representations made by and information given to the County, the Corporation, the Trustee and the Paying Agent, as the case may be, by the Securities Depository or its Participants with respect to any Initial Bond held by the Securities Depository or its Participants in which a beneficial ownership interest is claimed.

“*Bond*” or “*Bonds*” means the Series 2017 Bonds and any Additional Bonds issued and secured under the terms hereof.

“*Bond Counsel*” means a firm of nationally recognized bond counsel experienced in matters of tax-exempt finance as shall be acceptable to the Trustee, and for the Series 2017 Bonds means Parker Poe Adams & Bernstein LLP.

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“**Bond Fund**” means the Bond Fund established pursuant to Section 5.5 hereof.

“**Bond Payment Date**” means June 1 and December 1 of each year, commencing June 1, 2018.

“**Book-Entry Form**” or “**Book-Entry System**” means, with respect to the Series 2017 Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Series 2017 Bonds may be transferred only through a book-entry and (ii) physical bonds in fully registered form are registered only in the name of a Securities Depository or its nominee as Holder, with the physical bonds “immobilized” in the custody of the Trustee. The book-entry maintained by the Securities Depository is the record that identifies the owners of participatory interests in the Series 2017 Bonds, when subject to the Book-Entry System.

“**Business Day**” means any day of the week other than Saturday, Sunday or a day which shall be in the State or the state in which the principal office of the Trustee is located a legal holiday or a day on which banking corporations are authorized or obligated by law or executive order to close or a day on which the New York Stock Exchange is closed.

“**Closing Date**” means December 14, 2017.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, or any successor internal revenue laws of the United States enacted by the Congress of the United States in replacement thereof. References to the Code and sections of the Code include relevant applicable regulations, temporary regulations and proposed regulations thereunder and any successor provisions to those sections, regulations, temporary regulations or proposed regulations.

“**Corporation**” or “**Issuer**” means Orangeburg County Facilities Corporation, a nonprofit corporation formed under the laws of the State, and its successors and assigns.

“**Corporation Representative**” means the person or persons at the time designated to act on behalf of the Corporation in matters relating to the Base Lease, the Purchase and Use Agreement and this Trust Agreement as evidenced by a written certificate furnished to the County and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President or any Vice President. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

“**Counsel**” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the County or the Corporation.

“**County**” means Orangeburg County, South Carolina.

“**County Council**” means the County Council of Orangeburg County, South Carolina, as the governing body of the County and any successor body.

“**County Representative**” means the person or persons at the time designated to act on behalf of the County in matters relating to the Base Lease, the Purchase and Use Agreement or this Trust Agreement as evidenced by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person or persons and signed on behalf of the County by the County Council Chairman or County Administrator. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the County Representative.

“**Custodian**” shall have the meaning set forth in Section 5.2 hereof.

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(viii) Commercial paper rated, at all times, P-1 or better by Moody’s and A-1+ by S&P.

(ix) Obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof which obligations, at all times, are rated by S&P and Moody’s in the highest rating categories (without regard to any refinement or graduation of rating category by numerical modifier or otherwise) and without regard to credit enhancement assigned by such rating agencies to obligations of that nature.

(x) The Local Government Investment Pool managed by the Treasurer of the State of South Carolina.

(xi) A demand deposit account which is Federal Deposit Insurance Corporation insured up to \$250,000 and collateralized at 105% for balances over the Federal Deposit Insurance Corporation insurance amount in assets as defined in subsection (ix) above.

“**Event of Default**” means an Event of Default under Section 7.1 hereof.

“**Event of Nonappropriation**” means Event of Nonappropriation as defined in the Purchase and Use Agreement.

“**Extraordinary Services**” and “**Extraordinary Expenses**” means all services rendered and all reasonable expenses properly incurred by the Trustee under this Trust Agreement, other than Ordinary Services and Ordinary Expenses.

“**Facilities Purchase Account**” means the account of such name within the Bond Fund established pursuant to Section 5.5 hereof.

“**Federal Tax Certificate**” means the Federal Tax Certificate dated the date of the delivery of the Series 2017 Bonds of the County and the Corporation.

“**Fiscal Year**” means the Fiscal Year of the County as defined in the Purchase and Use Agreement.

“**Fund**” means the Bond Fund or Project Fund or any fund described in or created by the Trustee pursuant to Article V.

“**Holder**” or “**Holder of a Bond**” or “**Bondholder**” means the Person in whose name a Bond is registered on the Register.

“**Initial Bonds**” means the Series 2017 Bonds initially issued under the Book-Entry System as provided in Section 3.18 hereof.

“**Installment Payments**” means the amounts required to be paid to the Corporation by the County pursuant to Sections 4.1, 4.2 and 4.4 of the Purchase and Use Agreement.

“**Moody’s**” means Moody’s Investors Service, Inc., or its successors or assigns.

“**Ordinary Services**” and “**Ordinary Expenses**” means those services normally rendered, and those expenses normally incurred, by a trustee, registrar or paying agent under instruments similar to this Trust Agreement.

“**Outstanding**,” when used with reference to the Bonds, means, as of the applicable date, all the Bonds which have been executed and delivered, or which are being delivered by the Trustee under this Trust Agreement, except:

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“**Defeasance Obligations**” means (a) cash, or (b) Eligible Investments that are United States Treasury Obligations State and Local Government Series; United States Treasury bills, notes, bonds, or zero coupon treasury bonds all as traded on the open market; Direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; pre-refunded municipal obligations; obligations of the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank-direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration: Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration: Participation certificates; (v) U.S. Maritime Administration: Guaranteed Title XI financing; (vi) U.S. Department of Housing and Urban Development: Project Notes; Local Authority Bonds; New Communities Debenture-U.S. government guaranteed debentures; (vii) U.S. Public Housing notes and bonds-U.S. government guaranteed public housing bonds; or any legally permissible combination of any of the foregoing.

“**Eligible Investments**” means, to the extent permitted by applicable law:

(i) Certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

(ii) Investments in any of the following obligations provided such obligations are backed by the full faith and credit of the United States (a) direct obligations or fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States, (b) debentures of the Federal Housing Administration, (c) guaranteed mortgage-backed bonds of the Government National Mortgage Association, (d) certificates of beneficial interest of the Farmers Home Administration, (e) obligations of the Federal Financing Bank or (f) project notes and local authority bonds of the Department of Housing and Urban Development.

(iii) Investments in (a) senior obligations of the Federal Home Loan Bank System, (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (c) mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities that are valued greater than par on the portion of unpaid principal) of the Federal National Mortgage Association or (d) senior debt obligations of the Student Loan Marketing Association.

(iv) Repurchase agreements with primary dealers and/or banks rated, at all times, AA and AA2 or better by S&P (as defined below) and Moody’s (as defined below), respectively, collateralized with the obligations described in (i) or (ii) above, held by a third party custodian, at the levels set forth in Section 5.7.

(v) S.E.C. registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations issued by the U.S. Treasury and repurchase agreements backed by those obligations, including funds for which the Trustee or an affiliate of the Trustee acts as an advisor, and rated in the highest category by S&P and Moody’s.

(vi) Certificates of deposit of any bank (including the Trustee), trust company or savings and loan association whose short term obligations are rated, at all times, A-1 or better by S&P and Moody’s, provided that such certificates of deposit are fully secured by the obligations described in (i) or (ii) above, at the levels set forth in Section 5.7, the Trustee has a perfected first security interest in the obligations securing the certificates and the Trustee holds (or has the option to appoint a bank, trust company or savings and loan association as its agent to hold) the obligations securing the certificates.

(vii) Certificates of deposit of any bank (including the Trustee), trust company or savings and loan association which certificates are fully insured by the Federal Deposit Insurance Corporation.

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(i) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(ii) Bonds, or the portions thereof, for the payment, redemption or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee pursuant to the provisions of this Trust Agreement on or prior to that date for that purpose (whether upon or prior to the maturity date of those Bonds);

(iii) Bonds or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Trust Agreement; and

(iv) Bonds in lieu of which others have been executed and delivered under Section 3.12 of this Trust Agreement.

“**Participant**” means any bank, brokerage house or other financial institution for whom, from time to time, the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“**Paying Agent**” means the Trustee acting in that capacity.

“**Person**” or words importing “persons” means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

“**Principal Office**” used with respect to the Trustee in its capacity as Trustee or Paying Agent, means the principal office of the Trustee, located in Columbia, South Carolina, at which the Trustee conducts corporate trust business.

“**Project Fund**” means the Project Fund established pursuant to Section 5.2 hereof.

“**Purchase and Use Agreement**” means the Installment Purchase and Use Agreement dated of even date herewith, between the Corporation, as seller, and the County, as buyer, as the same may be amended or supplemented from time to time.

“**Purchase Option Price**” means Purchase Option Price as defined in the Purchase and Use Agreement.

“**Record Date**” means either a Regular Record Date or a Special Record Date as the case may be.

“**Register**” means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to Section 3.13 hereof.

“**Regular Record Date**” means, with respect to any Bond, the fifteenth day next preceding a Bond Payment Date applicable to such Bond.

“**Reserve Account**” means the account of such name within the Bond Fund established pursuant to Section 5.5 hereof.

“**Reserve Requirement**” means, with respect to the Bonds, the 2017 Reserve Requirement, and, with respect to a series of Additional Bonds, such reserve requirement set forth in the Supplemental Agreement authorizing the issuance of such series of Additional Bonds.

“**Reserve Surety**” has the meaning set forth in Section 5.6 hereof.

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“**Revenues**” means, with respect to the Bonds, (i) the Installment Payments under the Purchase and Use Agreement, (ii) all other moneys received or to be received by the Trustee under the Purchase and Use Agreement from the lease, sale or other disposition of the 2017 Facilities, (iii) any monies and investments in the Bond Fund (including the Facilities Purchase Account and the Reserve Account), and (iv) all income and profit from the investment of the foregoing moneys.

“**S&P**” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors.

“**Securities Depository**” means 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 Bonds, and to effect transfers of the Bonds, in Book-Entry Form, and includes and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

“**Securities Depository Nominee**” means, with respect to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name the Bonds shall be registered on the Register during the time such Bonds are held under a Book-Entry System through such Securities Depository.

“**Special Record Date**” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to Section 3.5 hereof.

“**State**” means the State of South Carolina.

“**Supplemental Agreement**” means any agreement supplemental to this Trust Agreement entered into between the Corporation and the Trustee in accordance with Article VIII hereof.

“**Trust Agreement**” means this Trust Agreement by and between the Corporation and the Trustee, as the same may be supplemented or amended by any Supplemental Agreement.

“**Trust Estate**” means the Trust Estate described in the Granting Clauses hereto.

“**Trustee**” means U.S. Bank National Association, a national banking association chartered under the laws of the United States of America, and its successor or successors and any other trustee which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Trust Agreement.

“**Underwriter**” means, with respect to the Series 2017 Bonds, PNC Capital Markets LLC.

“**Value**” or “**value**,” with respect to any Eligible Investments for the Facilities Purchase Account or the Reserve Account, calculated under this Trust Agreement shall be determined as of any date of calculation as follows:

- (a) the bid price published by a nationally recognized pricing service as selected by the Trustee in its sole discretion;
- (b) as to certificates of deposit and bankers’ acceptances: the face amount thereof, plus accrued interest; and
- (c) as to any investment not specified above: the value thereof established by prior agreement among the Corporation, the County, and the Trustee.

(b) The Corporation and the Trustee intend for this Trust Agreement to be a security agreement within the meaning of the Uniform Commercial Code as adopted by the State (“**UCC**”). The intent of the Corporation is to provide to the Trustee, to the fullest extent that the Trust Estate now or hereafter may be subject to a security interest under the UCC, the security interest in the Trust Estate including all presently-owned or after-acquired property constituting all or a portion of the Trust Estate. The Corporation hereby agrees to prepare and file all initial financing statements necessary to perfect this security interest or other statutory liens held by the Trustee. The Trustee shall advise the Corporation to prepare and file any continuations thereof. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under this Trust Agreement. The Trustee shall file continuation statements with respect to each UCC financing statement relating to the Trust Estate filed by Bond Counsel at the time of the issuance of the Bonds; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the Corporation or Bond Counsel that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements thereto pursuant to this Section and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Corporation shall be responsible for customary fees charged by the Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder. With respect to any of the Trust Estate in which a security interest is not perfected by the filing of a financing statement, the Corporation consents and agrees to undertake, and the Trustee agrees to cooperate fully with the Corporation, to perfect the security interest granted to the Trustee in the Trust Estate. During the term of the Purchase and Use Agreement, the Trustee may exclusively rely on the County to operate the 2017 Facilities (including the 2017 Real Property) in accordance with all laws, ordinances, rules and regulations, including without limitation, Environmental Laws.

(c) The Corporation and the Trustee intend for this Trust Agreement to be a collateral assignment of all rents, leases, issues and profits created by, or arising out of any right, title or interest of the Corporation in the Trust Estate, including without limitation, all leases, rents, issues, and profits arising out of the Base Lease, the Purchase and Use Agreement, and any future lease or leases now or hereinafter entered into by the Corporation.

SECTION 2.4 Powers and Trusts Granted. All acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Trust Agreement.

SECTION 2.5 Other Security Documents. The Corporation shall cause this Trust Agreement (or an assignment agreement of the Corporation in favor of the Trustee, in lieu hereof) and any financing statements relating hereto, to be filed, in such manner and at such places as may be required by law fully to protect the security of the Holders of the Bonds and the right, title and interest of the Trustee in and to the 2017 Facilities and the Trust Estate created by this Trust Agreement or any part thereof. The Corporation will cause the Base Lease, the Purchase and Use Agreement and any related instruments or documents, to be recorded and filed in the manner and in the places which may be required by law in order to preserve and protect fully the security of the Holders and the rights of the Trustee hereunder. The Corporation shall execute or cause to be executed any and all further instruments necessary for such protection of the interests of the Holders of the Bonds and to perfect and preserve the Trust Estate created by this Trust Agreement or any part thereof until the principal of and interest of the Bonds issued hereunder shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places

SECTION 1.2 Interpretation. Any reference to a section or provision of the Constitution of the State, or to a section, provision or chapter of the Code of Laws of South Carolina 1976, as amended, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the County, the Corporation, the Holders, or the Trustee under this Trust Agreement, the Bonds, the Base Lease, the Purchase and Use Agreement or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay principal, premium, if any, or interest on the Bonds in the amount and manner, at the times, and from the sources provided in this Trust Agreement, except as permitted herein.

Unless the context indicates otherwise, words implying the singular number include the plural number, and vice versa. The terms “hereof,” “hereby,” “herein,” “hereto,” “hereunder,” “hereinafter” and similar terms refer to this Trust Agreement; and the term “hereafter” means after, and the term “heretofore” means before the date of this Trust Agreement. Words of any gender generally include the correlative words of the other gender, unless the sense indicates otherwise.

References to sections, articles or exhibits, unless otherwise indicated, are to sections and articles of or exhibits to this Trust Agreement.

SECTION 1.3 Captions and Headings. The captions and headings in this Trust Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II RECITALS AND REPRESENTATIONS

SECTION 2.1 Base Lease and Purchase and Use Agreement. The Corporation and the County have entered into (i) the Base Lease, under which the County has leased its interest in the 2017 Real Property and has conveyed its interest in the Conveyed Improvements owned by it to the Corporation and (ii) the Purchase and Use Agreement, under the terms of which the County has arranged with the Corporation for the acquisition and installation, renovation and construction of the 2017 Projects, and for the sale to, and use and occupancy by the County, of the 2017 Facilities.

SECTION 2.2 Installment Payments. Under the Purchase and Use Agreement, the County is obligated to pay to the Corporation or its assigns during the term thereof Installment Payments for the purchase of the 2017 Facilities, subject to the occurrence of an Event of Nonappropriation as set forth in Section 4.7 of the Purchase and Use Agreement, and subject to the County’s right to exercise its purchase option as set forth in Section 9.1 of the Purchase and Use Agreement.

SECTION 2.3 Assignment and Conveyance.

(a) For the purpose of securing the payment of the Series 2017 Bonds, the Corporation has assigned, and granted a security interest in, the Trust Estate to the Trustee under the granting clauses hereto. The Corporation hereby represents and confirms that it has full legal power and authority to assign the Trust Estate as enumerated in the granting clauses hereto and that no assignment thereof has been made except to the Trustee. Notwithstanding anything in this Trust Agreement to the contrary, the Corporation shall be required to take any action required of it pursuant to the Purchase and Use Agreement, the Base Lease and any other contracts or agreements for which the Corporation’s rights thereunder have been assigned to the Trustee as part of the Trust Estate, unless the Trustee is acting on behalf of the Corporation pursuant to such assignment.

as may be requested by the Corporation in writing to perfect and to preserve the Trust Estate created by this Trust Agreement or any part thereof until the Bonds shall have been paid or discharged in the manner hereinafter provided.

SECTION 2.6 Contract Documents. The rights assigned under Granting Clause Third hereof include all of the Corporation’s right and title to modify, alter, or amend the contracts that are subject to the operation of Granting Clause Third (“**Contract Documents**”), to terminate the Contract Documents, and to waive or release the performance or observance of any obligation or condition of the Contract Documents. Notwithstanding such assignment, so long as there is no Event of Default, the Corporation shall have the right to modify, alter, or amend the Contract Documents without the approval of the Trustee if the County certifies that as a result of such modification, alteration or amendment, either (i) the costs of the 2017 Projects will not increase by more than 15%, or (ii) that if there is such an increase in the costs of the 2017 Projects, the County has deposited in the Project Fund the amount required to provide for such increase. The Corporation covenants that it will not assign its interest in the Contract Documents to any person or entity other than the Trustee. The Corporation shall allow the Trustee, upon reasonable notice, access to the Contract Documents in a manner and at a place and time convenient to the Trustee and the Corporation. The Trustee shall not assume any responsibilities, obligations or liabilities under the terms of any Contract Document. No action taken by the Trustee under this Section 2.6 shall require consent by the Bondholders. The Trustee shall consent to such proposed modification, alteration or amendment of the Contract Documents if the County makes the certifications required by this Section 2.6 in writing to the Trustee, and the County causes an opinion of Bond Counsel to be delivered to the Trustee to the effect that such proposed modification, alteration or amendment of the Contract Documents will not (a) materially adversely affect the aggregate value of the 2017 Facilities or (b) materially adversely affect the interests of the Bondholders in any other way. The Trustee shall have no liability to the Bondholders for any approval granted by it under this Section 2.6, provided that it acts in good faith.

ARTICLE III AUTHORIZATION AND TERMS OF BONDS

SECTION 3.1 Principal Amount of Series 2017 Bonds; Designation of Series 2017 Bonds; Conditions to Delivery.

(a) Pursuant to the provisions of this Trust Agreement, there are hereby authorized to be issued several series of bonds of the Corporation. Upon the execution and delivery hereof, there is hereby authorized this series of bonds in the principal amount of \$36,595,000 designated “Orangeburg County Facilities Corporation Installment Purchase Revenue Bonds (Detention Center Project) Series 2017” with such further and other designation as may be necessary to identify such series.

(b) Upon the execution and delivery of this Trust Agreement, and satisfaction of the conditions established by this Trust Agreement and the Purchase and Use Agreement for delivery of the Series 2017 Bonds, the Corporation shall execute, and the Trustee shall authenticate and deliver, the Series 2017 Bonds to, or to the order of, the Underwriter.

(c) Before the Trustee authenticates any of the Series 2017 Bonds, the Trustee shall have received a request and authorization from the County and the Corporation, signed on their behalf by a County Representative and the Corporation Representative, respectively, to authenticate the Series 2017 Bonds upon payment to the Trustee of the amount specified therein, which amount shall be deposited as provided in Section 5.1 hereof. Executed copies of the following shall be submitted with the request:

- (i) the Base Lease;

- (ii) the Purchase and Use Agreement;
- (iii) this Trust Agreement; and
- (iv) the Tax Certificate with respect to the Series 2017 Bonds.

(d) THE SERIES 2017 BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL BE AN OBLIGATION OF THE CORPORATION, AND SHALL BE SECURED BY AND PAYABLE FROM THE TRUST ESTATE. THE SERIES 2017 BONDS DO NOT AND SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY. THE BONDS AND THE INTEREST THEREON ARE PAYABLE FROM AND SECURED BY THE TRUST ESTATE AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THIS TRUST AGREEMENT FOR THE EQUAL AND RATABLE BENEFIT OF THE HOLDERS, FROM TIME TO TIME, OF THE SERIES 2017 BONDS.

SECTION 3.2 Purposes. The Series 2017 Bonds are authorized for the principal purpose of providing funds to defray all or a portion of the cost, together with other available funds, to: (i) finance the costs of acquiring, designing and constructing certain facilities ("**2017 Projects**") to be used by the County, on real property owned by the County ("**2017 Real Property**," with the 2017 Projects, "**2017 Facilities**") that will serve as security for the Bonds, and certain additional facilities distinct from the 2017 Projects and not serving as security for the Bonds ("**Ancillary Projects**"); (ii) currently refund the 2017 BAN; (iii) fund capitalized interest through June 1, 2018, during the construction of the 2017 Projects; and (iv) pay the costs of issuing the Bonds. The funds being used to pay costs of acquisition, or renovation, design, construction, and equipment of the 2017 Projects and the Ancillary Projects are to be made available through the Project Fund to the Corporation and the County pursuant to the provisions of Section 5.3 hereof and the Purchase and Use Agreement.

SECTION 3.3 Maturity Schedule; Date; Interest Rates. The Series 2017 Bonds shall mature on December 1 in the years and principal amounts set forth below and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) payable on each Bond Payment Date, at the rates set forth below.

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any changes required to make Additional Real Property subject thereto; and (iii) an amendment or supplement to the Base Lease extending the term thereof by the same amount of time as any extension to the term of the Purchase and Use Agreement, and making any changes required to make Additional Real Property subject thereto. No Additional Bonds shall be issued hereunder unless the Trustee the issuance of such Additional Bonds, the modifications to the Trust Agreement, the Purchase and Use Agreement and the Base Lease and the application of the proceeds of the Additional Bonds as envisioned thereby are authorized and permitted under this Trust Agreement and shall not adversely affect the federal income treatment of interest payments received or to be received by the Holders of the Series 2017 Bonds or any Additional Bonds issued as obligations the interest on which is not includable in the gross income of the holders thereof, then Outstanding. No Additional Bonds may be issued hereunder if at the time there is an Event of Default or an Event of Nonappropriation.

(d) **Other Provisions Relating to Additional Bonds.** The details of any Additional Bonds, including any Reserve Requirement relating thereto and the payment provisions thereof, shall be specified in the Supplemental Agreement hereto providing for the issuance thereof. Such Supplemental Agreement shall include provisions establishing the separate accounts and subaccounts of the Bond Fund and other funds and accounts for such series of Additional Bonds.

SECTION 3.5 Payment of Principal and Interest.

(a) Each of the Bonds shall be authenticated, as provided in Section 3.10 hereof, on such date as it shall be delivered and shall bear interest from the date of this Trust Agreement. Additional Bonds shall be authenticated and bear interest as provided in the Supplemental Agreement prescribing the terms and conditions thereof.

(b) Subject to the provisions of Section 3.18 hereof, the principal of and premium, if any, on the Bonds shall be paid in immediately available funds by check or draft drawn upon the Trustee to the Holders thereof upon presentation and surrender thereof when due at the designated corporate trust office of the Trustee; provided, that in the event that the Bonds are not held under a Book-Entry System, any Holder in an aggregate principal amount of not less than \$1,000,000 may, by prior written instructions filed by the Trustee prior to the close of business on the applicable Record Date (which instructions shall remain in effect until revoked by subsequent written instructions), request that principal and premium payments be made by wire transfer or other means acceptable to the Trustee to an account in the continental United States. Subject to the provisions of Section 3.18 hereof, the interest on the Bonds shall be paid by check or draft drawn upon the Trustee and mailed to the Holders in whose names the Bonds are registered on the Record Date; provided, that in the event that the Bonds are not held under a Book-Entry System, any Holder in an aggregate principal amount of not less than \$1,000,000 may, by prior written instructions filed by the Trustee prior to the close of business on the applicable Record Date (which instructions shall remain in effect until revoked by subsequent written instructions), request that interest payments for any period be made by wire transfer or other means acceptable to the Trustee to an account in the continental United States.

(c) Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Bond Payment Date (herein called "**Defaulted Interest**") shall forthwith cease to be payable to the Owner of such Bond on the relevant Regular Record Date by virtue of having been such Owner. The Trustee may elect to make payment of any Defaulted Interest to the persons in whose names such Bonds (or their respective predecessor Bonds) are registered at the close of business on a Special Record Date (as defined below) for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Trustee shall (i) determine the amount of Defaulted Interest proposed to be paid on each such Bond and the date of the proposed payment ("**Special Payment Date**"), (ii) fix a date ("**Special Record Date**") which shall not be more than 15 nor less than 10 days prior to the date of the Special Payment Date, and (iii) cause notice of the Special Payment Date of such Defaulted Interest and the Special Record

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\$25,145,000 SERIAL BONDS

DUE DECEMBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	PRICE	INITIAL CUSIP
2019	\$ 150,000	3.000%	1.800%	102.304	685357 AA3
2020	200,000	3.000	1.880	103.213	685357 AB1
2021	400,000	4.000	2.000	107.584	685357 AC9
2022	1,050,000	4.000	2.110	108.862	685357 AD7
2023	1,100,000	5.000	2.230	115.387	685357 AE5
2024	1,155,000	5.000	2.340	117.001	685357 AF2
2025	1,215,000	5.000	2.440	118.426	685357 AG0
2026	1,275,000	5.000	2.560	119.432	685357 AH8
2027	1,340,000	5.000	2.680	120.168	685357 AJ4
2028	1,410,000	5.000	2.770	119.299 [*]	685357 AK1
2029	1,485,000	5.000	2.860	118.438 [*]	685357 AL9
2030	1,560,000	5.000	2.910	117.963 [*]	685357 AM7
2031	1,630,000	4.000	3.250	106.339 [*]	685357 AN5
2032	1,695,000	4.000	3.300	105.901 [*]	685357 AP0
2033	1,765,000	4.000	3.350	105.466 [*]	685357 AQ8
2034	1,830,000	3.375	3.440	99.168	685357 AR6
2035	1,895,000	3.375	3.490	98.473	685357 AS4
2036	1,960,000	3.375	3.510	98.141	685357 AT2
2037	2,030,000	3.500	3.550	99.288	685357 AU9

TERM BOND

Due December 1, 2042; \$11,420,000; 4.000%; Yield: 3.560%; Price: 103.662^{*}; Initial CUSIP: 685357 AV7

^{*} Priced to call date, December 1, 2027.

SECTION 3.4 Provisions Relating to Additional Bonds; Conditions for Issuance.

(a) **Authorization for Additional Bonds.** Additional Bonds may be issued hereunder and secured by the Trust Estate on a parity with the Series 2017 Bonds under the conditions set forth herein.

(b) **Purposes for Additional Bonds.** Additional Bonds may be issued for the purposes of providing funds (i) to refund any of the Series 2017 Bonds or any Additional Bonds theretofore issued, (ii) for the purpose of paying the cost of completing the 2017 Projects or the Ancillary Projects and (iii) for the purpose of paying the cost of Additional Facilities (as defined in the Base Lease) or Additional Ancillary Projects.

(c) **Conditions to the Issuance of All Additional Bonds.** Prior to issuing any Additional Bonds, there shall have been executed and delivered to the Trustee (i) a Supplemental Agreement authorizing such Additional Bonds and prescribing the terms and details thereof and the purposes for the issuance of such Additional Bonds; (ii) an amendment or supplement to the Purchase and Use Agreement modifying the existing schedule of Installment Payments due thereunder or otherwise providing for Installment Payments thereunder sufficient to provide for the payment of the Additional Bonds, extending the term of the Purchase and Use Agreement, if needed, to the final maturity of such Additional Bonds, and making

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Date therefor to be mailed first class, postage prepaid, to each Owner not less than five days prior to such Special Record Date at his address as it appears on the Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names such Bonds (or their respective predecessor Bonds) are registered on such Special Record Date.

SECTION 3.6 Denomination; Numbering. The Series 2017 Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2017 Bonds shall be numbered by the Trustee consecutively from 1 upward, preceded by the letter "R." Additional Bonds shall be in such denominations and be numbered in the manner provided in the Supplemental Agreement providing therefor.

SECTION 3.7 Paying Agent. As long as there is any Outstanding Bond under this Trust Agreement, the Corporation shall cause the Trustee to serve as Paying Agent therefor. Notices and demands to or upon the Trustee and the Corporation in respect of the Bonds may be served, at the designated corporate trust office of the Trustee. The Bonds shall be presented for registration of transfers and exchanges in accordance with the provisions of this Trust Agreement at the designated corporate trust office of the Trustee.

SECTION 3.8 Form of Bonds. The Series 2017 Bonds, together with the certificate of authentication and assignment to appear thereon, shall respectively be in substantially the form attached hereto as **Exhibit A** with necessary and appropriate variations, omissions and insertions as permitted or required by this Trust Agreement. Additional Bonds shall be in such form as is provided in the Supplemental Agreement pursuant to which such Additional Bonds are issued.

SECTION 3.9 Execution of Bonds. The Bonds shall be executed in the name of and on behalf of the President or Vice President of the Corporation and the same shall be attested by such officer as may be designated by the Board of Directors of the Corporation. Such officers may employ facsimiles of their signatures. In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond such signatures or such facsimiles shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

SECTION 3.10 Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Trustee shall be entitled to any right or benefit under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Trust Agreement. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by any authorized signatory of the Trustee.

SECTION 3.11 Medium of Payment. The Bonds shall be payable with respect to principal, interest and premium, if any, in lawful money of the United States of America.

SECTION 3.12 Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Corporation may execute and the Trustee may authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Corporation and to the Trustee evidence of such loss, theft or destruction satisfactory to the Corporation and the Trustee together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Corporation may pay the same. The Corporation and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in this connection.

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SECTION 3.13 Transfer and Registration; Persons Treated as Owners.

(a) As long as there shall be any Outstanding Bond, the Trustee shall keep books on behalf of the Corporation at its designated corporate trust office, for the registration and transfer of Bonds, which books constitute the Register. The transfer of each Bond may be registered only upon the Register kept by the Trustee for that purpose by the Holder thereof in person or by his duly authorized agent upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder or his duly authorized agent. Upon the registration of transfer of any Bond, the Trustee will authenticate and deliver, subject to the provisions of Section 3.15 hereof, in the name of the transferee, a new Bond or Bonds of the same series, maturity, interest rate and aggregate principal amount as the surrendered Bond.

(b) The Corporation and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder 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 Corporation nor the Trustee shall be affected by any notice to the contrary.

SECTION 3.14 Interchangeability of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder or his duly authorized agent, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 3.15 hereof, be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity in any other authorized denomination.

SECTION 3.15 Regulations With Respect to Exchanges and Transfer. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Corporation. All Bonds so destroyed shall thereafter no longer be considered Outstanding Bonds for any purposes of this Trust Agreement. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Trustee may make a charge sufficient to reimburse itself for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Corporation nor the Trustee shall be required to issue, exchange or transfer (i) any Bond during the 15 days immediately preceding any Bond Payment Date, (ii) any Bond during a period beginning at the opening of business 15 days immediately preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the mailing of notice of such redemption or (iii) any Bonds called for redemption in whole or in part.

SECTION 3.16 Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds. Upon the surrender of mutilated Bonds pursuant to Section 3.12 hereof or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate evidencing such destruction shall be furnished by the Trustee to the Corporation. All Bonds so destroyed shall thereafter no longer be considered Outstanding Bonds for any purposes of this Trust Agreement.

SECTION 3.17 Payments Due on Days Other Than a Business Day. In any case where the Bond Payment Date or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of principal of, premium, if any, or interest on the Bonds need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the Bond Payment Date or the date fixed for redemption, and no interest shall accrue for the period after such date.

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made and given, respectively, to The Depository Trust Company, New York, New York (“DTC”), as provided in the Blanket Letter of Representations of the Corporation dated November 28, 2017.

In connection with any notice or other communication to be provided to the Holders by the Corporation or the Trustee with respect to any consent or other action to be taken by the Holders, the Corporation or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than 15 days in advance of such record date to the extent possible.

SECTION 3.19 Tax Covenants of Corporation. The Corporation will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest evidenced by or paid on the Series 2017 Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the Corporation will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly on having knowledge thereof. The Corporation acknowledges that the continued exclusion of interest evidenced by or paid on the Series 2017 Bonds from a Holder's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. To that end, the Corporation covenants that it will comply with the Federal Tax Certificate.

The Corporation acknowledges that the Series 2017 Bonds are being issued by the Corporation, acting on behalf of the County, within the meaning of Revenue Ruling 63-20, 1963-1 C.B. 24 (“**Revenue Ruling 63-20**”) and Treasury Regulation Section 1.103-1(b), and covenants to comply with all provisions of Revenue Ruling 63-20 and all of the applicable provisions of Revenue Procedure 82-26, 1982-1 C.B. 476 (“**Revenue Procedure 82-26**”). The Corporation therefore represents, warrants and covenants as follows:

(a) The Corporation is organized under the general nonprofit laws of the State as a nonprofit organization, the articles of incorporation of the Corporation provide that the Corporation is not organized for profit, and the Corporation's income does not inure to any private person. The activities and purposes of the Corporation are those permitted under the general nonprofit corporation laws of the State, the Corporation will engage only in activities and for purposes that are permitted under the general nonprofit laws of the State and the 2017 Facilities are located entirely within the geographic boundaries of the County.

(b) The articles of incorporation of the Corporation provide that income of the Corporation will not inure to any private person. In fact, income of the Corporation does not inure to any private person, and upon dissolution of the Corporation, the Corporation's remaining assets shall be distributed to the County, exclusively for public purposes or, only to the extent that the County refuses to accept some or all of the same, for one or more exempt purposes set forth in Section 501(c)(3) of the Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. The Corporation shall not amend or modify its articles of incorporation or bylaws to modify any of its stated purposes or activities, or with respect to any other provision, unless the Corporation has filed with the Trustee and the County an opinion of Bond Counsel to the effect that such amendment or modification shall have no adverse effect on the exclusion of interest on the Series 2017 Bonds from gross income for federal income tax purposes.

(c) The County presently has or, prior to a termination (if any) of the Purchase and Use Agreement pursuant to Section 2.2 thereof which gives rise to a partition of the 2017 Facilities pursuant to Section 2.4 thereof, shall have exclusive beneficial possession and use of the 2017 Facilities, including any improvements and additions thereto, equivalent to at least 95% of the fair rental value of the 2017 Facilities for the term of the Series 2017 Bonds, including any other obligations issued by the Corporation

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SECTION 3.18 Book-Entry System. Notwithstanding anything to the contrary herein, so long as any series of the Bonds are being held under a Book-Entry System pursuant to this Section 3.18, transfers of beneficial ownership of such Bonds will be effected pursuant to rules and procedures established by the Securities Depository. The Bonds shall be initially issued under a Book-Entry System and shall be held thereunder except as provided in this Section 3.18. The Bonds shall be initially issued in the form of a separate, authenticated, fully registered Series 2017 Bond for each series and maturity in a principal amount equal to the amount of such maturity, and shall be registered on the Register in the name of the Securities Depository Nominee. So long as the Book-Entry System is in effect, but subject to Section 14.1 hereof, the Securities Depository Nominee will be recognized as the Holder of the Bonds for the purposes of (i) paying the principal of, premium, if any, or interest on the Bonds, (ii) selecting the Bonds or portions thereof to be redeemed, (iii) giving any notice permitted or required to be given to Holders under this Trust Agreement, (iv) registering the transfer of Bonds, and (v) requesting any consent or other action to be taken by the Holders, and for all other purposes whatsoever, and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. Neither the Trustee nor the Corporation shall have any responsibility or obligation to any Participant, any beneficial owner of Bonds or any other person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any Participant, or any other person which is not shown on the Register as being a Holder of Bonds with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant, (ii) the payment to the Securities Depository, any Participant or any beneficial owner of Bonds of any amount in respect of the principal of, premium, if any, or interest on the Bonds, (iii) any notice which is permitted or required to be given to Holders under this Trust Agreement, (iv) the selection by the Securities Depository or any Participant or any other person to receive payment in the event of a partial redemption of the Bonds or (v) any other action taken by the Securities Depository as Holder of the Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only to the Securities Depository or the Securities Depository Nominee, as the case may be, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

In the event that the Corporation determines that it is in the best interest of the Corporation not to continue the Book-Entry System or that the interest of the beneficial owners of the Bonds may be adversely affected if the Book-Entry System is continued, then the Corporation shall notify the Securities Depository and the Trustee of such determination and the Securities Depository shall immediately notify the Participants of the availability, through the Securities Depository, of physical Bonds. In such event, the Corporation shall execute and the Trustee shall authenticate, register and deliver physical Bonds as requested by the Securities Depository or any Participant or beneficial owner of Bonds in appropriate authorized denominations in exchange for the Bonds registered in the name of Securities Depository Nominee. The Securities Depository may determine to discontinue providing its services as such with respect to the Bonds at any time by giving notice to the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable laws or the Corporation may determine that the Securities Depository is incapable of discharging its duties as such and may so notify the Securities Depository. In either such event, the Corporation shall either (i) engage the services of another Securities Depository or (ii) deliver physical Bonds in the manner described above; provided, however, that the discontinuation of the Book-Entry System of registration and transfer with respect to the Bonds or the replacement of the Securities Depository or any successor depository shall be subject to the applicable rules and procedures of the Securities Depository or such successor depository on file or otherwise approved by the Securities and Exchange Commission.

Notwithstanding any other provision of this Trust Agreement to the contrary, so long as the Bonds are registered in the name of Code & Co., as Securities Depository Nominee, all payments with respect to the principal of, premium, if any, and interest on the Bonds and all notices with respect to the Bonds shall be

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either to make improvements to the 2017 Facilities or to refund a prior issue of the Corporation's obligations related to the 2017 Facilities.

(d) The County presently has or shall obtain fully unencumbered fee simple title, subject to Permitted Encumbrances, to the 2017 Facilities no later than such time as the Series 2017 Bonds are discharged as provided in this Trust Agreement. For purposes of this paragraph and the definition of “Base Lease Term” as such term is defined in the Base Lease, the Series 2017 Bonds will be discharged when (i) cash is available at the place of payment on the date that the Series 2017 Bonds are due (whether at maturity or upon prior call for redemption) and (ii) interest ceases to accrue on the Series 2017 Bonds. Upon discharge of the Series 2017 Bonds, the Corporation shall convey to the County such fee simple title and exclusive possession and use of the 2017 Facilities (to the extent the County does not already have such title, possession and use), including any additions thereto, without demand or further action on its part. In this regard, all leases, management contracts and similar encumbrances, if any, relating to the 2017 Facilities shall terminate upon discharge of the Series 2017 Bonds.

(e) While the Purchase and Use Agreement is in effect, the County has the right at any time to obtain unencumbered fee title and exclusive possession of the 2017 Facilities (including any additions thereto) by (1) placing into escrow an amount that will be sufficient to defease the Series 2017 Bonds in accordance with Section 9.1 hereof and (2) paying reasonable costs incident to the defeasance (which may be evidenced by the County exercising its rights under Section 9.1(a) of the Purchase and Use Agreement). If the County exercises such right, the Corporation must immediately cancel all encumbrances on the 2017 Facilities, including leases and management contracts, except as may be otherwise permitted by Revenue Procedure 82-26.

(f) While the Purchase and Use Agreement is in effect, in the event the Corporation defaults in its payments under the Series 2017 Bonds, the County has the exclusive option to purchase the 2017 Facilities (and any additions thereto) for the aggregate amount of the Outstanding Series 2017 Bonds and accrued interest to the date of default. The County must, if at all, exercise its option not more than 90 days from the date it is notified by the Corporation (or the Trustee on behalf of the Corporation) of such default and, if elected, must have 90 days from the date of exercise of such option to purchase the 2017 Facilities.

(g) All of the original and investment proceeds of the Series 2017 Bonds will be used to provide real and tangible personal property, to currently refund the 2017 BAN. Proceeds are considered to provide tangible property only if the proceeds are used to finance costs that a taxpayer must charge to the property's capital account, may elect to charge to the property's capital account instead of deducting, or may elect to deduct instead of charging to the property's capital account. If excess proceeds remain on hand after the completion of construction or reconstruction of the 2017 Projects, the requirements of this paragraph will be considered met if the face amount of the Series 2017 Bonds (taking into account estimated investment proceeds) was based on reasonable estimates of the cost of the 2017 Projects at the time the Series 2017 Bonds were issued, and the excess proceeds are used and invested in the manner described in Section 3.052 of Revenue Procedure 82-26.

For purposes of this paragraph, “original proceeds” are amounts (after payment of all expenses of issuing the respective series of bonds) received at any time as a result of the sale of a series of such bonds and “investment proceeds” are amounts (net of administrative costs) that result from the investment of any proceeds of such series of bonds.

(h) The County Council adopted an ordinance on August 15, 2016, and a resolution on November 6, 2017, approving the purposes and activities of the Corporation, the issuance of the Series 2017 Bonds by the Corporation for the purposes of financing the costs of the 2017 Projects, and stating that the County

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will accept title to the 2017 Facilities (to the extent the County does not already have such title), including any additions or improvements thereto, no later than such time as the Series 2017 Bonds are discharged.

(i) The proceeds of fire or other casualty insurance policies received in connection with the damage or destruction of a portion of the 2017 Facilities financed with the proceeds of the Series 2017 Bonds, including any improvements, will be used, subject to the provisions of Section 4.1(b) of this Trust Agreement regarding special optional redemption of the Series 2017 Bonds, to rebuild the 2017 Facilities or to redeem the Series 2017 Bonds or, if all of the Series 2017 Bonds have been paid or defeased under this Trust Agreement, will be remitted to the County.

(j) A reasonable estimate of the fair market value of the 2017 Facilities as of the latest maturity date of the Series 2017 Bonds is equal to at least 20% of the original costs of the 2017 Facilities.

(k) A reasonable estimate of the remaining useful life of the 2017 Facilities as of the latest maturity date of the Series 2017 Bonds is equal to at least 20% of the original useful life of the 2017 Facilities.

(l) The Corporation intends to apply to the Internal Revenue Service for a determination that it is exempt from federal income taxation under Section 115 of the Code and also an exempt organization within the meaning of Section 501(c)(4) of the Code and not a private foundation under Section 509(a) of the Code.

(m) In the event of any division of the 2017 Facilities pursuant to Section 2.4 of the Purchase and Use Agreement, the Corporation agrees that, unless (i) it obtains an opinion of Bond Counsel to the effect that such action is unnecessary to preserve the exclusion from gross income of interest on any Series 2017 Bonds, or (ii) the Corporation or the Trustee is directed by the owners of a majority of the beneficial ownership interests of the Series 2017 Bonds, it will timely undertake to satisfy the requirements of the Code and the Treasury Regulations relating to a change in use of the 2017 Facilities and the 2017 Real Property. Regulations governing such remedial action are now contained in Section 1.141-12 of the Treasury Regulations.

ARTICLE IV REDEMPTION OF BONDS

SECTION 4.1 Redemption of Bonds.

(a) Optional Redemption of Bonds. In the event the County exercises its option pursuant to Section 9.1 of the Purchase and Use Agreement to purchase the Corporation's interest in the 2017 Facilities and pay the amount required to defease and redeem the Bonds or to prepay Base Payments or in the event the County makes a voluntary prepayment under Section 4.3 of the Purchase and Use Agreement, the Series 2017 Bonds maturing on or after December 1, 2027, may be redeemed in whole or in part at any time after December 1, 2027.

Bonds shall be redeemed in accordance with this paragraph (a) only by written notice from the County or the Corporation to the Trustee of the redemption of the Bonds and directing the Trustee to give notice thereof to the Holders in accordance with Section 4.2 hereof. Such notice shall specify the redemption date on which the Bonds are to be redeemed, and shall be given to the Trustee at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. Prior to the giving of notice by the Trustee to the Holders as provided in Section 4.2 hereof, there shall be deposited with the Trustee funds which, in addition to any other moneys available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof all of the redeemable Bonds for which notice of redemption has been given; provided that the Trustee may accept such other assurance from the County

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the Bonds; and (ix) the maturity date of the Bonds being redeemed. Notice shall be given by the Trustee by first class mail, postage prepaid, at least 30 days, but not more than 60 days, prior to the date fixed for redemption to the Holder of each Bond subject to redemption at the Holder's address shown on the Register on the 15th day preceding that mailing; provided such notice shall be given by facsimile or certified or registered mail, return receipt requested to each person who holds Bonds in the aggregate principal amount of not less than \$100,000; and provided further such notice shall be given by certified or registered mail, return receipt requested, or (at the expense of the recipient thereof) by overnight delivery service deposited in the mail or with such delivery service not later than 35 days prior to the date fixed for such redemption and repurchase to the Trustee to The Depository Trust Company at 55 Water Street, New York, New York 10041, in all such cases with expense of such notice to be borne by the Corporation.

Failure to receive any notice by mailing or otherwise or any defect in such notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any other Bond.

SECTION 4.3 Payment of Redeemed Bonds. Notice having been mailed, the Bonds called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price plus interest accrued to the redemption date.

If money for the redemption of all of the Bonds to be redeemed is held by the Trustee on the redemption date so as to be available therefor on that date, and if notice of redemption has been deposited in the mail as aforesaid, then from and after the redemption date those Bonds called for redemption shall no longer be entitled to payment of any sum other than the redemption price.

In the event Bonds which have been called for redemption are not presented to the Trustee for redemption on or prior to the 30th day following the redemption date, the Trustee shall notify the registered Holder thereof by facsimile or certified or registered mail, return receipt requested, that such Bonds have been called and that the Trustee is holding funds for the payment of the redemption price thereof pending presentation by such Holder.

All moneys deposited in the Bond Fund and held by the Trustee for the redemption of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

ARTICLE V PROVISIONS AS TO FUNDS AND PAYMENTS

SECTION 5.1 Deposit of Money. In order to assure that the costs of the 2017 Projects and the Ancillary Projects will be paid, and the 2017 Facilities will be available for purchase and occupancy by the County, on the Closing Date, the Underwriter shall transmit to the Trustee, or the Custodian, the net aggregate purchase price of the Series 2017 Bonds (\$39,084,859.10). The Trustee shall deposit or disburse the funds as follows:

(a) \$7,000,000.00 shall be remitted to PNC Bank National Association to currently refund the 2017 BAN;

(b) \$30,744,175.00 shall be deposited in the Series 2017 Project Account in the Project Fund for payment of the 2017 Projects and the Ancillary Projects;

(c) \$704,563.14 shall be deposited in the Capitalized Interest Fund for payment of capitalized interest through June 1, 2018;

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or the Corporation as it deems appropriate as to the availability of such funds or may condition any such notice on the receipt of funds at or prior to the date set for redemption.

(b) Special Optional Redemption of Bonds. In the event the County elects to prepay Installment Payments pursuant to the provisions of Section 4.3 of the Purchase and Use Agreement, the Bonds shall be subject to redemption in whole or in part on any date (as selected by the Trustee at the direction of the Corporation), at a price equal to 100% of the principal amount of the Bonds so redeemed, without premium, plus accrued interest to the date of redemption. Bonds shall be redeemed pursuant to this paragraph (b) in accordance with the procedure set forth in the last paragraph of paragraph (a) above and Section 4.2 hereof.

(c) Sinking Fund Redemption of Bonds. The Series 2017 Bonds, as shown below, maturing on December 1, 2042, are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount to be redeemed (to the extent not previously redeemed) plus accrued interest, if any, to the redemption date, without premium, on December 1 in the years and amounts as follows:

YEAR	AMOUNT
2038	\$2,105,000
2039	2,190,000
2040	2,280,000
2041	2,375,000
2042 ¹	2,470,000

¹Final Maturity

The amount of any mandatory sinking fund redemption shall be reduced to the extent the Series 2017 Bonds of the applicable maturity have been purchased by the Issuer or redeemed by the Issuer, pursuant to any optional redemption provisions, in such manner as the Issuer shall direct, or, absent such direction, on a pro rata basis

(d) Partial Redemption of Bonds. If less than all of the Bonds are called for redemption, the Bonds to be redeemed will be selected in the manner that the Corporation shall determine as set forth in a certificate of the Corporation filed with the Trustee. If less than all Bonds of any one maturity are called for redemption, the Trustee shall select the applicable Bonds to be redeemed by lot, each \$5,000 portion of the principal being counted as one Series 2017 Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2017 Bond is Cede & Co., such selection shall be made by DTC.

(e) Redemption of Additional Bonds. Provisions relating to the circumstances upon which Bonds, other than Series 2017 Bonds, may be redeemed shall be as set forth in the Supplemental Agreement providing for the issuance thereof.

SECTION 4.2 Notice of Redemption. Notice of redemption of the Bonds may only be given if funds for such redemption are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bondholders, or in the alternative, the notice given by the Trustee to Bondholders expressly states that such redemption is conditioned upon the deposit of funds sufficient for the redemption by the Corporation and that failing such deposit no redemption shall take place. The notice of the call for redemption of Bonds shall identify (i) the series of Bonds to be redeemed; (ii) the CUSIP number or numbers of the Bonds to be redeemed; (iii) the numbers assigned to such Bonds, and in the case of Bonds called in part only, the amounts being redeemed; (iv) the date of the notice; (v) the redemption date; (vi) the redemption price; (vii) the address of the Trustee where such Bonds are to be presented, with the name and telephone number of a contact person, if available; (viii) the issue date of

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(d) \$806,148.21 shall be remitted to pay costs of issuance of the Series 2017 Bonds in accordance with a requisition substantially in the form set forth in Exhibit B-2 signed by a Corporation Representative and a County Representative.

SECTION 5.2 Creation of Project Fund. There is hereby created as a separate account in the custody of the Trustee or other financial institution designated by the Corporation ("Custodian") a trust fund designated the "Project Fund." Within the Project Fund, there shall be a Project Account for each series of Bonds issued under this Trust Agreement, as well as a Costs of Issuance Account. Pending disbursement pursuant to this Trust Agreement, the proceeds of the sale of the each series of Bonds deposited in the corresponding Project Account, together with any other moneys and Eligible Investments held to the credit of the Project Fund, shall be held as security for the payment of the respective series of Bonds.

SECTION 5.3 Disbursements from and Records of Project Fund.

(a) Moneys in the Series 2017 Project Account of the Project Fund shall be disbursed for the costs of the 2017 Projects and the costs of the Ancillary Projects, all in accordance with the provisions of this Section. The Trustee or Custodian, as applicable, shall cause to be kept and maintained adequate records pertaining to the Project Fund and all investments and disbursements of moneys in the Project Fund. After the 2017 Projects and Ancillary Projects have been completed and a Certificate of Acceptance with respect thereto is filed in accordance with Section 3.4 of the Purchase and Use Agreement, the Trustee or the Custodian, as applicable, shall retain copies of the records pertaining to the Project Fund and disbursements therefrom for inspection upon request of the Corporation or the County.

(b) All disbursements from the Project Fund shall be made by the Trustee or Custodian, as applicable, upon the receipt of a requisition in substantially the form set forth in Exhibit B-1 hereto signed by a Corporation Representative and a County Representative. Not more than \$7,500,000 shall be requisitioned to pay for Ancillary Projects. The remainder of the moneys in the Project Fund shall be utilized to pay costs of completion of the 2017 Projects. If money remains in the Series 2017 Project Account following receipt by the Trustee of a Certificate of Acceptance with respect to the 2017 Projects, then such additional funds may be applied to the payment of any unpaid costs of the Ancillary Projects, if any, prior to deposit in accordance with Section 5.4 hereof. The Trustee or Custodian, as applicable, shall be entitled to rely on each requisition as conclusive evidence of the County's compliance with the procedure described herein.

(c) All disbursements from the Costs of Issuance Account shall be made on the Closing Date by the Trustee upon the receipt of a requisition in substantially the form set forth in Exhibit B-2 hereto signed by a Corporation Representative and a County Representative.

(d) Upon the substantial completion of the 2017 Projects or the Ancillary Projects, the Corporation shall submit to the Trustee or Custodian, as applicable, a final requisition for the 2017 Projects or the Ancillary Projects, as applicable, in substantially the form set forth in Exhibit C ("Certificate of Acceptance") hereto signed by a Corporation Representative and a County Representative in the total amount remaining owing for costs of the 2017 Projects or the Ancillary Projects, including all applicable retainages. Upon the receipt of the final requisition, the Trustee or Custodian, as applicable, shall promptly disburse the amounts requested therein. As used in this paragraph, "substantial completion" of the 2017 Projects and Ancillary Projects mean completion such that a certificate of occupancy has been, or could be, issued notwithstanding the fact that certain minor items of work remain to be done.

SECTION 5.4 Completion of 2017 Projects and Ancillary Projects. As soon as practicable after the filing with the Trustee or Custodian, as applicable, of the Certificate of Acceptance referred to in Section 5.3(c) hereof with respect to both the 2017 Projects and the Ancillary Projects, the Trustee or

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Custodian, as applicable, shall remove any balance then remaining in the Project Fund (other than the amounts required to be retained by the Trustee or Custodian, as applicable, as described in the said certificate), and the Project Fund shall be closed. Any amounts so removed shall (a) be transferred to the 2017 Facilities Purchase Sub-Account and be credited against the payment of the next installment or installments of Base Payments allocable to the Bonds under the Purchase and Use Agreement or (b) be applied at the written direction of the Corporation Representative for any purpose permitted by applicable law for which the Trustee has received an opinion of Bond Counsel.

SECTION 5.5 Creation of Bond Fund, Facilities Purchase Account and Reserve Account; Creation of Other Funds and Accounts.

(a) There is hereby created as a separate account in the custody of the Trustee a trust fund to be designated the "Bond Fund." Within the Bond Fund there shall be a Facilities Purchase Account and a Reserve Account. The Trustee, on receipt of Base Payments from the County under the terms of the Purchase and Use Agreement, shall deposit in the Bond Fund (and credited, as required by this Trust Agreement or the Purchase and Use Agreement, to appropriate Accounts and subaccounts therein), amounts sufficient to pay the principal and premium, if any, of and interest on the Series 2017 Bonds. If it is determined that there shall be a Reserve Requirement on a series of Bonds, then (i) a separate subaccount shall be created in the Reserve Account of the Bond Fund to provide for any Reserve Requirement with respect to such Additional Bonds with the intent being that the Series 2017 Bonds and any Additional Bonds shall only be payable from the subaccount of the Reserve Account established with respect to such series of Bonds upon the issuance thereof and (ii) a separate subaccount shall be created in the Facilities Purchase Account for purposes of making payment on each series of Bonds with the intent being that the Series 2017 Bonds and any Additional Bonds shall only be payable from the subaccounts of the Facilities Purchase Account established with respect to such series of Bonds upon the issuance thereof.

(b) The Bond Fund (and the Accounts and subaccounts therein) and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of principal of, premium, if any, and interest on the Bonds as the same become due, except as otherwise provided in this Trust Agreement.

(c) The Trustee shall set aside from moneys in the Bond Fund amounts sufficient to make timely payments of the principal of, premium, if any, and interest on the Bonds.

(e) Amounts due with respect to a particular series of Bonds, except as provided in the remainder of this Section 5.5, shall be payable as they become due in the following order, (i) first, from amounts in the applicable subaccount of the Facilities Purchase Account; (ii) second, from other Revenues to the extent available; (iii) third, from the moneys or Reserve Surety available from the applicable subaccount of the Reserve Account; and (iv) fourth, from any other source lawfully available to the Trustee, including without limitation, proceeds from the leasing of the 2017 Facilities in accordance with the terms of the Purchase and Use Agreement and Base Lease.

(f) If, at the close of business on the third Business Day prior to any Bond Payment Date with respect to a particular series of Bonds, the amount in the applicable subaccount of the Facilities Purchase Account is less than the amount due and payable with respect to such series of Bonds on such Bond Payment Date, the Trustee shall promptly transfer from the applicable subaccount of the Reserve Account to the applicable subaccount of the Facilities Purchase Account an amount sufficient to make up such deficiency, provided that if there is a Reserve Surety in effect, then to the extent the money, if any, in the applicable subaccount of the Reserve Account is not sufficient to make up such deficiency, then the Trustee shall make a claim against the Reserve Surety (defined herein). In the event of any such transfer, the Trustee shall provide written notice to the County and the Corporation of the amount and date of that transfer. Upon receipt of such notice, the County shall be obligated to pay to the Trustee, for deposit into

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under such Reserve Surety or a combination of such alternatives, as shall provide that the amount credited equals the Reserve Requirement for the related series of Bonds in the manner and at the times required under Section 5.5(e) hereof.

(f) The Trustee shall receive (i) an opinion of Bond Counsel that such Reserve Surety complies with the conditions of this Section 5.6 and (ii) an executed original of such Reserve Surety prior to the acceptance thereof by the Trustee.

(g) If the issuer of a Reserve Surety on deposit in the applicable subaccount of the Reserve Account shall cease to meet the rating requirement therefor, the Corporation and the County shall: (i) in the month immediately following the non-qualification of the Reserve Surety, replace such Reserve Surety with one that satisfies such rating requirement or (ii) beginning in the month immediately following the non-qualification of the Reserve Surety, make 12 deposits (each deposit being equal to 1/12 of the amount of the Reserve Requirement for the applicable Bonds) to the applicable subaccount of the Reserve Account as Additional Payments.

(h) If the Corporation or the County provides a Reserve Surety after the deposit of moneys to the applicable subaccount of the Reserve Account, any amounts in the applicable subaccount of the Reserve Account in excess of the applicable Reserve Requirement shall be transferred to the Facilities Purchase Account; provided that in making such disposition, the Trustee shall be entitled to receive an opinion from Bond Counsel to the effect that such disposition will not jeopardize the Federal income tax status of interest paid or payable on any of Series 2017 Bonds issued as tax-exempt obligations.

SECTION 5.7 Comptroller of the Currency; Waiver. All accounts and funds maintained or held pursuant to this Trust Agreement shall be continuously secured in the manner provided by the regulations of the Comptroller of the Currency as from time to time in effect. The Corporation acknowledges that regulations of the Comptroller of the Currency grant the Corporation the right to receive brokerage confirmations of security transactions as they occur. The Corporation specifically waives such right to notification to the extent permitted by law and acknowledges that, to the extent it directs the investment of funds held by the Trustee, it will receive periodic transaction statements that will detail all investment transactions. **Investments.**

(a) Moneys in the Project Fund and the Bond Fund shall be invested and reinvested by the Trustee or Custodian, as applicable, in Eligible Investments at the written direction of the Authorized Financial Representative. Any investments of moneys held to the credit of the Project Fund and the Bond Fund shall mature, be redeemable at the option of the owner or holder, or, in the case of a forward delivery agreement, repurchase agreement or similar contract, be available thereunder, not later than the respective dates when the money held to the credit of the Project Fund and the Bond Fund is required for the purpose intended. The Trustee may rely upon any such written direction of the Authorized Financial Representative as to legality and suitability of any directed investment, the qualification of any directed investment as a Permitted Investment hereunder, and as to the satisfaction of the requirements of the preceding sentence. In the absence of written direction from the Authorized Financial Representative, the Trustee shall hold funds as cash, uninvested.

(b) Subject to any written direction from the Authorized Financial Representative, from time to time, the Trustee or Custodian, as applicable, may sell investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable or available as required hereunder. The Trustee or Custodian, as applicable, may enter into transactions for the purchase or sale of Eligible Investments with itself or any bank, trust company or savings and loan association affiliated with the Trustee or Custodian, as applicable. The Trustee or Custodian, as applicable, shall sell or redeem Eligible Investments credited to the Bond Fund at the times required for the purpose of paying amounts due with respect to the Bonds payable therefrom when due as aforesaid, and shall do so without necessity for any order. An investment

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the applicable subaccount of the Reserve Account, from any source of legally available and appropriated funds as an Additional Payment, an amount equal to such transfer in 12 equal monthly installments in the Fiscal Year immediately following the Fiscal Year in which such transfer is made; provided, that if the Reserve Requirement for a particular series of Bonds is met in whole or in part by a Reserve Surety, payments required hereby shall be applied first to the reinstatement of the Reserve Surety and then for deposit into the applicable subaccount of the Reserve Account.

(g) Moneys in a subaccount of the Reserve Account established for a particular series of Bonds shall be used solely: (i) to the extent necessary to make up deficiencies in the applicable subaccount of the Facilities Purchase Account, as provided in subsection (e) above; and (ii) if all Base Payments with respect to such series of Bonds are then current, to be credited against the last remaining required installments of Base Payments and for that purpose any remaining amounts in such subaccount of the Reserve Account shall be transferred as Base Payments to the applicable subaccount of the Facilities Purchase Account by the Trustee on or before the Bond Payment Date occurring on December 1, 20[], or the final Bond Payment Date specified in a Supplemental Agreement (with respect to the series of Additional Bonds authorized thereby).

(h) Notwithstanding anything herein to the contrary, the Trustee shall be entitled to create such other funds and accounts as may be necessary or desirable in connection with the administration of its duties hereunder, including but not limited to such funds and accounts as may be established for the deposit of moneys related to the payment of arbitrage rebate in connection with the Bonds.

SECTION 5.6 Reserve Surety.

(a) In lieu of the deposit of moneys into a subaccount of the Reserve Account established for a particular series of Bonds, the Corporation, with the prior consent of any insurer of the applicable series of Bonds, may provide a Reserve Surety in an amount, which together with moneys on deposit in the Reserve Account equals the Reserve Requirement applicable to each series of Bonds.

(b) Any Reserve Surety shall be payable (upon the giving of notice as required thereunder) on any date on which moneys may be required to be withdrawn from the Reserve Account and applied to the payment of the principal of or interest on any Bonds and such payments cannot be made from other amounts credited to the Facilities Purchase Account. The Trustee shall maintain records as to the amount available at the end of each calendar quarter under any Reserve Surety.

(c) The provider of any Reserve Surety shall be either (i) an insurer which has issued a policy of bond insurance with respect to the Bonds for which the Reserve Surety is to be used; (ii) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of, premium, if any, and interest on municipal bond issues result in such issues being rated in one of the five highest rating categories by Moody's or S&P's, or their successors; or (iii) a bank or trust company which is rated not lower than the fifth highest rating category by Moody's or S&P's, or their successors, and whose letter of credit shall be rated in the highest category of either such rating agency.

(d) Any Reserve Surety obtained for a particular series of Bonds, other than a letter of credit, must extend through the final maturity of the related series of Bonds and must be unconditional and irrevocable. Any Reserve Surety which is a letter of credit must provide for notice and the right to draw on such letter of credit for deposit to the applicable subaccount of the Reserve Account prior to the termination thereof.

(e) If a disbursement is made pursuant to a Reserve Surety provided pursuant to this section, the Corporation shall be obligated either to reinstate the maximum limit of such Reserve Surety or to deposit into the applicable subaccount of the Reserve Account funds in the amount of the disbursement made

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made from moneys credited to an Account or Fund shall constitute part of that Account and Fund, and each Account and Fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto.

(c) Investment income from investment of amounts on deposit in the Project Fund shall be retained therein and applied as other moneys in the Project Fund.

(d) Investment income from investment of a particular subaccount of the Facilities Purchase Account shall be retained in such subaccount and credited against the amount of the applicable Base Payments to be paid by the County on the next succeeding Bond Payment Date.

(e) Investment income from investment of a particular subaccount of the Reserve Account shall be retained in such subaccount to the extent that the value (as determined in the manner prescribed in paragraph (h) below) of amounts on deposit in such subaccount therein is less than the Reserve Requirement with respect to the applicable series of the Bonds, and any excess over such Reserve Requirement shall be transferred from such subaccount on or prior to each Bond Payment Date for credit against the applicable Base Payments to be paid by the County.

(f) The Trustee shall report to the County at least five days prior to each date on which a Base Payment is due and payable the amount of investment income credited or transferred to the particular subaccount of the Facilities Purchase Account of the Bond Fund and available to make payments due on the next Bond Payment Date, and the amount of the applicable Base Payment payable by the County on that date shall be reduced by such amount.

(g) The Trustee shall not be liable for any loss resulting from the making or disposition of any investment in Eligible Investments pursuant to the provisions of this Section provided it acts in good faith and without gross negligence in making such investment, and any such losses shall be charged to the Fund and Account with respect to which such investment is made.

(h) The value of the obligations in which money in a Fund or Account has been invested shall be computed at market value or the amortized cost thereof, whichever is lower, except that in the case of the Reserve Account the value shall be computed at the lower of cost or fair market value. The Trustee shall value the investments in the Reserve Account and each subaccount therein on each February 1 and August 1 during the term of the Purchase and Use Agreement.

(i) In the event, as of a date of valuation, investments in the Reserve Account or any subaccount therein plus the value of any Reserve Surety credited thereto are determined to be less than the Reserve Requirement applicable thereto, the Corporation shall notify the County with a demand that it restore such Account or subaccount from any source of legally available and appropriated funds as an Additional Payment to the applicable Reserve Requirement in 12 equal monthly installments in the Fiscal Year immediately following the Fiscal Year in which such valuation is made.

SECTION 5.9 Moneys to be Held in Trust. All moneys required or permitted to be deposited with or paid to the Trustee under any provisions of this Trust Agreement or the Purchase and Use Agreement, and any investments thereof, shall be held by the Trustee in trust. Except for moneys held by the Trustee pursuant to Section 5.9 hereof, all moneys described in the preceding sentence held by the Trustee shall be subject to the lien of this Trust Agreement while so held.

SECTION 5.10 Nonpresentment of Bonds. If any Bond is not presented for payment when its principal becomes due in whole or in part, or a check or draft for interest is uncashed, if moneys sufficient to pay the principal then due on that Bond or such check or draft shall have been made available to the Trustee for the benefit of its Holder, all liability of the Corporation or the County to that Holder for the

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payment of the principal then due or of the check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold those moneys, without liability for interest thereon, for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part under this Trust Agreement or on, or with respect to, that principal then due or of such check or draft.

Subject to applicable law, any such moneys which shall be so held by the Trustee, and which remain unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period of five years after the due date thereof, shall be paid to the County free of any trust or lien. Thereafter, the Holder of such Bond shall look only to the County for payment and then only to the amounts so received by the County without any interest thereon, and the Trustee shall not have any responsibility with respect to those moneys.

SECTION 5.11 Repayment to County from Bond Fund. Except as provided in Section 5.9 hereof, any amounts remaining in the Bond Fund in excess of the amounts necessary to effect the payment and discharge of the Bonds (i) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Trust Agreement, and (ii) after payment of all fees, charges and expenses of the Trustee and of all other amounts required to be paid under this Trust Agreement and the Purchase and Use Agreement, shall be paid to the County.

SECTION 5.12 Rebate Fund. There is required to be established under the Federal Tax Certificate under the circumstances specified therein a Rebate Fund with respect to the Series 2017 Bonds to be held by the Trustee. The Rebate Fund shall be held by the Trustee and administered in accordance with the terms hereof and of the Federal Tax Certificate. Deposits into the Rebate Fund shall be made in accordance with the Federal Tax Certificate with notice thereof in writing to the Trustee, such notice signed by a County Representative. Any tax certificate entered into with respect to a Series of Additional Bonds may provide for the establishment of a separate subaccount in the Rebate Fund for that Series of Additional Bonds.

ARTICLE VI TRUSTEE

SECTION 6.1 Trustee's Acceptance and Responsibilities.

(a) The Trustee accepts the trusts imposed upon it by this Trust Agreement, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article VI, to all of which the parties hereto and the Holders agree.

(b) It is expressly understood and agreed that this Trust Agreement is being executed by the Trustee not in its corporate and individual capacity but solely as trustee hereunder in the exercise of the power and authority conferred and vested in it as such Trustee. It is further understood and agreed that neither the Trustee nor any past, present or future director, officer, employee, agent, controlling person or nominee of the Trustee shall be personally liable for any breach of any representation or warranty of the trust incorporated herein or in any other agreement or obligation contemplated hereby and nothing herein or therein contained shall be construed as creating any liability of the Trustee in its corporate and individual capacity or as creating any liability of any past, present or future director, officer, employee, agent, controlling person or nominee of the Trustee to make any payment or to perform any agreement or undertaking contained herein or therein.

(c) Prior to the occurrence of an Event of Default of which the Trustee has been notified or deemed to have been notified as provided in paragraph (f) of Section 6.2 hereof, and after the cure or waiver of all defaults or Events of Default which may have occurred,

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Trustee acts in its capacity as Trustee with respect to any document or agreement relating the Bonds, the provisions of this Section 6.1 shall apply to all such action.

SECTION 6.2 Certain Rights and Obligations of the Trustee. Except as otherwise provided in Section 6.1 hereof:

(a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), (ii) shall be entitled to the advice of counsel concerning all matters of trusts or powers hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof.

(b) Except as may be required of it in its capacity as assignee of the Corporation under the Purchase and Use Agreement or as specifically provided for elsewhere herein, the Trustee shall not be responsible for:

(i) any recital in this Trust Agreement or the Bonds or any information in any offering memorandum of other disclosure material,

(ii) the validity, priority, perfection, recording, rerecording, filing or refiling of this Trust Agreement or any Supplemental Agreement (or any assignment agreement related hereto or thereto) the Purchase and Use Agreement or the Base Lease,

(iii) any instrument or document of further assurance or collateral assignment,

(iv) the initial filing of financing statements,

(v) insurance of any of the 2017 Facilities and the Ancillary Projects or collection of insurance moneys,

(vi) the validity of the execution by the Corporation of this Trust Agreement, any Supplemental Agreement or instruments or documents of further assurance,

(vii) the sufficiency of the security for the Bonds executed and delivered hereunder or intended to be secured hereby,

(viii) the value of or title to the 2017 Facilities and the Ancillary Projects, or

(ix) the maintenance of the security hereof, except that, in the event that the Trustee enters into possession of a part or all of the 2017 Facilities pursuant to any provision of the Purchase and Use Agreement or any other instrument or document collateral thereto, the Trustee shall use due diligence in preserving that property.

The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Corporation or the County under the Purchase and Use Agreement except as set forth hereinafter; but the Trustee may require of the Corporation or the County full information and advice as to the observance or performance of those covenants, agreements and obligations.

(c) Except with respect to the disbursement of amounts deposited with or received by it under the provisions of this Trust Agreement, the Trustee shall not be accountable for the application by the County or any other Person of the proceeds of the Bonds.

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(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Trust Agreement, and no duties or obligations, shall be implied to the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the procedural requirements of this Trust Agreement; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the procedural requirements of this Trust Agreement.

(d) After the occurrence of an Event of Default of which the Trustee has knowledge or is deemed to have knowledge, the Trustee shall exercise those rights and powers vested in it by this Trust Agreement and shall use the same degree of care and skill in their exercise, as a prudent corporate trustee would exercise or use under the circumstances in the conduct of its own affairs.

(e) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that

(i) this subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subsection (c)(i) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subsection (c)(ii) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement;

(iv) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it;

(v) the Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Corporation or the County) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice; and

(vi) the Trustee has no responsibility to monitor compliance by the Corporation or the County of obligations and covenants under the Base Lease and Purchase and Use Agreement.

(f) Every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 6.1. Whenever the

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(d) The Trustee shall be protected and shall incur no liability, in the absence of bad faith on its part, in acting or proceeding, or in not acting or not proceeding upon any notice, request, consent, direction certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. The Trustee is under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instruments. Any action taken by the Trustee pursuant to this Trust Agreement upon the request or authority or consent of any Person who is the Holder of any Bond at the time of making, the request or giving of the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds executed and delivered in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact for which the Corporation or the County may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Corporation by a Corporation Representative or the County by a County Representative as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default of which the Trustee has been notified or is deemed to have notice as provided in paragraph (f) of this Section, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default with respect to the Bonds, except Events of Default described in Section 7.1(a) hereof, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the County or the Holders of at least 10% of the aggregate principal amount of Outstanding Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(g) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives may inspect and copy fully all books, papers and records of the Corporation pertaining to the 2017 Facilities and Ancillary Projects, and may make any memoranda from and in regard thereto as the Trustee may desire.

(h) The Trustee shall not be required to give any bond or surety with respect to execution of these trusts and powers or otherwise in respect of the premises.

(i) Notwithstanding anything contained elsewhere in this Trust Agreement, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and corporate action and evidence thereof, in addition to those required by the terms hereof, as a condition to the authentication and delivery of any Bonds or the taking of any action whatsoever within the purview of this Trust Agreement, if the Trustee deems it to be desirable for the purpose of establishing the right of any Person to the taking of any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.

(j) The Trustee shall be under no obligation to take any action hereunder pursuant to Section 6.4 or Article VII hereof (with the exception of any action required to be taken under Section 7.2 hereof). The Trustee may require that an indemnity bond satisfactory to it be furnished to the Trustee by the Holders for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken pursuant to Section 6.4 or Article VII hereof, except liability which is adjudicated to have resulted from its gross negligence or willful default. The Trustee may take action without such

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indemnity, and in that case, all of the Trustee's expenses pursuant to Section 6.3 hereof with respect to the Bonds will be reimbursable as provided in the Purchase and Use Agreement.

(k) Unless otherwise provided herein, all moneys received by the Trustee under this Trust Agreement shall be held in trust for the purposes for which such moneys were received, until such moneys are used, applied or invested as provided herein; provided, that those moneys need not be segregated from other moneys, except to the extent required by this Trust Agreement or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein or agreed with the Corporation.

(l) Any opinions, certificates and other instruments and documents for which provision is made in this Trust Agreement, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its action taken hereunder.

(m) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty of the Trustee, and the Trustee shall be answerable only for its own negligence or willful misconduct.

SECTION 6.3 Fees, Charges and Expenses of Trustee. The Trustee acknowledges receipt of payment in full from the proceeds of the Series 2017 Bonds for its fees for its Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred, or to be paid or incurred, by it in connection with the provision of Ordinary Services to the date hereof. The Trustee shall be entitled to the payment of its annual charges upon invoice to the Corporation (which pursuant to the Purchase and Use Agreement shall be payable by the County). In the event that it should become necessary to perform Extraordinary Services including any such Extraordinary Services relating to a default or post-default situation, with respect to the Series 2017 Bonds, the Trustee shall be entitled to reasonable extra compensation therefor, determined in accordance with the Trustee's then-current fee schedule, and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith.

Without creating a default or an Event of Default, however, the County may contest in good faith the necessity for any Extraordinary Service and Extraordinary Expense and the reasonableness of any fee, charge or expense.

The Trustee, in that or its other capacities, shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by its negligence or willful misconduct.

Any amounts payable under this Section 6.3 are payable upon demand and shall bear interest from the date of demand therefor at the prime rate quoted from time to time by the banking association serving as Trustee.

SECTION 6.4 Intervention by Trustee. The Trustee may and, at the direction of the Holders of at least 50% of the aggregate principal amount of the Outstanding Bonds, shall intervene in any judicial proceeding to which the Corporation or the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it by the Holders in accordance with Sections 6.1 and 6.2 hereof before it takes action hereunder.

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is not so appointed within ten days after (a) a notice of resignation or any instrument or document of removal is received by the Corporation as provided in Sections 6.6 and 6.7 hereof, respectively, or (b) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Corporation shall not have appointed a successor Trustee, the Holders of a majority in aggregate principal amount of the Outstanding Bonds not paid or provided for may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 60 days of the occurrence of any event listed in Section 6.8(a)(i)-(iii), the Holder of any Outstanding Bond hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee. Notwithstanding any other provision of this Trust Agreement to the contrary, no resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee hereunder.

(b) Every successor Trustee appointed pursuant to this Section shall (i) be a trust company or bank having the powers of a trust company, (ii) be in good standing within the State and, if applicable, the United States, (iii) be duly authorized to exercise trust powers within the State and, if applicable, the United States, (iv) have a reported capital and surplus of not less than \$75,000,000, and (v) be willing to accept the trusteeship under the terms and conditions of this Trust Agreement.

(c) Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor and to the Corporation and the County an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretion, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the written request of its successor, the Corporation or the County, the predecessor Trustee (i) shall execute and deliver any instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests, and liens of the predecessor Trustee hereunder, and (ii) shall take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and moneys) held by it as Trustee. Should any instrument or document in writing from the Corporation be requested by any successor Trustee for vesting and the conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed hereby in or to the predecessor Trustee, the Corporation shall execute, acknowledge and deliver that instrument or document.

(d) In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any moneys which it may hold pursuant to this Trust Agreement and shall cease to act as Paying Agent for the Bonds, the successor Trustee shall become custodian of such moneys and the Paying Agent.

(e) Upon the appointment of a successor Trustee and completion by the predecessor Trustee of the actions required of it under (c) above, the predecessor Trustee shall not be liable for any acts of its successor.

SECTION 6.9 Dealing in Bonds. The Trustee and its affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owner of any Bond or Bonds with the same rights which they would have hereunder if the Trustee did not serve in that capacity.

SECTION 6.10 Representations, Agreements and Covenants of Trustee. The Trustee hereby represents and warrants that:

SECTION 6.5 Successor Trustee. Anything herein to the contrary notwithstanding:

(a) Any corporation or association that (i) is a trust company or a bank having the powers of a trust company, (ii) is duly authorized to exercise trust powers and in good standing under the laws of the State and, if applicable, the United States, (iii) is subject to examination by federal or State authorities, and (iv) has a reported capital and surplus of not less than \$75,000,000; and (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which the Trustee may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, is the successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder.

(b) Any such corporation or association that becomes a successor Trustee by virtue of the foregoing shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Trust Agreement to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

SECTION 6.6 Resignation by Trustee. The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the County and the Corporation and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee and its acceptance of its duties as set forth in Section 6.8 hereof.

SECTION 6.7 Removal of Trustee.

(a) The Holders of not less than a majority of the aggregate principal amount of the Outstanding Bonds may, on execution of a signed instrument or document or concurrent instruments or documents in writing, delivered to the Trustee, with copies thereof mailed to the County and the Corporation, remove the Trustee for cause.

(b) For so long as no Event of Default has occurred and is continuing, the Corporation at the written direction of the County may remove the Trustee upon 30 days' written notice.

(c) The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Corporation, the County or the Holders of not less than 25% in aggregate principal amount of the Outstanding Bonds.

(d) At the request of the County, so long as no default exists under the Purchase and Use Agreement and no Event of Nonappropriation has occurred, the Corporation may appoint a successor Trustee as provided in Section 6.8 hereof.

SECTION 6.8 Appointment of Successor Trustee.

(a) If (i) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (ii) the Trustee shall not be taken under the control of any public officer or officers, or (iii) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Corporation (with the agreement of the County if there is no Event of Default and no Event of Nonappropriation under the Purchase and Use Agreement); provided, that if a successor Trustee

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(a) It is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America and duly authorized to exercise corporate trust powers in the State, it has an unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State, and that it will maintain unimpaired reported capital and surplus of not less than \$75,000,000;

(b) It is duly authorized to execute and deliver this Trust Agreement and to perform its obligations hereunder in the manner and to the extent set forth in this Trust Agreement; and

(c) All actions required on its part to be performed for authentication of the Bonds and the execution and delivery of this Trust Agreement have been or will be taken duly and effectively.

The Trustee will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations, provisions, duties and obligations to be observed or performed by the Trustee hereunder, the Bonds and under any other instrument or document providing security for the Bonds; provided, nevertheless, that the Trustee shall not be responsible or liable for the performance of or observation of any covenants respecting the maintenance of federal tax exemption of interest with respect to the Bonds in the absence of specific direction in writing from the County or the Corporation and shall not be responsible for ascertaining the requirements of federal tax law with respect thereto.

SECTION 6.11 Right of Trustee to Pay Taxes and Other Charges. Reference is made to the Purchase and Use Agreement whereby the Corporation is authorized to advance moneys (i) to pay taxes, assessments and other governmental charges with respect to the 2017 Facilities, (ii) for the discharge of mechanic's and other liens relating to the 2017 Facilities, (iii) to obtain and maintain insurance for the 2017 Facilities and pay premiums therefor, and (iv) generally, to make payments and incur expenses in the event that the County fails to do so as required by such Purchase and Use Agreement or the Base Lease. The Trustee may make those advances but shall not be required to do so (and may require indemnification) pursuant to Sections 6.1(c)(iv) and 6.2 hereof, but without prejudice to any rights of the Trustee as assignee of the Corporation against the County for failure of the County to do so.

SECTION 6.12 Additional Covenants and Agreements of the Trustee. In addition to any other covenants and agreements of the Trustee in this Trust Agreement, the Trustee further covenants and agrees for the benefit of the Holders as follows:

(a) *Register.* At reasonable times and under reasonable regulations established by the Trustee, the Register for the Bonds may be inspected and copied by the Corporation, the County or Holders of 25% or more in principal amount of the Outstanding Bonds, or a designated representative therefor.

(b) *Rights and Enforcement of Base Lease and Purchase and Use Agreement.* The Trustee may enforce, in its name, all rights of the Corporation under the Base Lease and the Purchase and Use Agreement for and on behalf of the Holders. The Trustee covenants and agrees to perform all obligations and duties imposed on it by assignment hereunder, and to enforce, subject to Sections 6.1 and 6.2 hereof, all covenants, agreements and obligations of the County under and pursuant to the Base Lease and the Purchase and Use Agreement. The Trustee will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations duties and responsibilities on its part to be observed or performed under the Base Lease and the Purchase and Use Agreement, and will take all actions within its authority to keep the Base Lease and the Purchase and Use Agreement in effect in accordance with the terms thereof. The Trustee's obligations under this paragraph are subject to the provisions of the last paragraph of Section 7.3 hereof.

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**ARTICLE VII
DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND HOLDERS**

SECTION 7.1 Defaults; Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default hereunder:

(a) Payment of the principal or interest due on any Bond shall not be made when and as such payment shall become due and payable;

(b) The occurrence and continuance of an Event of Default as defined in Section 8.1 of the Purchase and Use Agreement;

(c) Any material breach by the Corporation of any representation or warranty made in this Trust Agreement or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Corporation in this Trust Agreement or in the Bonds contained;

(d) The issuance of an order of relief by the Bankruptcy Court of the United States District Court having valid jurisdiction, granting the Corporation relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Corporation or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(e) The consent by the Corporation to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Corporation or of any substantial part of its property, affairs, or assets.

SECTION 7.2 Notice of Default. In the event the Trustee becomes aware of the occurrence of any of the events described in Section 7.1 above with respect to the Purchase and Use Agreement, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the County and the Corporation within 10 days after the Trustee has knowledge of the Event of Default. If an Event of Default occurs of which the Trustee has notice pursuant to this Trust Agreement, the Trustee shall give written notice thereof, within 30 days after the Trustee's receipt of notice of its occurrence, to the Holders of all Outstanding Bonds as shown by the Register at the close of business 15 days prior to the mailing of that notice.

SECTION 7.3 Remedies; Rights of Holders.

(a) General. Upon the occurrence and continuance of an Event of Default, the Trustee may, subject to Section 14.4 hereof, pursue any available remedy to enforce the payment of any amounts due with respect to the Bonds or the observance and performance of any other covenant, agreement or obligation under this Trust Agreement, the Purchase and Use Agreement (including but not limited to the right to relet the Corporation Facilities as provided in Section 8.2 of the Purchase and Use Agreement) pertaining thereto or any other instrument providing security, directly or indirectly, for the Bonds. On the occurrence and continuance of an Event of Default, and subject to Section 14.4 hereof and at the request of the Holders of at least 25% of the aggregate principal amount of the Outstanding Bonds, the Trustee (subject to the provisions of Sections 6.1 and 6.2 hereof), shall exercise one or more rights and powers conferred by this Section as the Trustee, upon advice of counsel, deems most expedient in the interests of the Holders of such Bonds.

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(c) No Remedy Exclusive, Effect of Delay and Waiver. No remedy conferred upon or reserved to the Trustee or to the Holders by this Trust Agreement is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Holders now or hereafter existing. No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be deemed to be expedient. No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

(f) Remedies Under Purchase and Use Agreement and Base Lease. As the assignee of all right, title and interest of the Corporation in and to the Purchase and Use Agreement and the Base Lease, the Trustee is empowered to enforce each remedy, right and power granted to the Corporation under the Purchase and Use Agreement (except for those rights specifically reserved to the Corporation) and the Base Lease. In exercising any remedy, right or power under the Purchase and Use Agreement, the Base Lease or this Trust Agreement, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in Sections 6.1 and 6.2 hereof.

SECTION 7.4 Right of Holders to Direct Proceedings. Anything to the contrary in this Trust Agreement notwithstanding, but subject to Section 14.4 hereof, the Holders of at least a majority in aggregate principal amount of the Outstanding Bonds shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Trust Agreement or any other proceedings hereunder; provided, that (i) any direction shall be in accordance with the provisions of law and of this Trust Agreement, (ii) the Trustee shall be indemnified as provided in Sections 6.1 and 6.2 hereof, and (iii) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

SECTION 7.5 Application of Moneys.

(a) Unless the principal of all Outstanding Bonds shall have become or have been declared due and payable, any funds received by the Trustee hereunder shall be applied as follows (provided, however, that amounts on deposit in a subaccount of the Facilities Purchase Account or the Reserve Account established for the benefit of a particular series of Bonds shall be available solely with respect to such Bonds):

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the person entitled thereto, without any discrimination or preference;

Second: To the payment to the Persons entitled thereto of the unpaid principal amounts or redemption premium, if any, of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amounts or redemption premium, if any, due on such date, to the Persons entitled thereto, without any discrimination or preference; and

Third: If, when there is not an Event of Default, the Trustee is required to expend funds to defend itself in a lawsuit which arises under a cause of action attacking the legality of the Bonds; the inclusion of interest earned on the Bonds in the gross income for federal income tax purposes of a Bondholder; or the

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(b) Acceleration. Subject to Section 14.4 hereof, upon the occurrence of an Event of Default, and at any time thereafter while such Event of Default continues, then the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Outstanding Bonds, may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds, shall proceed, to declare the principal of all Outstanding Bonds, except as noted below, together with all accrued and unpaid interest thereon, if not already due, to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately, anything contained in this Trust Agreement or any Supplemental Agreement or in any of the Bonds to the contrary notwithstanding. This provision is also subject, however, to the condition that, if at any time after the principal of the Bonds, together with the accrued and unpaid interest thereon and other moneys secured hereby, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount of all Bonds which have matured either according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon all Bonds, except interest accrued but not yet due on said Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, then the Holders of 25% in principal amount of the Outstanding Bonds, by notice in writing delivered to the Trustee and the Corporation, may waive such Event of Default and its consequences and rescind and annul such declaration. No such waiver or rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power related to such subsequent default.

(c) Other Remedies. In case any one or more of the Events of Default shall happen and be continuing, then, but subject to the provisions of Sections 7.7 and 14.4 hereof, the Holder of any Outstanding Bond or the Trustee may, for the equal benefit and protection of all Holders of the Bonds similarly situated:

(i) by mandamus or other suit, action or proceedings at law or in the equity, enforce such Bondholder's right against the Corporation and require and compel the Corporation to perform and carry out its duties and obligations under this Trust Agreement or enforce any such remedies against the County pursuant to the Purchase and Use Agreement, and require and compel the Corporation to perform and carry out its covenants and agreements with the Bondholders;

(ii) by action or suit in equity require the Corporation to account as if such Corporation were the trustee of an express trust;

(iii) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders;

(iv) bring suit upon the Bonds;

(v) take such other action with respect to the Trust Estate, including obtaining the appointment of a receiver, as it may deem appropriate and apply any funds resulting therefrom as if such funds were Revenues; or

(vi) avail itself of any other remedy, whether at law or in equity, as it may determine to be appropriate.

(d) Remedies Under Uniform Commercial Code. The Trustee may exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect.

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status of the Corporation as issuer, then, in such event the Trustee shall be entitled to a call on the funds for the same kinds of expenses as are described as costs and expenses of collection as described in (b) below; and

(b) If the principal of all Outstanding Bonds shall have become or have been declared due and payable, any funds received by the Trustee hereunder, after payment of costs and expenses of collection, shall be applied ratably according to the amounts due respectively for principal and interest to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal or interest, of any installment, of any Bond, to the Persons entitled thereto; provided, however, that amounts on deposit in a subaccount of the Facilities Purchase Account or the Reserve Account established for the benefit of a particular series of Bonds shall be available solely with respect to such Bonds. For purposes hereof, "costs and expenses of collection" shall include such expenses as are necessary for the Trustee to fulfill its obligation of due diligence to protect the interests of the Bondholders in the Trust Estate which expenses may include the Trustee's reasonable expenses and fees for its duties administering this Trust Agreement while the Bonds are in default, its normal fees and expenses resulting from managing any of the property forming part of the Trust Estate, expenses of counsel to represent the Trustee, expenses of consultants employed by the Trustee, and direct expenses of the Trustee to include the costs of preparing and mailing notices to Bondholders and other parties.

(c) If the principal of all Outstanding Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Outstanding Bonds shall later become due or be declared due and payable, moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

(d) Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are available therefor. The Trustee shall give notice of the deposit with it of any moneys and of the fixing of that date, all consistent with the requirements of Section 3.5 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

(e) Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the County or as a court of competent jurisdiction may direct.

SECTION 7.6 Remedies Vested in Trustee. All rights of action (including without limitation, the right to file proofs of claims) under this Trust Agreement or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds subject to the provisions of this Trust Agreement.

SECTION 7.7 Rights and Remedies of Holders. A Holder of a Bond shall not have any right to institute any suit, action or proceeding for the enforcement of this Trust Agreement, for the execution of

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any trust hereof, or for the exercise of any other remedy hereunder, unless (a) there has occurred and is continuing an Event of Default of which the Trustee has been notified or is deemed to have notice as provided in Section 6.2(f) hereof; and (b) subject to Section 14.4 hereof, the Holders of at least 25% in aggregate principal amount of the Outstanding Bonds shall have (i) made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and (ii) offered indemnity to the Trustee as provided in Sections 6.1 and 6.2 hereof; and the Trustee failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

No Holder of a Bond shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Trust Agreement by its action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceeding shall be instituted, had and maintained in the manner provided herein for the benefit of the Holders of all Outstanding Bonds. Nothing in this Trust Agreement shall affect or impair, however, the right of any Holder to enforce the payment of the principal and interest due on any Bond owned by that Holder at and after the due date thereof, at the place, from the sources and in the manner expressed in the Bond.

SECTION 7.8 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any remedy, right or power under this Trust Agreement in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Corporation and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

SECTION 7.9 Waivers of Events of Default. Except as hereinafter provided and subject to Section 14.4, the Trustee may, and upon the written request of the Holders of at least a majority in aggregate principal amount of Bonds Outstanding shall, waive any Event of Default hereunder and its consequences. The Trustee shall not waive, however, any Event of Default described in Section 7.1(a) hereof unless at the time of such waiver payments of all amounts then due and payable with respect to the Bonds have been made or provision has been made therefor. In the case of waiver, or in case any suit, action or proceeding taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

ARTICLE VIII SUPPLEMENTAL AGREEMENTS

SECTION 8.1 Supplemental Agreements Generally. The Corporation and the Trustee may enter into Supplemental Agreements, as provided in this Article and pursuant to the other provisions thereof in this Trust Agreement. So long as any of the Bonds remain Outstanding, any rating agency rating the Bonds must receive notice of each Supplemental Agreement and a copy thereof at least 15 Business Days in advance of its execution. The Trustee shall not be required to execute any amendment affecting its obligations, duties or standard of care.

SECTION 8.2 Supplemental Agreements Not Requiring Consent of Holders. Without the consent of, or notice to, any of the Holders but subject to Section 11.3 hereof, the Corporation and the Trustee may enter into Supplemental Agreements which shall not, in the opinion of the Trustee, be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Outstanding Bonds, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Agreement; provided, however, that the establishment of an escrow for the defeasance of a portion of the Bonds shall not be deemed to constitute the creation of a privilege or priority for the benefit of the Bonds to be defeased.

If the Corporation shall request that the Trustee execute and deliver any Supplemental Agreement for any of the purposes of this Section, upon (i) being satisfactorily indemnified with respect to its expenses and liability in connection therewith, and (ii) if required by Section 8.4 hereof, receipt of the County's consent to the proposed execution and delivery of the Supplemental Agreement, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Agreement to be mailed by first class mail, postage prepaid, to all Holders of Outstanding Bonds at their addresses as they appear on the Register at the close of business on the 15th day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Agreement when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Agreement and shall state that copies thereof are on file at the principal trust office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period described by the Trustee of not less than 60 days but not exceeding one year, following the mailing of the notice, an instrument or document (which instrument or document shall refer to the proposed Supplemental Agreement in the form described in the notice), by which the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds consent to the execution of such Supplemental Agreement, the Trustee shall, execute and deliver the Supplemental Agreement in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holders of the Bonds, regardless of whether that Holder shall have consented thereto. A consent may be revoked, however, by a written revocation of such consent signed by the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds and received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Agreement. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the Trustee shall make and file with the County a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Outstanding Bonds shall have consented to the Supplemental Agreement, as provided in this Section, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Agreement, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof; (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee from that execution or delivery or from taking any action pursuant to the provisions thereof.

SECTION 8.4 Consent of County. Anything contained herein to the contrary notwithstanding, and so long as the County is not in default under the Purchase and Use Agreement, a Supplemental

(a) To cure any ambiguity, inconsistency or formal defect or omission in this Trust Agreement;

(b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;

(c) To assign additional revenues under this Trust Agreement;

(d) To accept additional security and instruments and documents of further assurance with respect to the 2017 Facilities;

(e) To add to the covenants, agreements and obligations under this Trust Agreement, other covenants, agreements and obligations to be observed for the protection of the Holders;

(f) To evidence any succession to the Trustee and the assumption by its successor of the covenants, agreements and obligations of the Trustee under this Trust Agreement and the Bonds;

(g) To permit the use of a Book-Entry System to identify the owner of a proportionate interest in the payments under the Purchase and Use Agreement, whether that proportionate interest was formerly, or could be, evidenced by a tangible security;

(h) To permit the Trustee to comply with any obligations imposed upon it by law;

(i) To specify further the duties and responsibilities of the Trustee;

(j) To achieve compliance of this Trust Agreement with any applicable federal securities or tax law;

(k) To make amendments to the provisions hereof relating to matters under the Code, if, in the opinion of nationally recognized bond counsel selected by the Corporation and approved by the Trustee, those amendments would not cause the interest on the Bonds to become includable in the gross incomes of the recipients thereof for federal income tax purposes;

(l) To make provision of the issuance of Additional Bonds as provided for herein;

(m) To permit any other amendment which is not to the prejudice of the Trustee (in the judgment of the Trustee) or the Holders; or

(n) To reflect a change in applicable law.

The provisions of paragraphs (h), (j) and (m) above shall not be deemed to constitute a waiver by the Trustee or any Holder of any right which it may have to contest the application of any change in law to this Trust Agreement or the Bonds.

SECTION 8.3 Supplemental Agreements Requiring Consent of Holders. Exclusive of Supplemental Agreements to which reference is made in Section 8.2 hereof and subject to the terms, provisions and limitations contained in this Section and Section 14.4 hereof, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds at such time, evidenced as provided in this Trust Agreement, the Corporation and the Trustee may execute and deliver Supplemental Agreements adding any provisions to, changing in any manner or eliminating any of the provisions of this Trust Agreement or any Supplemental Agreement or restricting in any manner the rights of the Holders. Nothing in this Section or Section 8.2 hereof shall, however, be construed as permitting:

Agreement executed and delivered in accordance with this Article VIII which affects any rights or obligations of the County shall not become effective unless and until the County shall have consented in writing to the execution and delivery of that Supplemental Agreement. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Agreement and a copy of the proposed Supplemental Agreement to be mailed to the County, as provided in Section 14.3 hereof, (i) at least 30 days (unless waived by the County) before the date of the proposed execution and delivery of a Supplemental Agreement.

SECTION 8.5 Authorization to Trustee; Effect of Supplemental Agreement. The Trustee is authorized to join with the Corporation in the execution and delivery of any Supplemental Agreement in accordance with this Article and to make the further agreements and stipulations which may be contained therein with the following effect:

(a) That Supplemental Agreement shall form a part of this Trust Agreement;

(b) All terms and conditions contained in that Supplemental Agreement as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Trust Agreement for any and all purposes;

(c) This Trust Agreement shall be deemed to be modified and amended in accordance with the Supplemental Agreement; and

(d) The respective rights, duties and obligations under this Trust Agreement of the Corporation, the Trustee and all Holders of Outstanding Bonds shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Agreement.

Express reference to any executed and delivered Supplemental Agreement may be made in the text of any Bonds executed and delivered thereafter, if that reference is deemed necessary or desirable by the Trustee or the Corporation. The Trustee shall not be required to execute a Supplemental Agreement containing provisions adverse to the Trustee.

SECTION 8.6 Opinion of Counsel. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed Supplemental Agreement complies with the provisions of this Trust Agreement, and (ii) it is proper for the Trustee to join in the execution of that Supplemental Agreement under the provisions of this Article. The Trustee may accept an opinion of Bond Counsel or counsel for the Corporation or the County for such purposes. Prior to taking any action hereunder, the Trustee shall be entitled to assurance as to the payment of the fees and expenses of any counsel providing such opinion.

SECTION 8.7 Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in this Trust Agreement, the rights and obligations of the Trustee and of the Holders of the Bonds, and the terms and provisions of the Bonds and this Trust Agreement or any Supplemental Agreement, may be modified or altered in any respect with the consent of (i) the Trustee, (ii) the Holders of all of the Outstanding Bonds, and (iii) if required by Section 8.4 hereof, the County.

ARTICLE IX
DEFEASANCE

SECTION 9.1 Defeasance.

(a) When principal or redemption price (as the case may be) of, and interest on, any Bonds issued hereunder has been paid, or provision shall have been made for payment of the same, together with the compensation of the Trustee and all other sums payable hereunder and under the Purchase and Use Agreement by the Corporation and the County, the right, title and interest of the Trustee with respect to the Trust Estate shall thereupon cease and the Trustee shall release this Trust Agreement and shall execute such documents to evidence such releases as may be reasonably required by the Corporation and shall turn over to the Corporation or to such person, body or authority as may be entitled to receive the same all balances then held by it hereunder; provided, however, that the County shall in all events remain liable under the Purchase and Use Agreement (subject to Section 4.7 thereof) until all amounts due and owing thereunder have been paid.

(b) Provision for the payment of the Bonds shall be deemed to have been made when the Trustee holds, in an irrevocable deposit, under the provisions hereof (i) cash in an amount sufficient to make all payments specified above with respect to all of such Bonds, or (ii) Defeasance Obligations maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient without reinvestment to make all payments specified above with respect to such Bonds, or (iii) any combination of such cash and such Defeasance Obligations the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient without reinvestment to make all payments specified above on such Bonds; provided that, to the extent such deposit does not consist solely of cash, which will be held uninvested, the Trustee shall have received a report of an independent accountant or firm of accountants verifying that the computations of the amount available from Defeasance Obligations when added to any cash available shall be sufficient to meet the requirements hereof. Any escrow agreement entered into hereunder shall provide that (i) any substitution of securities shall require a verification report provided by an independent certified public accountant, (ii) the Corporation will not exercise any optional redemption of Bonds secured by such escrow agreement or any other redemption other than mandatory sinking fund redemptions unless the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (iii) the Corporation shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Trustee.

(c) Neither the obligations nor the moneys deposited with the Trustee pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal or redemption price of, and interest on, said Bonds.

(d) Whenever moneys or obligations shall be deposited with the Trustee for the payment or redemption of Bonds more than 60 days prior to the date that such Bonds are to mature or be redeemed, the Trustee shall mail a notice stating that such moneys or obligations have been deposited and identifying the Bonds for the payment of which such moneys or obligations are being held, to the Holders of Bonds for the payment of which such moneys or obligations are being held.

(e) Prior to any defeasance becoming effective under this Trust Agreement, there shall have been delivered to the Trustee an opinion of Bond Counsel, satisfactory to the Trustee, to the effect that interest on the Bonds being paid by such defeasance will not become subject to federal income taxation by reason of such defeasance.

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Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 8.3 hereof with respect to notice of Supplemental Agreements. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that the copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

SECTION 11.3 Opinion of Counsel. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed amendment, change, or modification of or supplement to the Base Lease and the Purchase and Use Agreement complies with the provisions of this Trust Agreement, and (ii) it is proper for the Trustee to consent to the proposed amendment, change, or modification of or supplement to the Base Lease and the Purchase and Use Agreement under the provisions of this Article. The Trustee may accept an opinion of Bond Counsel or counsel for the Corporation or the County for such purposes. Prior to taking any action hereunder, the Trustee shall be entitled to assurance as to the payment of the fees and expenses of any counsel providing such opinion.

ARTICLE XII
[RESERVED]

ARTICLE XIII
MEETINGS OF HOLDERS

SECTION 13.1 Purpose of Meetings. A meeting of Holders of the Bonds may be called at any time and from time to time pursuant to the provisions of this Article XIII, to take any action (i) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds of that Series, (ii) under any provision of this Trust Agreement, or (iii) authorized or permitted by law.

SECTION 13.2 Call of Meetings. The Trustee may call at any time a meeting of Holders of the Bonds pursuant to Section 13.1 hereof to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first class mail, postage prepaid, not fewer than 15 nor more than 90 days prior to the date of the meeting to the Holders at their addresses as they appear on the Register on the 15th day preceding such mailing, which 15th day preceding the mailing shall be the record date for the meeting.

At any time the Holders of at least 50% in aggregate principal amount of the Outstanding Bonds of a Series shall have requested the Trustee to call a meeting of Holders of Bonds of that Series, by written request setting forth the purpose of the meeting, if the Trustee shall not call such meeting, within 20 days after receipt of the request, then the Corporation or, if it does not do so, the Holders of Bonds of that Series in the amount above specified may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 13.1 hereof, by mailing notice thereof as provided above, such meeting to be noticed not more than 30 days after receipt of request of the Holders of Bonds of that Series.

Any meetings of Holders of Bonds of a Series shall be valid without notice, if the Holders of all Outstanding Bonds of that Series are present in person or by proxy, or if notice is waived before or after the meeting by the Holders of all Outstanding Bonds of that Series who were not so present at the meeting, and if the Corporation, the County and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

SECTION 13.3 Voting. To be entitled to vote at any meeting of Holders of the Bonds, a Person shall (i) be a Holder of one or more Outstanding Bonds as of the record date for the meeting as determined above, or (ii) be a person appointed by an instrument or document in writing as proxy by a

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SECTION 9.2 Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of this Trust Agreement which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, and payments to the County from the Bond Fund pertaining to the Purchase and Use Agreement and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders, notwithstanding, the release and discharge of this Trust Agreement. The provisions of this Article shall survive the release, discharge and satisfaction of this Trust Agreement.

ARTICLE X
RESERVED

ARTICLE XI
AMENDMENTS TO BASE LEASE AND PURCHASE AND USE AGREEMENT

SECTION 11.1 Amendments Not Requiring Consent of Holders.

(a) Without the consent of or notice to the Holders, the Trustee, as trustee and as lessor by assignment, may consent to any amendment, change or modification of the Base Lease and the Purchase and Use Agreement (i) permitted by the provisions of the Base Lease, the Purchase and Use Agreement or this Trust Agreement, (ii) which cures any ambiguity, inconsistency or formal defect or omission in the Base Lease or the Purchase and Use Agreement, (iii) in connection with an amendment or to effect any purpose for which there could be an amendment of this Trust Agreement pursuant to Section 8.2 hereof, (iv) in connection with the issuance of Additional Bonds as provided for herein, or (v) in connection with any other change therein which, in the judgment of the Trustee, relying on an opinion of counsel as provided in Section 11.3 herein, is not to the prejudice of the Trustee or the Holders.

(b) No such consent or notice to the Holders shall be required with respect to any amendment to add to the description of the 2017 Real Property any subsequently acquired property that becomes a part thereof or to delete property from the description thereof consistent with the provisions of the Purchase and Use Agreement and the Base Lease.

SECTION 11.2 Amendments Requiring Consent of Holders. Except for the amendments, changes or modification contemplated in Section 11.1 hereof and subject to Section 14.4 hereof, the Trustee shall not consent to:

(a) Any amendment, change or modification of the Purchase and Use Agreement which would change the amount or time as of which Base Payments are required to be paid without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the Outstanding Bonds; provided that this requirement shall not apply to amendments that modify Installment Payments under the Purchase and Use Agreement to provide for Additional Bonds hereunder; or

(b) Any amendment, change or modification of the Purchase and Use Agreement without the giving of notice as provided in this section of the proposed amendment, change or modification and the receipt of the written consent thereto of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds.

The consent of the Holders shall be obtained as provided in Section 8.3 hereof with respect to Supplemental Agreements. If the County shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Purchase and Use Agreement contemplated in subsections (a) or (b), upon being indemnified satisfactorily with respect to expenses and liability, the

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Person who is such a Holder of Bonds as of the record date for the meeting of one or more Outstanding Bonds. Each Holder or proxy shall be entitled to one vote for each \$5,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders or their representatives by proxy and the identifying numbers of the Bonds held or represented by them.

The provisions hereof may be modified with respect to any particular Series of Bonds to provide that any insurer, surety, guarantor or provider of any credit facility that applies to such Series of Bonds or a portion thereof may act in the place and stead of the Holders with respect to consents or action at any meeting of the Holders.

SECTION 13.4 Meetings. Notwithstanding any other provision of this Trust Agreement, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of Holders, with regard to:

- (a) proof of the holding of Bonds and of the appointment of proxies,
- (b) the appointment and duties of inspectors of votes,
- (c) recordation of the proceedings of those meetings,
- (d) the execution, submission and examination of proxies and other evidence of the right to vote, and
- (e) any other matters concerning the conduct, adjournment or reconvening of meetings which it may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Corporation or by the Holders, as provided in Section 13.2 hereof, in which case the Corporation or the Holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Bonds represented at the meeting and entitled to vote.

The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at the meeting, any representatives of the Trustee, any representatives of the Corporation, and any representatives of the County, and their respective counsel.

SECTION 13.5 Miscellaneous. Nothing contained in this Article XIII shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Trust Agreement or of the Bonds by reason of any call of a meeting of Holders or any rights conferred expressly or impliedly hereunder to make a call.

ARTICLE XIV
MISCELLANEOUS

SECTION 14.1 Limitation of Rights. With the exception of rights conferred expressly in this Trust Agreement, nothing expressed or mentioned in or to be implied from the Base Lease, the Purchase and Use Agreement or the Bonds is intended or shall be construed to give to any Person and the parties hereto, the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Trust Agreement or any covenants, agreements, conditions and provisions contained

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herein. This Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as provided herein. The Trustee is a third-party beneficiary of this Trust Agreement.

SECTION 14.2 Severability. In case any section or provision of this Trust Agreement, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Trust Agreement, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Trust Agreement or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Trust Agreement, all of which shall be construed and enforced at the time as if the illegal; invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, covenant, agreement, stipulation, obligation, act, acting, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

SECTION 14.3 Notices. Except as provided in Section 7.2 hereof, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if it is mailed by first class mail, postage prepaid. Notices to the Corporation, the County, and the Trustee shall be addressed as follows:

If to the County:

Orangeburg County, South Carolina
ATTN: County Administrator
1437 Amelia Street
Orangeburg, South Carolina 29115

(with a copy to)

Ray E. Jones
Parker Poe Adams & Bernstein LLP
1221 Main Street, Suite 1100
Columbia, South Carolina 29201
Telephone: 803.255.8000
Telecopier: 803.255.8017

If to the Corporation:

Orangeburg County Facilities Corporation
Attention: President
c/o Anderson Law Office, P.A.
155 Wall Street
Orangeburg, South Carolina 29115
(with copy to the County as described above)

If to the Trustee:

U.S. Bank National Association
Attention: Global Corporate Trust Services
1441 Main Street, Suite 775
Columbia, South Carolina 29201

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SECTION 14.7 Priority of this Trust Agreement. This Trust Agreement and the lien created hereby shall be superior to any other liens which may be placed upon the Revenues or any Funds (or Accounts therein) created pursuant hereto.

SECTION 14.8 Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the Trustee contained in this Trust Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the Trustee as such to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the Trustee contained in this Trust Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Trustee or the Corporation in other than that person's official capacity. No official executing the Bonds, this Trust Agreement or any amendment or supplement hereto or thereto, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reasons of the issuance or execution hereof or thereof.

SECTION 14.9 Continuing Disclosure. The County has covenanted in the Purchase and Use Agreement to provide information under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("*15c2-12*"), as an Obligated Person (as defined in 15c2-12).

SECTION 14.10 Binding Effect. This Trust Agreement shall inure to the benefit of and shall be binding upon the Corporation and upon the Trustee, and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 14.11 Counterparts. This Trust Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

SECTION 14.12 Governing Law. This Trust Agreement and any Bonds shall be deemed to be contracts made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

SECTION 14.13 Limitation of Liability of Corporation. All payments to be made by the Corporation or obligations of the Corporation hereunder are payable solely from the Trust Estate and revenues derived therefrom.

SECTION 14.14 Indemnification of Trustee. The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver or the acceleration of the maturity date of any or all Bonds) under this Trust Agreement or the Purchase and Use Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Corporation, at the request of the Trustee, shall reimburse the Trustee from the revenues of the Corporation derived from funds available under the Purchase and Use Agreement for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Corporation shall fail to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

[ONE SIGNATURE PAGE FOLLOWS]

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Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Corporation, the Trustee, or the County to one or more of the others also shall be given to the others. The foregoing parties may designate, by notice given hereunder, any further or different addresses to which any subsequent notice, request, complaint, demand or other instrument or document shall be sent.

In connection with any notice mailed pursuant to the provisions of this Trust Agreement, a certificate of the Trustee, the Corporation, the County or the Holders of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

SECTION 14.4 Suspension of Mail. If because of the suspension of delivery of first class mail or, for any other reason, the Trustee shall be unable to mail by the required class of mail any notice required to be mailed by the provisions of this Trust Agreement, the Trustee shall give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate mailing thereof, and the giving of that notice in that manner for all purposes of the Purchase and Use Agreement shall be deemed to be in compliance with the requirement for the mailing thereof. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

SECTION 14.5 Payments Due on Saturdays, Sundays and Holidays. If any Bond Payment Date or date of maturity of the principal of any Bonds is a Saturday, Sunday or a day on which the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest or principal need not be made by the Trustee on that date, and that payment may be made on the next succeeding Business Day on which the Trustee is open for business with the same force and effect as if that payment were made on the Bond Payment Date or date of maturity and no interest shall accrue for the period after that date.

SECTION 14.6 Instruments of Holders. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Trust Agreement to be executed by any Holder may be in any number of concurrent writings of similar tenor and may be executed by that Holder in person or by an agent or attorney appointed in writing. Proof of (i) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (ii) the execution of any writing appointing any agent or attorney, and (iii) the ownership of Bonds, shall be sufficient for any of the purposes of this Trust Agreement, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(a) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(b) The fact of ownership of Bonds shall be proved by the Register.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Holder of any Bond shall bind every future Holder of the same Bond, with respect to anything done or suffered to be done by the Corporation or the Trustee pursuant to that writing.

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IN WITNESS WHEREOF, the Corporation has caused this Trust Agreement to be executed and delivered for it and in its name and on its behalf by its duly authorized officers, and the Trustee has caused this Trust Agreement to be executed and delivered for it and in its name and on its behalf by its duly authorized officers, on the dates of the respective acknowledgments but, effective, as of the day and year first above written.

ORANGEBURG COUNTY FACILITIES CORPORATION

Chair, Board of Directors

(SEAL)

ATTEST:

Secretary, Board of Directors

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Assistant Vice President

Signature Page to Trust Agreement

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EXHIBIT A

UNLESS THIS IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC"), TO ORANGEBURG COUNTY FACILITIES CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Registered
No. R-[]

\$[]

UNITED STATES OF AMERICA
SOUTH CAROLINA
ORANGEBURG COUNTY FACILITIES CORPORATION
INSTALLMENT PURCHASE REVENUE BONDS
(DETENTION CENTER PROJECT)
SERIES 2017

Interest Rate [%]	Maturity Date December 1, 20[]	Original Issue Date December [], 2017	CUSIP []
-------------------------	--------------------------------------	---	-------------

Registered Owner: CEDE & CO.

Principal Amount: [] AND 00/DOLLARS

Orangeburg County Facilities Corporation ("Corporation"), a nonprofit corporation organized and existing under the laws of the State of South Carolina ("State"), for value received hereby acknowledges itself obligated to, and promises to pay, the Registered Owner identified above, or registered assigns, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, on the Maturity Date set forth above, and to pay interest on the unpaid balance of said sum from the most recent December 1 or June 1 to which interest has been paid or for which due provision has been made or, if no interest has been paid, from the Dated Date set forth above, at the rate of interest per annum set forth above (calculated on the basis of a 360-day year of twelve 30-day months) payable on June 1 and December 1 (each, "Bond Payment Date") of each year commencing June 1, 2018, until the Corporation's obligation with respect to payment of the principal amount is discharged.

Interest is payable to the person in whose name this Bond is registered at the close of business on the 15th day next preceding each Bond Payment Date, except that interest not duly paid or provided for when due shall be payable to the person in whose name this Bond is registered at the close of business on a special record date to be fixed for the payment of defaulted interest. Such defaulted interest shall be payable to the Holder in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed to the Holders of the Bonds not less than five days prior to such special record date to Holders thereof at the address as it appears on the bond register not less than 10 days preceding such special record date. If U.S. Bank National Association, as trustee ("Trustee"), registers the transfer of this Bond subsequent to the mailing of such

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Counterparts or copies of the Trust Agreement, the Purchase and Use Agreement, the Base Lease and the other documents referred to herein are on file at the corporate trust office of the Trustee in Atlanta, Georgia, and reference is hereby made thereto and to the documents referred to therein for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the Corporation, the County, the Trustee and the Registered Owners of the Bonds under such documents, the security for the Bonds and the conditions under which additional bonds may be issued thereunder to all of which the Registered Owner hereof, by acceptance of this Bond, assents. The Bonds are subject to redemption prior to maturity as provided in the Trust Agreement, as described in the following lettered paragraphs:

(a) In the event the County exercises its option pursuant to the Purchase and Use Agreement to prepay Base Payments, the Bonds maturing on and after December 1, 20[], will be redeemed in whole on any date or in part on any date, after December 1, 20[], at a redemption price equal to the principal amount to be redeemed plus accrued interest to the redemption date.

(b) In the event the County elects to prepay Installment Payments pursuant to Section 4.3 of the Purchase and Use Agreement, the Bonds shall be subject to redemption in whole or in part on any date (as selected by the Trustee at the direction of the Corporation), at a price equal to 100% of the principal amount of the Bonds so redeemed, without premium, plus accrued interest to the date of redemption.

Notice of redemption shall be given by the Trustee by first class mail, postage prepaid, to the Registered Owners of the Bonds to be redeemed at their addresses appearing on the Register maintained by the Trustee, said mailing to be not less than 30 days, but not more than 60 days, prior to the redemption date. Failure of the Trustee to give any notice of redemption or any defects in such notice shall not affect the validity of the redemption of any other Bonds.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Trust Agreement.

Upon the occurrence of certain Events of Default (as defined in the Trust Agreement), all Bonds may be declared immediately due and payable and thereupon shall become and be immediately due and payable as provided in the Trust Agreement.

The Bonds are issuable only in fully registered form. Subject to the limitations provided for in the Trust Agreement, this Bond may be exchanged for a like aggregate principal amount payable at maturity of Bonds of the same maturity in authorized denominations.

The Bonds are transferable by the Registered Owner thereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided for in the Trust Agreement and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of the same maturity and in authorized denominations for the same aggregate principal amount payable at maturity will be issued to the transferee in exchange. The Trustee may require a Registered Owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Trust Agreement in connection with the exchange or transfer. The Trustee need not exchange or register the transfer of a Bond which has been selected for redemption and need not exchange or register the transfer of any Bond for a period of 15 days before a selection of Bonds to be redeemed or before any June 1 or December 1. The Corporation, the County, the Trustee and any paying agent may treat the Registered Owner of this Bond as the absolute owner for the purpose of receiving payment as herein provided and for all other purposes and none of them shall be affected by any notice to the contrary.

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notice and on or before the special record date, any such notice of payment of defaulted interest shall be binding upon the transferee and a copy of the notice of payment of defaulted interest shall be delivered by the Trustee to the transferee along with the bond or bonds.

Principal of and interest on this Bond are payable in lawful money of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts. Payments of interest will be made by check or draft drawn upon Trustee, and mailed to the person entitled thereto. Principal, when due, shall be paid upon surrender of this Bond at the designated corporate trust office of the Trustee in Minneapolis, Minnesota. At the written request addressed to the Trustee of the Holder of Bonds in the aggregate principal amount of at least \$1,000,000, interest and redemptions of principal shall be paid by wire transfer to the account within the continental United States filed not later than the Record Date with the Trustee for such purpose.

The Bonds and the interest thereon and redemption premium, if any, shall be an obligation of the Corporation, and shall be secured by and payable from the Trust Estate (as defined in the hereafter defined Trust Agreement). The Bonds do not and shall not be deemed to constitute or create an indebtedness, liability or obligation of Orangeburg County, South Carolina ("County") within the meaning of any State constitutional provision or statutory limitation or a pledge of the faith and credit of the County. The Bonds and the interest thereon are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders, from time to time, of the Bonds.

This Bond is one of a series of Bonds of the Corporation limited in aggregate original face amount to \$36,595,000 and designated as Orangeburg County Facilities Corporation Installment Purchase Revenue Bonds (Detention Center Project) Series 2017 ("Bonds"), such series issued under a Trust Agreement, dated as of December 1, 2017 ("Trust Agreement"), between the Corporation and the Trustee, to provide funds to finance or refinance the costs of acquiring, constructing, renovating and installing facilities to be sold by the Corporation to the County pursuant to an Installment Purchase and Use Agreement dated as of December 1, 2017 ("Purchase and Use Agreement"), all by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State of South Carolina, and pursuant to a resolution duly adopted by the Board of Directors of the Corporation. The County Council has also adopted a resolution approving the Corporation and the issuance of the Bonds by the Corporation. The County has also acquired and leased the real property on which the 2017 Projects are or will be located to the Corporation under the terms of a Base Lease and Conveyance Agreement dated as of December 1, 2017 ("Base Lease").

Pursuant to the Trust Agreement the Corporation has granted to the Trustee for the benefit of the owners of the Bonds, a security interest in the Trust Estate which includes the Revenues (as defined in the Trust Agreement) consisting of the Installment Payments (as defined in the Trust Agreement) payable by the County under the Purchase and Use Agreement, any other sums arising under the Purchase and Use Agreement, amounts on deposit from time to time in the funds and accounts created pursuant to the Trust Agreement and the investment income therefrom. The Trust Agreement further provides that the Corporation may issue additional bonds secured on a parity with the Bonds by the Trust Estate under the terms and conditions and to the extent described in the Trust Agreement. The County's obligation to pay Installment Payments under the Purchase and Use Agreement is subject to annual appropriations and the obligation may be terminated at the end of any fiscal year of the County by an Event of Nonappropriation (as defined in the Purchase and Use Agreement). UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION, THE COUNTY MAY TERMINATE THE PURCHASE AND USE AGREEMENT AS OF THE END OF THE FISCAL YEAR DURING WHICH SUCH EVENT OF NONAPPROPRIATION OCCURS, AND THE COUNTY SHALL NOT BE OBLIGATED TO MAKE PAYMENT OF THE INSTALLMENT PAYMENTS BEYOND THE END OF SUCH FISCAL YEAR.

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Under the laws of the State of South Carolina, this Bond and the income herefrom 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 AND RECITED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law.

IN WITNESS WHEREOF, the Corporation has caused this Bond to be executed and attested by the manual signatures of its duly authorized officers, and this Bond to be authenticated by the manual signature of an authorized representative of the Trustee, without which authentication this Bond shall not be valid nor entitled to the benefits of the Trust Agreement.

ORANGEBURG COUNTY FACILITIES
CORPORATION

By: _____
President

Attest: _____
Secretary

[FORM TRUSTEE'S AUTHENTICATION CERTIFICATE]

The undersigned Trustee certifies that this Bond is one of the Bonds described in the Trust Agreement.

Date of Authentication: December [], 2017

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

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[FORM OF REQUISITION]
DIRECTION TO MAKE DISBURSEMENT

U.S. Bank National Association
 Columbia, South Carolina

Requisition No. ____

Re: \$36,595,000 Orangeburg County Facilities Corporation
 Installment Purchase Revenue Bonds (Detention Center Project) Series 2017

As Trustee under the Trust Agreement dated as of December 1, 2017, between you and Orangeburg County Facilities Corporation ("Trust Agreement"), and in accordance with the provisions of Section 5.3 of the Trust Agreement, you are hereby directed to disburse from the Project Fund the sum of \$ _____ payable to the persons and in the amounts and at the addresses set forth in the invoices attached hereto, said sums being the amounts due for or attributable to the items described therein.

In this connection, we further certify to you as follows:

A. The amounts to be paid hereunder (i) are due and payable, (ii) are the costs of the [2017 Projects]/[Ancillary Projects] in the amount of \$ _____ (iii) [do not exceed the amount allocated for payment of the Ancillary Projects as set forth in Section 5.3(b) of the Trust Agreement,] [are funds remaining in the Series 2017 Project Account following receipt of a Certificate of Acceptance by the Trustee with respect to the 2017 Projects]. and (iv) have not been the subject of any previous requisition from the Project Fund.

B. All representations and warranties of Orangeburg County, South Carolina ("County") in the Purchase and Use Agreement are true and correct in all material respects as of the date hereof.

C. The County is not in default in any material respects under any provisions of the Purchase and Use Agreement.

Dated this ____ day of _____, 20__.

By: _____ By: _____
 County Representative Corporation Representative

[FORM OF REQUISITION]

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[FORM OF REQUISITION]
DIRECTION TO MAKE DISBURSEMENT – COSTS OF ISSUANCE

U.S. Bank National Association
 Columbia, South Carolina

Requisition No. ____

Re: \$36,595,000 Orangeburg County Facilities Corporation
 Installment Purchase Revenue Bonds (Detention Center Project) Series 2017

As Trustee under the Trust Agreement dated as of December 1, 2017, between you and Orangeburg County Facilities Corporation ("Trust Agreement"), and in accordance with the provisions of Section 5.1(d) of the Trust Agreement, you are hereby directed to disburse from the proceeds of the Series 2017 Bonds the sum of \$ _____ payable to the persons and in the amounts and at the addresses set forth in the invoices attached hereto, said sums being the amounts due for or attributable to the items described therein.

In this connection, I further certify to you as follows:

A. The amounts to be paid hereunder (i) are due and payable, (ii) represent costs of issuance, and (iii) have not been the subject of any previous requisition.

B. All representations and warranties of Orangeburg County, South Carolina ("County") in the Purchase and Use Agreement are true and correct in all material respects as of the date hereof.

C. The County is not in default in any material respects under any provisions of the Purchase and Use Agreement.

Dated this ____ day of _____, 20__.

ORANGEBURG COUNTY FACILITIES
 CORPORATION

ORANGEBURG COUNTY, SOUTH CAROLINA

By: _____ By: _____
 Corporation Representative County Representative

[FORM OF REQUISITION]

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[FORM OF FINAL REQUISITION]
**DIRECTION TO MAKE FINAL DISBURSEMENT FOR THE
 [2017 PROJECTS]/[ANCILLARY PROJECTS]
 AND CERTIFICATE OF ACCEPTANCE**

U.S. Bank National Association
 Columbia, South Carolina

Requisition No. ____

Re: \$36,595,000 Orangeburg County Facilities Corporation
 Installment Purchase Revenue Bonds (Detention Center Project) Series 2017

Ladies and Gentlemen:

As Trustee under the Trust Agreement dated as of December 1, 2017 ("Trust Agreement"), between you and Orangeburg County Facilities Corporation ("Corporation"), and in accordance with the provisions of Section 5.3 of the Trust Agreement, you are hereby directed to disburse from the Project Fund as the case may be, the total sum of \$ _____, payable to the persons and in the amounts and at the addresses set forth invoices attached hereto, said sums being the amounts due for or attributable to the items described therein. Said sum represents the final requisition from said Project Fund.

In this connection, we further certify to you as follows:

A. The amounts to be paid hereunder (i) are due and payable, (ii) are for costs of [the 2017 Projects]/[Ancillary Projects], and (iii) have not been the subject of any previous requisition from the Project Fund.

B. All representations and warranties of the County in the Purchase and Use Agreement are true and correct in all material respects as of the date hereof.

C. The County is not in default in any material respects under any provisions of the Purchase and Use Agreement.

D. The [2017 Projects]/[Ancillary Projects] are free and clear of all liens and encumbrances for labor or materials furnished by the Corporation and all contractors, subcontractors and materialmen retained by the County and all contractors, subcontractors and materialmen performing work on the [2017 Projects]/[Ancillary Projects] have been, or upon receipt by the County of the payment of the final requisition request will be, paid in full, except for those the Corporation is contesting in good faith and with due diligence as permitted under the Purchase and Use Agreement.

We further certify to you that the [2017 Projects]/[Ancillary Projects] have been substantially completed in accordance with all Acquisition or Construction Contracts (as defined in the Purchase and Use Agreement) and the terms and conditions of the Purchase and Use Agreement, and that the [2017 Projects]/[Ancillary Projects] as completed comply with all applicable governmental regulations.

Dated this ____ day of _____, 20__.

By: _____ By: _____
 County Representative Corporation Representative

[FORM OF FINAL REQUISITION]

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INSTALLMENT PURCHASE AND USE AGREEMENT

between

ORANGEBURG COUNTY FACILITIES CORPORATION

as Seller

and

ORANGEBURG COUNTY, SOUTH CAROLINA

as Buyer

\$36,595,000

Orangeburg County Facilities Corporation
Installment Purchase Revenue Bonds
(Detention Center Project)
Series 2017

Dated as of December 1, 2017

ALL RIGHTS, TITLE AND INTEREST OF ORANGEBURG COUNTY FACILITIES CORPORATION IN THIS INSTALLMENT PURCHASE AND USE AGREEMENT (WITH CERTAIN EXCEPTIONS) HAVE BEEN ASSIGNED TO U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE ("TRUSTEE") UNDER THE TRUST AGREEMENT DATED OF EVEN DATE HERewith, AND ARE SUBJECT TO THE SECURITY INTEREST OF THE TRUSTEE.

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INSTALLMENT PURCHASE AND USE AGREEMENT

This INSTALLMENT PURCHASE AND USE AGREEMENT, dated as of December 1, 2017 (“*Purchase and Use Agreement*”), is between Orangeburg County Facilities Corporation (together with its successors and assigns, “*Corporation*”), a nonprofit corporation formed under the laws of the State of South Carolina (“*State*”), as seller, and Orangeburg County, South Carolina (“*County*”), a body politic and corporate and a political subdivision organized under the laws of the State, as buyer.

WITNESSETH

WHEREAS, the Corporation is a nonprofit corporation formed under the provisions of Title 33, Chapter 31, Code of Laws of South Carolina 1976, as amended;

WHEREAS, the County is a body politic and corporate and a political subdivision of the State and is authorized under the provisions of Title 4, Chapter 9, Code of Laws of South Carolina 1976, as amended (“*Act*”), to enter into this Purchase and Use Agreement;

WHEREAS, the Corporation and the County have entered into a Base Lease and Conveyance Agreement dated of even date herewith (“*Base Lease*”), pursuant to which the County is leasing the 2017 Real Property and conveying the Conveyed Improvements (as such terms are defined herein), to the Corporation so that the Corporation may provide for the design, acquisition, construction, renovation and equipping of a detention center (collectively, “*2017 Projects*”);

WHEREAS, to defray the costs of the 2017 Projects, currently refund the County’s General Obligation Bond Anticipation Note, Series 2017 outstanding in the principal amount of \$7,000,000, and defray the costs of certain additional facilities distinct from the 2017 Facilities (as defined herein) and not serving as security for the Bonds (as defined herein) (“*Ancillary Projects*”), the Corporation will provide for the issuance of \$36,595,000 of its Installment Purchase Revenue Bonds (Detention Center Project) Series 2017 (“*Bonds*”) under and by the terms of a Trust Agreement dated of even date herewith (“*Trust Agreement*”) by and between the Corporation and U.S. Bank National Association, as trustee (“*Trustee*”);

WHEREAS, the County has agreed to make certain Installment Payments (as defined herein) for the acquisition of the 2017 Facilities and, pending such acquisition thereof, shall be entitled to the use and occupancy of the 2017 Facilities and certain other rights; and

WHEREAS, the rights to receive Installment Payments are being assigned by the Corporation to the Trustee under the Trust Agreement as security and the source of payment for the Bonds;

NOW, THEREFORE, for and in consideration of the undertaking of the Corporation to acquire, improve, construct and equip the 2017 Projects, the undertaking of the County to pay the Installment Payments hereunder, the mutual covenants and agreements of the parties, and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Corporation and the County, intending to be legally bound, do hereby agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings provided therefor in the Trust Agreement or as set forth below:

“*2017 Facilities*” means: (a) the Conveyed Improvements, (b) improvements to be made by the 2017 Projects, (c) any fixtures and future additions, modifications and substitutions to any facilities located on

the 2017 Real Property, and (d) any facility related personal property, but only to the extent such items have been acquired with proceeds of the Bonds. The 2017 Facilities do not include the Ancillary Projects.

“*2017 Projects*” means the acquisition, construction, and equipping of certain new or existing County facilities using proceeds of the 2017 BAN and the Bonds, all as described on Exhibit A hereof, as the same may be amended from time to time. The 2017 Projects do not include the Ancillary Projects.

“*2017 Real Property*” means the respective parcels of real property upon which the 2017 Facilities are located, situated in the County and the legal description of which is shown in Exhibit B hereof, as the same may be amended from time to time.

“*Acquisition and Construction Contracts*” means any acquisition or construction contract between the County, on behalf of the Corporation, and any contractor or other person and between any contractor or subcontractor with respect to any of the 2017 Projects.

“*Additional Bonds*” shall have the meaning set forth in the Trust Agreement.

“*Additional Facilities*” means any facilities of the County in addition to the 2017 Facilities, proposed to be acquired, improved, refinanced, renovated or constructed by the Corporation and made subject to this Purchase and Use Agreement.

“*Additional Payments*” means that portion of the Installment Payments specified in Sections 4.1, 4.2 and 4.4 hereof as Additional Payments.

“*Additional Real Property*” means any real property in addition to the 2017 Real Property that is or will become the site of Additional Facilities.

“*Ancillary Projects*” means the acquisition, construction, and equipping of certain new or existing facilities using proceeds of the 2017 BAN and the Bonds, all as described on Exhibit A hereof, as the same may be amended from time to time. The Ancillary Projects are separate and distinct from the 2017 Projects.

“*Base Lease*” means the Base Lease and Conveyance Agreement dated of even date herewith, between the County and the Corporation, as it may be amended or modified from time to time.

“*Base Payments*” means that portion of the Installment Payments specified in Section 4.1 hereof as Base Payments.

“*Bond Fund*” means the fund of such name established pursuant to Section 5.5 of the Trust Agreement.

“*Bond Proceeds*” means the gross proceeds received from the issuance and sale of the Bonds.

“*Bonds*” means the Corporation’s \$36,595,000 Installment Purchase Revenue Bonds (Detention Center Project) Series 2017 issued under and by the terms of a Trust Agreement, dated of even date herewith and by between the Corporation and U.S. Bank National Association, as trustee.

“*Certificate of Acceptance*” means the Certificate of Acceptance filed with the Trustee in accordance with Section 3.4 hereof in substantially the form included as Exhibit C to the Trust Agreement.

“*Completion Date*” means the date on which the County provides a Certificate of Acceptance.

“*Conveyed Improvements*” means those certain improvements presently existing on the 2017 Real Property and any Additional Real Property, all as described in Exhibit B-1 hereof.

“*Corporation Facilities*” means that portion of the 2017 Facilities allocated to the Corporation as the result of a partition under the provisions of Section 2.4 hereof.

“*County Council*” means the County Council of Orangeburg County, South Carolina, as the governing body of the County and any successor body.

“*County Facilities*” means that portion of the 2017 Facilities allocated to the County as the result of a partition under the provisions of Section 2.4 hereof.

“*Disclosure Undertaking*” means the Disclosure Dissemination Agent Agreement dated as of December 1, 2017 between the County and Digital Assurance Certification, L.L.C.

“*Environmental Laws*” means all federal, state and local laws, rules, regulations, ordinances, programs, permits, guidances, orders and consent decrees relating to health, safety and environmental matters, including, but not limited to, the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, state and federal superfund and environmental cleanup programs and laws and U.S. Department of Transportation regulations.

“*Event of Default*” means any of the events set forth in Section 8.1 of this Purchase and Use Agreement.

“*Event of Nonappropriation*” means the County’s failure, for any reason, to specifically budget and appropriate moneys to pay, or approve an ordinance specifically authorizing the issuance of general obligation bonds for the purpose of paying, all Installment Payments due under this Purchase and Use Agreement, by October 15 of the then current Fiscal Year or the County shall have provided written notice of its intention to do the same by June 30 of the previous Fiscal Year. The existence or nonexistence of an Event of Nonappropriation shall be deemed to occur on (a) October 15 of a year in which no such budget or ordinance shall have been approved, or (b) any earlier date on which the County gives officials, specific written notice to the Corporation and the Trustee that the County will not appropriate funds in the next succeeding Fiscal Year for payment of Installment Payments; provided, however, that an Event of Nonappropriation may be waived as provided for in Section 4.7 herein.

“*Facilities Component*” means an entire facility or other facility including the main building or buildings and any related auxiliary buildings (and any furnishings and equipment located therein) comprising the 2017 Projects and the Conveyed Improvements together with the portion of the 2017 Real Property on which such facility is located.

“*Fiscal Year*” means the fiscal year of the County, currently beginning on each July 1 and ending on the succeeding June 30.

“*Force Majeure*” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies or terrorism; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials of any civil or military authority; insurrection; riots; landslides; earthquakes; flood; fire; storms; droughts; explosion; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the party seeking the benefit of force majeure and not due to its own negligence.

“*Hazardous Material*” means and includes any pollutant, contaminant, or hazardous, toxic or dangerous waste, substance or material (including without limitation petroleum products, asbestos-

containing materials and lead), the generation, handling, storage, transportation, disposal, treatment, release, discharge or emission of which is subject to any Environmental Law.

“*Installment Payments*” means the payments to be paid by the County pursuant to Sections 4.1, 4.2 and 4.3 hereof, including Base Payments and Additional Payments.

“*Net Proceeds*” when used with respect to any proceeds from policies of insurance required hereby or any condemnation award, or any proceeds resulting from default under, or recovery under performance and payment bonds related to, any Acquisition or Construction Contract relating to the 2017 Projects, or proceeds from any liquidation of any part of the 2017 Facilities, means the amount remaining after deducting from the gross proceeds thereof all expenses, including, without limitation, reasonable attorney’s fees and costs, incurred in the collection of such proceeds or award.

“*Partition Consultant*” means a person, firm or corporation selected by the Trustee, who or which is experienced in public finance and in the valuation of public county facilities and is not a full-time employee of the Trustee, the County or the Corporation.

“*Partition Date*” shall have the meaning given such term in Section 2.4 hereof.

“*Permitted Encumbrances*” means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to the provisions of Sections 4.1 and 4.2, respectively, of this Purchase and Use Agreement; (ii) the Security Documents; (iii) utility, access and other easements and rights-of-way, restrictions and exceptions which do not interfere with or impair the use of the 2017 Facilities, including rights or privileges in the nature of easements; (iv) any financing statements filed to perfect security interests pursuant to this Purchase and Use Agreement or the Trust Agreement; and (v) the matters described on Exhibit C hereof.

“*Project Fund*” means the fund of such name established pursuant to Section 5.2 of the Trust Agreement.

“*Purchase Option Price*” means an amount equal to the amount required to defease or otherwise discharge the Bonds under the Trust Agreement plus the amount of any Additional Payments which are due or accrued hereunder at the time which any purchase option hereunder is exercised.

“*Purchase Price*” means the sum of all Base Payments to be made hereunder, which Purchase Price may be recalculated in the event of any prepayment of Base Payments provided for in Section 9.1 hereof.

“*Security Documents*” means this Purchase and Use Agreement, the Base Lease, the Trust Agreement, financing statements, if any, and any other instruments or documents providing security for the Holders of the Bonds.

“*South Carolina*” or “*State*” means the State of South Carolina.

“*Trustee*” means U.S. Bank National Association, a national banking association chartered under the laws of the United States of America, and its successor or successors and any other trustee which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Trust Agreement.

“*Waiver Period*” means the period of time commencing on the date an Event of Nonappropriation is deemed to occur and ending including the date on the later of (i) the next following December 1 or (ii) the date on which the 2017 Reserve Account, if any, becomes fully depleted by the Trustee pursuant to the provisions of Section 5.5 of the Trust Agreement (provided, however, that such 2017 Reserve Account is deemed to be fully depleted when insufficient funds remain therein to make the payments

required to be made to the Holders of the applicable Bonds on the subsequent Bond Payment Date); provided, however, that the Waiver Period shall in no event extend beyond the December 1 next following the date of the occurrence of an Event of Nonappropriation.

SECTION 1.2. Terms Defined in the Trust Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Trust Agreement unless the context clearly indicates to the contrary.

SECTION 1.3. County Representations, Warranties and Covenants. The County makes the following representations, warranties and covenants:

(a) The County is a body politic and corporate, and a political subdivision of the State and has full power and legal right to enter into this Purchase and Use Agreement and the Base Lease and to perform its obligations hereunder and thereunder. The County's actions in making and performing its obligations under this Purchase and Use Agreement and the Base Lease have been duly authorized by all necessary governmental action and will not violate or conflict with any law or governmental rule or regulation, or any mortgage, agreement, instrument or other document by which the County or its properties are bound.

(b) The County is a political subdivision within the meaning of Section 103(c)(1) of the Code.

(c) The County will take such action as is necessary to assure that the 2017 Projects are completed, furnished and occupied by the County. In the event the amounts available from proceeds from the Bonds appear to be insufficient for such purpose, the County will use its best efforts to take one or more of the following steps: (i) cooperate with the Corporation to make such modifications or changes in the 2017 Projects as will allow the cost thereof to be funded within the amount available from such Bond Proceeds, provided that the prior written consent of the Trustee shall be required to substantially reduce or alter the scope of the 2017 Projects; (ii) make arrangements with the Corporation for the sale of Additional Bonds; or (iii) provide for the payment of such costs from other sources legally available to the County.

(d) The County will take such action as is necessary to ensure that proceeds of the Bonds, other than amounts set aside in the Trust Agreement for payment of costs of issuance, funding of reserves or payment of interest, are applied solely for the payment of the costs of the 2017 Projects and the Ancillary Projects.

(e) Except as provided in the last paragraph under Section 2.1 hereof, no portion of the 2017 Facilities will be used in the trade or business of a person who is not a "political subdivision" within the meaning of Section 103(c)(1) of the Code, without the written approval of Bond Counsel.

(f) The amounts, if any, spent by the County from its own funds to pay costs of the acquisition, renovation, improvement and construction of the 2017 Projects for which it intends to reimburse itself from Bond Proceeds were not expended more than 60 days prior to the date of approval by the County Council of the resolution authorizing the financing of the 2017 Projects, approved on August 15, 2016 ("**Resolution**"), and expressing the intent to enter into this Purchase and Use Agreement, except with respect to certain preliminary expenditures for architectural, engineering, surveying, soil testing and similar costs. No site preparation or similar costs incident to the commencement of construction were incurred prior to 60 days prior to the date of approval of the Resolution by the County Council relating to the issuance of the Bonds.

(g) There is no fact that is not disclosed in the Official Statement for the Bonds which will materially and adversely affect the properties, activities, operations, revenues, prospects or condition (financial or otherwise) of the County, its status as a political subdivision of the State within the meaning of Section 103(c)(1) of the Code, its ability to own and operate its property in the manner such property is currently

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building, safety and environmental quality. The County will operate or will cause the 2017 Facilities to be operated in compliance with the requirements of all such laws, ordinances, rules and regulations, including, without limitation, Environmental Laws. The County further covenants and agrees to comply in all material respects with, or use its reasonable efforts to cause other persons whose obligation it is to so comply by contract or pursuant to law to comply in all material respects with and materially conform to all present and future laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations and every applicable governmental authority, including Environmental Laws applicable to the 2017 Facilities, and all covenants, restrictions and conditions now or hereafter of record which may be applicable to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the 2017 Facilities, including building and zoning codes and ordinances (collectively, "**Legal Requirements**"), provided that the County shall not be in default hereunder so long as the County promptly after receiving an actual written notice of any noncompliance, files a copy thereof with the Trustee and the County commences and uses its diligent efforts to cause compliance with such Legal Requirements, so long as the failure to comply does not subject the 2017 Facilities to any material danger of being forfeited or lost as a result thereof. The County possesses or will possess, and the County hereby agrees to maintain and obtain in the future, all necessary licenses and permits, or rights thereto, to operate the 2017 Facilities as proposed to be operated, and all such licenses, permits or other approvals required in connection with the operation of the 2017 Facilities have been duly obtained and are in full force and effect except for any such licenses, permits or other approvals that are not yet required and that will be duly obtained not later than the time required or the failure to obtain which will not materially and adversely affect the operation of the 2017 Facilities. The County covenants and agrees to do all things necessary to preserve and keep in full force and effect its franchises, rights, powers and privileges as the same relate to the 2017 Facilities.

(m) The County has approved the Corporation and the issuance by the Corporation of the Bonds.

(n) The County has not terminated any lease, lease-purchase agreement or installment purchase agreement by nonappropriation.

(o) The officer of the County at any time charged with the responsibility for formulating budget proposals shall include in the budget proposals for review and consideration by the County Council in any Fiscal Year in which this Purchase and Use Agreement shall be in effect, budget items sufficient to pay all Installment Payments required for such Fiscal Year under this Purchase and Use Agreement.

(p) During the term of this Purchase and Use Agreement, the County shall cooperate with the Corporation to maintain an underlying (if any) public rating by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and its successors ("**S&P**"), Moody's Investors Service, Inc. ("**Moody's**"), or Fitch Ratings, Inc. ("**Fitch**") on the Bonds.

(q) By February 1 of each year, a copy of the audited financial statements of the County and a copy of an annual budget of the County shall be sent to the Trustee, provided, however, that if the County has knowledge that said audited financial statements will not be available within that timeframe, the County shall promptly so advise the Trustee, and shall further advise the Trustee of the expected date on which the same shall be available. The County is deemed to have complied with its obligations under this section by timely posting its annual report to the Electronic Municipal Market Access system, a service of the Municipal Securities Rulemaking Board, in accordance with its Disclosure Undertaking (as defined herein).

(r) The Trustee shall have the right to receive such additional information as it may reasonably request.

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operated or its ability to perform its obligations under this Purchase and Use Agreement or the Base Lease.

(h) There are no proceedings pending or, to the knowledge of the County, threatened against or affecting the County, except as disclosed in the Official Statement for the Bonds, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, operations, prospects or condition (financial or otherwise) of the County, or the corporate existence or powers or ability of the County to enter into and perform its obligations under this Purchase and Use Agreement or the Base Lease.

(i) The execution and delivery of this Purchase and Use Agreement and the Base Lease (collectively, "**County Agreements**"), and the consummation of the transactions provided for herein and therein, and compliance by the County with the provisions of the County Agreements:

(1) are within the governmental powers and have been duly and validly authorized by all necessary governmental and other action on the part of the County;

(2) do not and will not conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, loan agreement or other agreement or instrument, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the County (other than this Purchase and Use Agreement or any governmental restriction to which the County is a party or by which the County, its properties or operations may be bound or with the giving of notice or the passage of time or both would constitute such a breach or default or result in the creation or imposition of any such lien, charge or encumbrance, which breach, default, lien, charge or encumbrance could materially and adversely affect the validity or the enforceability of the County Agreements or the County's ability to perform fully its obligations under the County Agreements; nor will such action result in any violation of any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the County, its properties or operations are subject.

(j) No event has occurred and no condition exists that constitutes an Event of Default or which, upon the execution and delivery of this Purchase and Use Agreement, and/or the passage of time or giving of notice or both, would constitute an Event of Default. The County is not in violation in any material respect, and has not received notice of any claimed material violation (except such violations as do not, and shall not, have any material adverse effect on the transactions herein contemplated and the compliance by the County with the terms hereof, or the Security Documents), of any terms of any court order, statute, regulation, ordinance, agreement, or other instrument to which it is a party or by which it, its properties or its operations may be bound.

(k) This Purchase and Use Agreement is a legal, valid and binding obligation and agreement of the County, enforceable against the County in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity; anything herein to the contrary notwithstanding, this Purchase and Use Agreement is subject in its entirety to the right of the County to terminate this Purchase and Use Agreement and all the terms and provisions hereof by failing to budget and appropriate moneys specifically to pay Installment Payments, as provided in Sections 2.2, 4.6 and 4.7 hereof.

(l) The use and the operation of the 2017 Facilities in the manner contemplated will not conflict in any material respect with any zoning, water or air pollution or other ordinance, order, law, rule, or regulation applicable to the 2017 Facilities including, without limitation, Environmental Laws. The County has caused or will cause the 2017 Facilities to be designed in accordance with all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, planning,

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(s) The County will allow the Trustee to discuss the affairs, finances and accounts of the County or any information which the Trustee may reasonably request regarding the security for the Bonds with appropriate officers of the County, and will grant the Trustee access to the facilities, books and records of the County on any business day upon reasonable prior notice.

(t) The Trustee shall have the right, if the Trustee has a reasonable basis to believe that the financial position of the County has materially deteriorated or financial irregularities have occurred since the date of the date of the most recently provided annual audit, or that such audit fails to accurately set forth the financial position of the County, to direct the County to cause to be prepared a financial report at the County's expense in form and content acceptable to the Trustee, and the County shall comply with such direction within 30 days after written notice of such direction from the Trustee; provided, however, that if compliance cannot occur within such period, then such period will be extended with the prior consent of the Trustee so long as compliance is begun within such period and diligently pursued.

SECTION 1.4. Corporation Representations, Warranties and Covenants. The Corporation makes the following representations, warranties and covenants:

(a) The Corporation is a duly organized and validly existing nonprofit corporation created under the laws of the State, has the requisite power to carry on its present and proposed activities, and has full power, right and authority to enter into this Purchase and Use Agreement, the Trust Agreement and the Base Lease and to perform each and all of the obligations of the Corporation provided herein and therein.

(b) The Corporation has taken or caused to be taken all requisite corporate action to authorize the execution and delivery of, and the performance of its obligations under, this Purchase and Use Agreement, the Base Lease, the Trust Agreement and each of the Acquisition and Construction Contracts to which it is or will be a party.

(c) By proper corporate action, the officers of the Corporation have been duly authorized to execute and deliver this Purchase and Use Agreement, the Base Lease and the Trust Agreement.

(d) The execution and delivery by the Corporation of this Purchase and Use Agreement, the Base Lease and the Trust Agreement and the consummation by the Corporation of the transactions contemplated hereby and thereby have not and will not conflict with or constitute a breach of or default under the Corporation's articles of incorporation or bylaws or any bond, debenture, note or other evidence of indebtedness of the Corporation, or any contract, agreement, or instrument to which the Corporation is a party or by which it is bound.

(e) Each of this Purchase and Use Agreement, the Base Lease, the Trust Agreement and each Acquisition and Construction Contract to which the Corporation is or will be a party has been or will be duly executed and delivered by the Corporation and constitutes or will constitute a legal and valid obligation of the Corporation, enforceable against the Corporation in accordance with its terms, except as enforcement may be limited by laws affecting creditors' rights generally and except as equitable remedies may be limited by judicial discretion.

(f) Other than as disclosed in the Official Statement relating to the Bonds, if any, there is no litigation pending and served on the Corporation that challenges the Corporation's authority to execute, deliver or perform its obligations under this Purchase and Use Agreement and the Corporation has disclosed any threatened litigation with respect to such matters of which the Corporation is aware.

(g) The Corporation is in material compliance with all applicable laws, regulations and ordinances, including but not limited to those applicable to the Corporation's activities in connection with this Purchase and Use Agreement.

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(h) The Corporation is a South Carolina nonprofit, public benefit corporation, no part of the net income of which inures to the benefit of any private individual or organization.

(i) To finance the 2017 Projects, the Corporation will enter into the Trust Agreement, pursuant to which it will issue the Bonds payable from and secured by the Installment Payments due under this Purchase and Use Agreement.

(j) The Corporation covenants that it will not alter its Articles of Incorporation or its By-Laws, except to correct a scrivener's error, in any manner without first providing the County and the Trustee an opinion of nationally recognized bond counsel that such alteration will not (1) cause the Bonds to become subject to registration under the Securities Act of 1933 or (2) adversely affect the tax-exempt status of the Bonds.

ARTICLE II INSTALLMENT SALE AND USE OF 2017 FACILITIES AND TERM HEREOF

SECTION 2.1. Installment Sale and Use of 2017 Facilities; Term. The Corporation hereby agrees to sell the 2017 Facilities to the County in accordance with the provisions hereof. On the date hereof, the Corporation has a valid leasehold interest in the 2017 Real Property and holds fee title, or will hold fee title upon the acquisition and construction thereof, to the 2017 Facilities. Upon each payment of Base Payments from funds other than (i) amounts constituting Bond Proceeds (including income from the investment of such amounts) or (ii) payments made from the 2017 Reserve Account of the Reserve Account, title to an undivided interest in the 2017 Facilities equal to that percentage of the Purchase Price represented by such payment will transfer from the Corporation to the County without further action by either party.

In conjunction therewith, the Corporation hereby conveys and grants to the County an undivided interest in the 2017 Facilities, which undivided interest shall increase pro rata based on the percentage of the Purchase Price represented by each Base Payment. At the request of the County, the Corporation agrees to execute such deed(s) as may be mutually acceptable to the County indicating the undivided interest so acquired by the County.

Any prepayment of Base Payments which is used to redeem the Bonds will result in a recalculation of the Purchase Price to take account of such prepayment and, upon the making of such prepayment, the County shall be credited with an undivided interest in the 2017 Facilities equal to that percentage of the total Purchase Price, as adjusted, represented by the total of all Base Payments made, including the prepayment on such date.

Subject to the provisions of Article VIII hereof, the County shall have the exclusive right to occupy and use the 2017 Facilities during the term hereof. Subject to the provisions of Sections 2.2 and 2.3 hereof, this Purchase and Use Agreement shall be for a term beginning with the date of execution and delivery hereof, and ending on December 1, 2042.

During the term hereof, the County may permit other civic or charitable organizations or agencies of the State or any political subdivision thereof to use portions of the 2017 Facilities subject to the following limitations: (i) no agreement may be for a term in excess of one year, unless the agent is a sublessee to another governmental unit for the same term as the Base Lease, subject to early termination as described herein; (ii) the 2017 Facilities shall not be used in any manner that interferes with the use of such property by the County for the purposes for which it was designed or is then being used; (iii) any such agreement shall expressly terminate upon the occurrence of an Event of Default or an Event of Nonappropriation hereunder; and (iv) the County shall monitor all such use to ensure continued compliance with the provisions of the Tax Certificate and Section 5.3 hereof.

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account the following factors: (1) entire Facilities Components, if possible, will be assigned to each of the County and the Corporation; and (2) if portions of the 2017 Facilities and Facilities Components will be assigned to each of the Corporation and the County, the Trustee and the Partition Consultant, if selected, shall propose such partition as will, in the aggregate, best protect the interests of the Holders (subject to the provisions of this Section 2.4).

Valuation of Facilities Components and 2017 Facilities. For purposes of any partition, the 2017 Facilities are valued in the respective amounts as set forth on Exhibit E hereof and the percentage of the 2017 Facilities being purchased on an annual basis are also set forth on Exhibit E, each subject to adjustment as stated on Exhibit E. In allocating the 2017 Facilities to the percentage of undivided interests in the entire 2017 Facilities to be conveyed to the County or retained by the Corporation, such values and percentages shall be used rather than the current market or other valuation of Facilities Components associated therewith.

Partial Divisions. In the event that the Trustee and the Partition Consultant, if selected, are unable to devise a partition that results in complete Facilities Components being assigned to the County or the Corporation, then such partition shall be made so as to provide the County's and the Corporation's respective interests to be allocated to Facilities Components in a manner consistent with other provisions of this Section 2.4. The portion of a Facilities Component which is property allocated to the County but is not a complete Facilities Component shall be designated as a "County Partial Facilities Component." With respect to a County Partial Facilities Component, the County may (i) continue to occupy the entire Facilities Component which includes a County Partial Facilities Component if it agrees to make payments (as specified in Section 2.3) in amounts to be determined by the Trustee and the Partition Consultant, if selected, as the proper charge for use of the Corporation's interest in such Facilities Component ("**Corporation Partial Facilities Component**"); (ii) purchase the Corporation's interest in such Corporation Partial Facilities Component by the payment of the amount determined by the Trustee and Partition Consultant, if selected; or (iii) cede occupancy rights in the County Partial Facilities Component to the Corporation for the duration of the term of the Base Lease. In determining the purchase price if the County elects to purchase the Corporation's interest in a Corporation Partial Facilities Component, the Trustee and Partition Consultant, if selected, shall determine the prepayment amount that would be required under the second paragraph of Section 2.1 to result in a complete allocation of such Facilities Component to the County. In setting the payments to be made by the County if it chooses to continue to occupy the entire Facilities Component the Trustee and Partition Consultant, if selected, shall set a payment that is not less than the amount of total Base Payments allocable to such Facilities Component that would have been payable from and after the Partition Date if this Purchase and Use Agreement or the rights of the County hereunder had not been terminated.

Partition Report; Finality. The Trustee, and Partition Consultant, if selected, shall make a report regarding the division of the 2017 Facilities as soon as practicable after the Partition Date. In the discretion of the Trustee, the partition report shall be final and binding on all parties.

Instruments of Conveyance. Within a reasonable time (but in no event sooner than 30 or later than 60 days) after the partition report becomes final, the County and the Corporation shall exchange mutually agreeable instruments vesting title to such of the 2017 Facilities as is required to effect such partition; provided, however, that any conveyance deed or other instrument made by the Corporation shall be made in the manner and subject to the conditions set forth in Section 9.2 hereof. Immediately thereafter, the County shall deliver up or cause to be delivered up peaceable possession of the Corporation Facilities to the Corporation, together with the related portion of the 2017 Real Property, without delay, in good repair and operating condition, excepting reasonable wear and tear; provided, however, that in the event of a partial division, the terms relating to County Partial Facilities Components described above shall control. Any Facilities Component delivered to the Corporation in connection with such partition shall remain, at all times, subject to the terms of the Base Lease.

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SECTION 2.2. Termination. The term of this Purchase and Use Agreement shall terminate upon the earliest of any of the following events:

(a) The occurrence of an Event of Nonappropriation, such occurrence to be determined in accordance with the definition of such term given in this Purchase and Use Agreement, which Event of Nonappropriation is not thereafter duly waived;

(b) The purchase by the County of the 2017 Facilities as provided in Article IX of this Purchase and Use Agreement;

(c) The occurrence of an Event of Default under and termination of this Purchase and Use Agreement by the Corporation or Trustee under Article VIII of this Purchase and Use Agreement; or

(d) December 1, 2042, which date constitutes the last day of the term hereof, or such later date as all Installment Payments due hereunder shall be paid.

Termination of this Purchase and Use Agreement shall terminate all obligations of the County under this Purchase and Use Agreement, including its obligations to pay future Installment Payments and other amounts that have not been appropriated (excluding, however, amounts payable under Section 2.3 hereof and other amounts specifically provided for herein), subject to identification as provided in Section 2.4 hereof, shall terminate the County's rights of possession under this Purchase and Use Agreement of the Corporation Facilities (except to the extent of any conveyance pursuant to Article IX of this Purchase and Use Agreement); but all other provisions of this Purchase and Use Agreement, including all obligations of the Corporation with respect to the Holders of the Bonds and the receipt and disbursement of funds and all rights and remedies of the Corporation specifically provided herein, shall be continuing until the Trust Agreement is discharged as provided therein. Notwithstanding the foregoing, termination of the term of this Purchase and Use Agreement shall not impair the County's rights as landlord or the Corporation's rights as tenant under the Base Lease, except as provided in the Base Lease.

SECTION 2.3. Holdover Terms. In the event the County fails to deliver possession to the Corporation of the Corporation Facilities or any part thereof pursuant to Section 2.4 hereof, the County shall be unconditionally liable for the payment of all Installment Payments, including Additional Payments, for successive six month periods commencing on the Bond Payment Date following the last due date of Base Payments hereunder until the County delivers possession of the Corporation Facilities to the Corporation. The obligations of the County under this Section 2.3 shall not in any manner constitute a pledge of the full faith, credit or taxing power of the County within the meaning of any State constitutional or statutory provision.

SECTION 2.4. Surrender of Possession Upon Termination; Partition of Undivided Interests. Upon the occurrence of an Event of Default or an Event of Nonappropriation which results in termination hereof or upon termination of all rights of the County hereunder and at the written direction of the Trustee, the County and the Corporation shall proceed to partition the 2017 Facilities so that the percentage of undivided interests in the title to the 2017 Facilities will be converted, to the extent feasible, into like percentages of title to entire Facilities Components in accordance with Exhibit E hereof and the following provisions. The date upon which the Trustee gives such written direction shall be the "Partition Date."

Division of 2017 Facilities. Within a reasonable time after the Partition Date, the Trustee shall propose the division of the 2017 Facilities. The Trustee may in its sole discretion select a Partition Consultant to assist, consult with and make recommendations to the Trustee in the division of the 2017 Facilities. The Trustee and the Partition Consultant, if selected shall endeavor, to the extent practicable, to allocate 2017 Facilities between the County and the Corporation in a fair and equitable fashion taking into

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ARTICLE III THE 2017 PROJECTS; FINANCING

SECTION 3.1. Purchase and Installation or Construction of the 2017 Projects. The Corporation and the County acknowledge that the County will be responsible for any and all Acquisition and Construction Contracts necessary or appropriate for the purchase and installation, or for any renovation, construction, installation, restoration, and reconstruction, to be performed in connection with the completion of the 2017 Projects and the County shall be the agent of the Corporation for all such purposes. The County may install machinery, equipment and other tangible personal property in the 2017 Facilities and all such machinery, equipment and other tangible personal property not acquired nor financed from Bond Proceeds will remain the sole property of the County.

SECTION 3.2. Administration of Acquisition and Construction Contracts. The County shall be responsible for preparing, administering, amending and enforcing the Acquisition and Construction Contracts to be entered into with respect to the 2017 Projects and for litigating or settling all claims thereunder. The County and the Corporation, as their interests may appear, will be entitled to the benefit of all warranties, guaranties and indemnities provided under the Acquisition and Construction Contracts and by law.

SECTION 3.3. Notices and Permits. The Corporation shall cooperate with the County to give or cause to be given all notices and shall comply or cause compliance with all laws, ordinances, municipal rules and regulations and requirements of public authorities applying to or affecting the conduct of any work relating to the 2017 Projects. The County will defend and save the Corporation, the Trustee and their respective members, directors, officers, agents and employees harmless from all liabilities, damages or fines due to failure to comply therewith.

SECTION 3.4. Disbursements from the Project Fund.

(a) The balance of the Bond Proceeds (net of any Underwriter's discount, and original issue premium and other amounts are remitted by the Trustee as provided in Section 5.1 of the Trust Agreement) shall be deposited by the Trustee into the Project Fund. Thereafter, disbursements from the Project Fund shall be made for costs of the 2017 Projects and for such other purposes contemplated by Section 5.3 of the Trust Agreement.

(b) As provided in Section 5.3(c) of the Trust Agreement, the final requisition from the Project Fund shall contain, among other things, a Certificate of Acceptance of the County stating that the 2017 Projects have been substantially completed in accordance with the applicable Acquisition and Construction Contracts and other terms and conditions of the Purchase and Use Agreement and the 2017 Projects and Ancillary Projects comply in all material respects with all applicable governmental regulations. Upon receipt of such Certificate of Acceptance, the Trustee shall apply any balance then remaining in the Project Fund in the manner provided in Section 5.4 of the Trust Agreement. As used in this paragraph, "substantial completion" of the 2017 Projects shall mean completion such that a certificate of occupancy could be issued notwithstanding the fact that certain minor items of work remain to be done.

SECTION 3.5. Defaults Under Acquisition and Construction Contracts. In the event of any material default by a supplier, contractor or subcontractor under any of the Acquisition and Construction Contracts, or in the event of a material breach of warranty with respect to any property, fixtures, materials, workmanship or performance under any Acquisition and Construction Contract, the County and the Corporation shall promptly proceed, and may do so in conjunction with others, to pursue diligently such remedies as are available against the applicable supplier, contractor or subcontractor and/or against any surety of any bond securing the performance of the Acquisition and Construction Contracts. The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection

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with the foregoing, remaining after deduction of expenses incurred in such recovery (including without limitation, attorney's fees and costs), and after reimbursement to the County or the Corporation of any amounts theretofore paid by either of them, and not previously reimbursed, for correcting or remedying the default or breach of warranty which gave rise to the proceedings against the contractor or surety, shall be paid into the Project Fund if received before the Completion Date, or if received thereafter, shall be deposited as otherwise provided in Section 7.2 of this Purchase and Use Agreement or otherwise applied as provided in Section 7.3 of this Purchase and Use Agreement.

SECTION 3.6. Worker's Compensation Insurance. The County and the Corporation shall take such steps as are necessary to ensure that worker's compensation insurance is in force with respect to any Acquisition and Construction Contracts.

SECTION 3.7. Contractor's Performance and Payment Bonds. The County and the Corporation shall take such steps as are necessary to ensure that performance and payment bonds regarding contractor's performance and payment are provided in the same manner as would be applicable to any contracts of the County.

The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the performance and payment bonds remaining after deduction of expenses incurred in such recovery (including without limitation, attorney's fees and costs), and after reimbursement to the County and the Corporation of any amounts theretofore paid by either of them, and not previously reimbursed, for correcting or remedying the default or breach of warranty which gave rise to the proceedings against the contractor or surety, shall be paid into the Project Fund if received before the Completion Date, or if received thereafter, shall be deposited as otherwise provided in Section 7.2 of this Purchase and Use Agreement or otherwise applied as provided in Section 7.3 of this Purchase and Use Agreement.

SECTION 3.8. Contractor's General Public Liability and Property Damage Insurance. The County and the Corporation shall take such steps as are necessary to ensure that comprehensive general public and property damage liability insurance with respect to the 2017 Projects and Ancillary Projects are provided in the same manner as would be applicable to any contracts of the County.

SECTION 3.9. Proceeds of Insurance Policies. The Net Proceeds of any insurance policies required by Section 3.8 hereof or any amounts recovered by way of damages, refunds, adjustments, proceeds or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including without limitation, attorney's fees and costs), and after reimbursement to the County or the Corporation of any amounts not to exceed \$100,000 theretofore paid by the County or the Corporation and not previously reimbursed to the County or the Corporation for actions taken by the County or the Corporation to restore damaged portions of the 2017 Facilities to a condition necessary to secure the 2017 Facilities and prevent further loss shall be paid into the Project Fund before the Completion Date or, if received thereafter, shall either be deposited as provided in Section 7.2 of this Purchase and Use Agreement or otherwise applied as provided in Section 7.3 of this Purchase and Use Agreement; provided, however, such deposit shall not exceed the amount necessary to fulfill the obligations of the County under this Purchase and Use Agreement as determined by the Trustee.

SECTION 3.10. No Merger of 2017 Facilities. The Corporation and County confirm that the 2017 Facilities shall be property of the Corporation and title thereto shall remain vested in the Corporation and shall not merge into the leasehold estate of the Corporation in the 2017 Real Property, except that title to said 2017 Facilities shall revert to and be vested in the County upon termination of the Base Lease. Undivided interests in the 2017 Facilities shall be conveyed to the County from time to time as Base Payments are made as contemplated hereby in accordance with Section 2.1, or following termination hereof pursuant to Section 2.4 hereof.

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The Corporation may, but shall be under no obligation to, advance moneys (i) to pay taxes, assessments and other governmental charges with respect to the 2017 Facilities, (ii) for the discharge of mechanic's and other liens relating to the 2017 Facilities, (iii) to obtain and maintain insurance for the 2017 Facilities and pay premiums therefor, and (iv) generally, to make payments and incur expenses in the event that the County fails to do so as required by this Purchase and Use Agreement or the Base Lease. As provided in Section 6.11 of the Trust Agreement, the Trustee may also determine to take any of the foregoing actions. Any such advances shall continue to be due as Additional Payments hereunder.

(d) **Credits.** The County shall be entitled to a credit against payments of Base Payments in the amount of any deposits in the Bond Fund provided for in the Trust Agreement. In addition to the credit provided in the preceding sentence, the amount payable by the County as Base Payments will be reduced by the amount of money in the applicable subaccount of the Facilities Purchase Account to be credited against those payments and representing Base Payments, including without limitation accrued interest on the Bonds to the extent such amounts will be used to make payments on the Bonds. In this connection, if applicable, when amounts remaining in a subaccount of the Reserve Account equal or exceed the remainder of the applicable Base Payments due, such amounts shall be transferred to the applicable subaccount of the Facilities Purchase Account as and when needed for payment of such Base Payments, and, pursuant to Section 5.5(f) of the Trust Agreement, when amounts remaining in a Reserve Sub-account exceed the applicable Reserve Requirement, such excess amounts shall be transferred to the applicable Facilities Purchase Sub-account as and when needed for payment of such Base Payments.

(e) **Continuation of Term by County.** The County has no reason to believe, as of the date hereof, that it will not continue making Installment Payments through the entire term of this Purchase and Use Agreement, and reasonably believes that (1) it will pay the Installment Payments due or coming due hereunder to continue to use the 2017 Facilities and (2) it presently has legal authority to budget and appropriate such amounts in its annual budget, as limited by applicable law, and it presently has adequate capacity to issue general obligation debt that does not require voter approval in amounts sufficient and at times to pay Base Payments when due. The County further represents that it presently intends to maintain its capacity to issue general obligation debt that does not require voter approval, in amounts and at times sufficient to make Base Payments when due; provided, however, that nothing herein shall be construed to limit the County from providing funds from other sources to pay Base Payments. The representations contained herein are subject to the ability of the County to terminate this Purchase and Use Agreement and all obligations hereunder as provided in Section 4.7 hereof.

SECTION 4.2. Installment Payments Not Subject to Reduction, Offset or Other Credits.

(a) The County and the Corporation intend that this Purchase and Use Agreement shall yield, net, the Base Payments specified in Section 4.1 hereof during the term of this Purchase and Use Agreement, and that all costs, expenses, liabilities and obligations of any kind and nature whatsoever including, without limitation, any ad valorem taxes or other taxes levied against holders of real or personal property, insurance premiums, utility charges and assessments and all operation, maintenance, repair and upkeep expenses relating to the 2017 Facilities and the use of the 2017 Facilities which do not constitute Base Payments, or other obligations relating to the 2017 Facilities which may arise or become due during the term of this Purchase and Use Agreement and which the Corporation, except for this Purchase and Use Agreement or the terms of the Base Lease, would ordinarily be required to pay as owner of the 2017 Facilities (regardless of whether the County as owner would be so required to pay) shall either be paid under the provisions of the Base Lease or be included in the Installment Payments and paid by the County as Additional Payments. The County acknowledges that, under the provisions of the Base Lease, it has retained responsibility for the payment of taxes and insurance on the 2017 Facilities and the property associated therewith and the obligations of the County under the Base Lease are not subject to the limitations of Section 4.6 hereof.

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ARTICLE IV INSTALLMENT PAYMENTS; ASSIGNMENT TO TRUSTEE

SECTION 4.1. Installment Payments.

(a) **Installment Payments to Constitute a Current Expense of County.** The Corporation and the County understand and intend that the obligation of the County to pay Installment Payments hereunder shall constitute a current expense of the County and is dependent upon lawful appropriations of funds being made by the County Council to pay Installment Payments due in each fiscal year hereunder, and shall not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the County, nor shall anything contained herein constitute a pledge of the general tax revenues, funds, moneys or credit of the County.

(b) **Payment of Base Payments.** Subject to an Event of Nonappropriation as described in Section 4.7 hereof, on or before the 15th day prior to each Bond Payment Date during the period this Purchase and Use Agreement is in effect, the County shall pay to the Trustee as assignee of the Corporation, Base Payments exclusively from moneys specifically budgeted and appropriated for such purpose, including proceeds of any general obligation bonds issued by the County for such purpose, in lawful money of the United States of America, which payments shall be made to the Trustee as assignee of this Purchase and Use Agreement, in the amounts set forth on **Exhibit D** hereof. Each payment of Base Payments shall be in consideration for the conveyance of title to an undivided interest in the 2017 Facilities as and to the extent provided in Section 2.1 hereof. As further consideration for the receipt of Base Payments, the County shall be entitled to the use and occupancy of all of the 2017 Facilities during the applicable Fiscal Year in which such payments are or will be made.

(c) **Payment of Additional Payments.** The County agrees to pay, subject to the provisions of Section 4.7 hereof, the following amounts as Additional Payments together with such other sums as are provided for herein:

(i) The amounts provided for in Sections 4.2 and 4.4 hereof to the parties referred to therein;

(ii) Upon receipt of written notice from the Trustee pursuant to Section 5.5(e) of the Trust Agreement of a transfer from a subaccount of the Reserve Account established for a particular series of Bonds (as defined in the Trust Agreement) to the applicable subaccount of the Facilities Purchase Account, within the period of time specified in Section 5.5(e) of the Trust Agreement, or payment by the Trustee on the Reserve Policy, an amount equal to the amount so transferred from the applicable subaccount of the Reserve Account to the applicable subaccount of the Facilities Purchase Account;

(iii) Within the period of time specified in Sections 5.5(e) and 5.7(i) of the Trust Agreement, the amount of moneys necessary to re-establish a subaccount of the Reserve Account established for a particular series of Bonds at the applicable Reserve Requirement as may be required pursuant to said Sections 5.5(e) and 5.7(i);

(iv) All reasonable costs and expenses incurred or to be paid by the Corporation or the Trustee, as the case may be, under the terms of this Purchase and Use Agreement or the Trust Agreement, including without limitation the amounts specified in Section 4.4 hereof and amounts payable by the Corporation pursuant to or contemplated by repurchase, forward delivery or other investment agreements which are Permitted Investments under the Trust Agreement; and

(v) Amounts owed to the Trustee as provided for in the Trust Agreement.

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(b) All payments of Additional Payments referred to in Section 4.2(a) above shall be made by the County in immediately available funds on a timely basis directly to the person or entity to which such payments are owed; provided, however, subject to the terms of the Security Documents, that the County shall not be required to pay, discharge or remove any tax, lien, or assessment, or any mechanic's, laborer's or materialman's lien or encumbrance, or any other imposition or charge against the 2017 Facilities or any part thereof, or comply with any law, ordinance, order, rule, regulation or requirement, as long as the County shall, after prior written notice to the Corporation and the Trustee, at the County's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition or charge so contested, or the enforcement of such law, ordinance, order, rule, regulation or requirement, as the case may be, and the sale of the 2017 Facilities or any part thereof to satisfy the same or to enforce such compliance; provided further, that the County shall have given reasonable security as may be demanded by the Corporation, the Trustee, or both, to insure such payment and prevent any sale or forfeiture of the 2017 Facilities or any part thereof by reason of such nonpayment or noncompliance.

(c) To the extent permitted by law, the County hereby agrees to indemnify, defend and hold the Corporation harmless from the payment of Additional Payments which may be deemed the obligation of the Corporation.

SECTION 4.3. Prepayment of Installment Payments. The County may prepay Installment Payments in whole or in part as provided in, and under the conditions prescribed under, Sections 7.3 and 9.1 hereof, or at any time that the County so determines for the purpose of providing for the redemption of Bonds as provided in Section 4.1(a) of the Trust Agreement. The County shall notify the Trustee in writing of the dates on which the Bonds corresponding to any prepayment hereunder are to be redeemed and the amount to be redeemed on each such date, all in accordance with the provisions of the Trust Agreement. The Trustee may request such reasonable information and reports as may be necessary to establish the sufficiency of the payments to be made at the time of such prepayment.

SECTION 4.4. Administrative Expenses. Subject to the provisions of Section 4.7 hereof, the County shall pay as Additional Payments (i) the periodic fees and reasonable expenses from time to time of the Trustee and any Paying Agent incurred in administering the Trust Agreement and the Bonds, and (ii) any reasonable expenses, including reasonable attorneys' fees, incurred by the Corporation or the Trustee to compel full and punctual performance of this Purchase and Use Agreement in accordance with the terms hereof.

SECTION 4.5. Assignment of Purchase and Use Agreement, Manner of Payment. As security for and the source of payment of the Bonds, pursuant to the Trust Agreement, the Corporation has assigned to the Trustee all of its right, title and interest in and to this Purchase and Use Agreement, except for the right of the Corporation to receive indemnity against claims and payment of its fees and expenses pursuant to Sections 4.2, 4.4 and 5.5 hereof. The County consents and agrees to the assignment of this Purchase and Use Agreement as provided herein. The County covenants to fully perform, in timely fashion, all of its covenants, agreements and obligations under this Purchase and Use Agreement, and to make all payments required by the County under this Purchase and Use Agreement (other than payment for indemnity and fees and expenses of the Corporation) directly to the Trustee, all without set-off, defense or counterclaim by reason of any dispute which the County may have with the Corporation or the Trustee.

SECTION 4.6. Limited and Special Obligation of County. UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION, THIS PURCHASE AND USE AGREEMENT MAY BE TERMINATED AS OF THE END OF THE LAST FISCAL YEAR WHICH IS NOT AFFECTED BY SUCH EVENT OF NONAPPROPRIATION, AND THE COUNTY SHALL NOT BE OBLIGATED TO MAKE PAYMENT OF THE INSTALLMENT PAYMENTS PROVIDED FOR IN THIS PURCHASE

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AND USE AGREEMENT BEYOND THE END OF SUCH FISCAL YEAR (EXCEPT AS OTHERWISE PROVIDED HEREIN). If this Purchase and Use Agreement is terminated under this Section 4.6 or as provided in Section 4.7 or Section 2.2, the County agrees to peaceful delivery of that portion of the 2017 Facilities to be retained by the Corporation or its assigns as provided in Section 2.4 hereof.

THE OBLIGATIONS OF THE COUNTY TO MAKE INSTALLMENT PAYMENTS REQUIRED UNDER THIS ARTICLE IV AND OTHER SECTIONS HEREOF, AND TO PERFORM AND OBSERVE THE COVENANTS AND AGREEMENTS CONTAINED HEREIN, SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS, EXCEPT AS EXPRESSLY PROVIDED UNDER THIS PURCHASE AND USE AGREEMENT. Notwithstanding any dispute involving the County and any of the Corporation, contractor, subcontractor, or supplier of materials or labor, or any other person, the County shall make all Installment Payments when due and shall not withhold any Installment Payments pending final resolution of such dispute, nor shall the County assert any defense or right of set-off, recoupment, or counterclaim against its obligation to make such payments required under this Purchase and Use Agreement. The County's obligation to make Installment Payments during the term of this Purchase and Use Agreement shall not be abated through accident or unforeseen circumstances. The County agrees not to suspend, reduce, abrogate, diminish, postpone, modify, discontinue, withhold, or abate any portion of the payments required pursuant to this Purchase and Use Agreement by reason of any defects, malfunctions, breakdowns, or infirmities of the 2017 Facilities, failure of the Corporation to complete the acquisition, construction, or installation of the 2017 Projects, failure of the County to occupy or to use the 2017 Facilities as contemplated in this Purchase and Use Agreement or otherwise, any change or delay in the time of availability of the 2017 Facilities, any acts or circumstances which may impair or preclude the use or possession of the 2017 Facilities, any defect in the title, design, operation, merchantability, fitness, or condition of the 2017 Facilities or in the suitability of the 2017 Facilities for the County's purposes or needs, failure of consideration, the invalidity of any provision of this Purchase and Use Agreement, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the 2017 Facilities, the taking by eminent domain of title to or the use of all or any part of the 2017 Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Corporation to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Purchase and Use Agreement. Nothing contained in this paragraph shall be construed to release the Corporation from the performance of any of the agreements on its part, the County may institute such action against the Corporation as the County may deem necessary to compel performance so long as such action does not abrogate the County's obligations under this Purchase and Use Agreement. The County may, however, at its own cost and expense and in its own name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the County deems reasonably necessary to secure or protect its right of possession, occupancy, and use under this Purchase and Use Agreement, and in such event the Corporation hereby agrees to cooperate fully with the County and to take all action necessary to effect the substitution of the County for the Corporation in any such action or proceeding if the County shall so request. It is the intention of the parties that the payments required by this Purchase and Use Agreement will be paid in full when due without any delay or diminution whatsoever, subject only to the special and limited nature of the County's obligation to pay installment payments hereunder as set forth above.

THE OBLIGATIONS OF THE COUNTY UNDER THIS PURCHASE AND USE AGREEMENT SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY PROVISION.

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extent such requirement continues to be applicable under State law. All property, funds and rights acquired by the Trustee by reason of an Event of Nonappropriation as provided herein, less any moneys due and owing to the Trustee for services performed as Trustee, shall be held by the Trustee for the benefit of the Holders of the Bonds as set forth in the Trust Agreement.

Notwithstanding anything in this Purchase and Use Agreement to the contrary, in the event that the Trustee shall receive a payment for the transfer of its interest in this Purchase and Use Agreement, or total rental payments for leasing that are, after the payment of the Corporation's expenses in connection therewith, including attorneys' and other fees and expenses of the Trustee, and all other amounts which are payable hereunder, in excess of the principal amount of the Outstanding Bonds at the time of the Event of Nonappropriation and the interest due and to become due thereon (with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the County by the Trustee, its assigns or its lessee.

ARTICLE V COVENANTS OF THE COUNTY

SECTION 5.1. Maintenance and Operation of 2017 Facilities; Transfers.

(a) Subject to Sections 4.6 and 4.7 herein, the County covenants and represents that during the term of this Purchase and Use Agreement, it shall, at its own cost or expense, operate the 2017 Facilities in a sound and economical manner, in compliance with all present and future laws and governmental regulations applicable thereto, and maintain, preserve and keep the 2017 Facilities in good repair, working order and condition, and that it shall from time to time make or cause to be made all necessary and proper repairs and renewals so that at all times the operation of the 2017 Facilities may be properly and advantageously conducted. This covenant shall not prevent the County from discontinuing operation of the 2017 Facilities at any time.

(b) Except as otherwise provided in this Section 5.1 and Section 2.1 hereof, prior to payment of the Bonds in full, the County shall not sell, transfer, lease, sublease or otherwise dispose of all or any portion of the 2017 Facilities, or its interests under this Purchase and Use Agreement, except to another governmental entity, as defined under the laws of the State, which assumes in writing all obligations of the County under this Purchase and Use Agreement and shall enter into no such transaction without the written consent of the Trustee and the Trustee.

(c) Notwithstanding any other provision hereof to the contrary, the County may provide for the exchange of any asset comprising the 2017 Facilities ("Released Facility") for another County facility and the real estate on which such facility ("Exchange Facility") is located if: (i) the County provides the Trustee an appraisal showing that the proposed Exchange Facility has a value equal to or greater than the proposed Released Facility; (ii) the County certifies to the Trustee that the Exchange Facility is necessary or desirable to the operations of the County and that the remaining useful life of the Exchange Facility is not less than the remaining useful life of the Released Facility; (iii) the County certifies to the Trustee that the exchange is necessary to facilitate either the sale or other disposition of the Released Facility or the conversion of its use to another purpose other than use by the County as a county facility; (iv) the Trustee receives an opinion of Bond Counsel to the effect that the proposed exchange will not adversely affect the federal income tax treatment of interest paid to the Holders of the Bonds; and (v) the Trustee consents in writing thereto.

SECTION 5.2. Liens on 2017 Facilities. The County shall not create, incur or suffer to exist any lien, charge or encumbrance on the 2017 Real Property or the 2017 Facilities or its rights under this Purchase and Use Agreement other than any Permitted Encumbrance.

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SECTION 4.7. Event of Nonappropriation. Upon the occurrence of an Event of Nonappropriation, the following provisions shall apply:

(a) If an Event of Nonappropriation occurs and is not waived, the County shall not be deemed to be in default under this Purchase and Use Agreement and shall not be obligated to make payment of any future Installment Payments due hereunder or any other payments provided for herein which accrue after the beginning of the Fiscal Year with respect to which there has occurred an Event of Nonappropriation; provided, however, that, subject to the limitations of Section 4.6 hereof and this Section 4.7, the County shall continue to be liable for Installment Payments (a) accrued prior to the beginning of such Fiscal Year, and due hereunder, and (b) allocable to any period during which the County shall continue to occupy the Corporation Facilities as provided in Section 2.3 hereof.

(b) If the County delivers official, specific written notice to the Corporation and the Trustee that it will not appropriate funds in the next succeeding Fiscal Year for payment of Installment Payments, the Trustee shall promptly give written notice to the County and the Corporation stating that an Event of Nonappropriation has occurred; but any failure of the Trustee to give such written notice shall not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee.

(c) Subject to Article VIII hereof and the provisions of subsections (d) and (e) hereof, this Purchase and Use Agreement will be terminated pursuant to Section 2.2 hereof.

(d) Subject to Article VIII hereof and the provisions of subsection (e) hereof, the Corporation or the Trustee may waive any Event of Nonappropriation which is cured by the County within a reasonable time if the Waiver Period has not expired and in the Trustee's judgment such waiver is in the best interest of the Holders of the Bonds.

(e) Subject to Article VIII hereof and notwithstanding the provisions of subsection (d) hereof, the Trustee shall waive any Event of Nonappropriation (but only an Event of Nonappropriation which occurs pursuant to clause (a) of the second sentence of the definition thereof) which is cured by the County's specifically budgeting and appropriating, prior to expiration of the Waiver Period, moneys sufficient to pay Installment Payments coming due hereunder for such Fiscal Year.

The County, in all events, shall cooperate with the Corporation and the Trustee in making the partition required under Section 2.4 hereof and shall vacate and deliver over to the Trustee the Corporation Facilities by the later of (a) the expiration of the Fiscal Year during which an Event of Nonappropriation occurs if such Event of Nonappropriation occurs by specific written notice thereof or the October 16 following the October 15 on which the County shall fail to specifically budget and appropriate sufficient moneys (including the approval of an ordinance specifically authorizing the issuance of general obligation bonds, proceeds of which will be used) to pay the Installment Payments hereunder or (b) when required by the last paragraph of Section 2.4 hereof.

The Trustee shall, upon the occurrence of an Event of Nonappropriation, be entitled to all moneys then on hand and being held in all funds created under the Trust Agreement for the benefit of the Holders of the Bonds. After the expiration of the Fiscal Year during which an Event of Nonappropriation occurs, if such occurs by notice, or the October 16 following the October 15 on which the County fails to specifically budget and appropriate sufficient moneys (including the approval of an ordinance specifically authorizing the issuance of general obligation bonds, proceeds of which will be used) to pay the Installment Payments hereunder, the Trustee may or shall, as the case may be, proceed to exercise its remedies, liquidate its interest in this Purchase and Use Agreement or lease the 2017 Facilities as provided in Section 8.2 of this Purchase and Use Agreement, provided, however, that the 2017 Facilities shall always be operated for a civic or a public purpose as provided in Section 4.1 of the Base Lease to the

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SECTION 5.3. Representations and Covenants Regarding Tax-Exempt Status of the Bonds.

(a) Neither the Corporation nor the County shall take any action (including but not limited to any use of the 2017 Facilities or the Ancillary Projects) or permit any action to be taken on its behalf, or cause or permit any circumstance within its control to arise or continue, if such action or circumstance, or its expectation on the date of this Purchase and Use Agreement would cause the interest paid on the Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes.

(b) The County covenants to the Corporation, the Trustee and the Holders of the Bonds that, notwithstanding any other provision of this Purchase and Use Agreement or any other instrument, it will neither make nor cause to be made any investment or other use of proceeds of the Bonds or amounts on deposit in any of the funds or accounts held under the Trust Agreement or under any other document related to the Bonds which would cause them to be "arbitrage bonds" under Section 148 of the Code and the regulations thereunder, and that it will comply with the requirements of such Section and regulations throughout the term of the Bonds.

(c) The County shall take all actions necessary on its part to enable compliance with the rebate provisions of Section 148(f) of the Code to preserve the federal income tax status of payments of interest with respect to the Bonds and or any other tax-exempt bonds related to the 2017 Facilities. The County shall ensure that the Corporation retains a consultant experienced in the calculation and determination of rebate payments and liability under Section 148(f) of the Code to provide the reports required under the Tax Certificate.

(d) The County will accept title to the 2017 Facilities upon the discharge of the Bonds and any Additional Bonds.

SECTION 5.4. Inspections.

The County shall permit the Corporation and the Trustee to examine, visit and inspect, at any reasonable time, the 2017 Facilities, and any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and to supply such reports and information as the Trustee or the Trustee may reasonably require.

SECTION 5.5. Immunity of Corporation and Trustee; Indemnification. In the exercise of the powers of the Corporation and the Trustee and their members, directors, officers, employees and agents under the Trust Agreement or this Purchase and Use Agreement including (without limiting the foregoing) the application of moneys and the investment of funds, neither the Corporation nor the Trustee shall be accountable to the County for any action taken or omitted with respect to the 2017 Facilities or the Ancillary Projects or this Purchase and Use Agreement by either of them or their members, directors, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred under this Purchase and Use Agreement. The Corporation and the Trustee and their members, officers, employees and agents shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the County for any claims based on the Trust Agreement or this Purchase and Use Agreement against any member, director, officer, employee or agent of the Corporation or the Trustee alleging personal liability on the part of such person. To the extent permitted by law, the County shall defend the Corporation and any of its members, directors, officers, employees or agents and save them harmless against any liability, including expenses and legal or other fees, intended to be precluded by this Section 5.5 resulting from acts or omissions of the County or from acts or omissions of the Corporation or any of their members, directors, officers, employees or agents in connection with any

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acts taken pursuant to this Purchase and Use Agreement, except for fraud, deceit, or acts taken in bad faith or which are negligent.

SECTION 5.6. Compliance with Laws; Consolidation or Merger.

(a) With respect to the 2017 Facilities and any additions, alterations, or improvements thereto, the County will at all times comply with all applicable requirements of federal and state laws and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State or of any other duly constituted public authority; provided, however, that the County shall be deemed in compliance with this Section 5.6 so long as it is contesting in good faith any such requirement by appropriate legal proceedings.

(b) Nothing in this Purchase and Use Agreement shall be construed to prevent the County from combining with one or more counties (as defined under the laws of the State) not parties to this Purchase and Use Agreement to form a consolidated or a merged county, provided that the consolidation or merged county enters into a written supplement, joined in by the Corporation, whereunder the consolidated or merged county assumes payment of Installment Payments and all other obligations of the County hereunder, thereupon such consolidated or merged county shall replace and become the County for all purposes of this Purchase and Use Agreement.

SECTION 5.7. Insurance and Condemnation Proceeds. The County shall not make any disposition nor direct the disposition of insurance or condemnation payments with respect to the 2017 Facilities in excess of \$250,000 without the written consent of the Trustee except as may be required by the terms of the Security Documents or of any Permitted Encumbrances existing on the date hereof.

SECTION 5.8. Filing of Budget with Trustee. During the term of this Purchase and Use Agreement, the County shall file with the Trustee and the Trustee, within 15 days after the beginning of each Fiscal Year, a copy of the annual budget of the County for that Fiscal Year and, within fifteen days of approval thereof, a copy of any bond ordinance, proceeds of which are to be used to pay Installment Payments. The Trustee shall have no duty to review or analyze any such Annual Budget and shall hold such Annual Budget solely as a repository for the benefit of the Bondholders. The Trustee shall not be deemed to have notice of any information contained therein or even of default which may be disclosed in any manner.

SECTION 5.9. Alterations of the 2017 Facilities; Removals. The County, in its discretion and at its expense, may remodel or make such additions, modifications and improvements to the 2017 Facilities as it may deem to be desirable; provided, that no such additions, modifications or improvements shall adversely affect the structural integrity or strength of, or materially interfere with the use and operations of, the 2017 Facilities. Any such changes shall not become and shall not be deemed to constitute part of the 2017 Real Property or the 2017 Facilities as the case may be.

In this connection, the County may remove any items of personal property constituting a part of the 2017 Facilities financed by a source of funds other than Bond Proceeds, provided that such removal of the personal property shall not materially diminish the value of the 2017 Facilities.

In the case of any removal as provided above or any removal of County property not constituting 2017 Facilities, the County shall repair any damage resulting from such removal.

SECTION 5.10. Continuing Disclosure. The County covenants to provide the information required by Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“*15c2-12*”), as an Obligated Person (as defined in 15c2-12) in compliance with the provisions of the Disclosure Dissemination Agent Agreement, dated of even date herewith, with Digital Assurance Certification, L.L.C., as disclosure agent (“*Disclosure Undertaking*”). In the event of a failure by the County or any

dissemination agent appointed thereby to comply with any provisions of the Disclosure Undertaking, the rights of the Holders of the Bonds to enforce the provisions of the Disclosure Undertaking shall be limited solely to a right, by action in mandamus or specific performance, to compel performance of the parties’ obligations under the Disclosure Undertaking.

Any failure by a party to perform in accordance with the Disclosure Undertaking shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated in the Disclosure Undertaking.

ARTICLE VI INSURANCE

SECTION 6.1. Types of Insurance and Coverage Requirements.

(a) The County shall, commencing with the date that any items of personal property comprising the 2017 Facilities are delivered, or in the event that progress payments are to be made to the manufacturer thereof prior to the date of such delivery, commencing with the date of this Purchase and Use Agreement, and upon completion of any construction, reconstruction, renovation or remodeling incidental to the completion and installation of the 2017 Facilities, on all such improvements to the 2017 Facilities, maintain all-risk fire, extended coverage, vandalism, and malicious mischief insurance on the 2017 Facilities. Such insurance shall name the Corporation and the Trustee as additional insureds or loss payees, as their interests may appear, be maintained for the term of this Purchase and Use Agreement and each policy shall be in an amount equal to the replacement value of the 2017 Facilities; provided that, on the third anniversary of the execution of this Purchase and Use Agreement and every three years thereafter, the County shall cause the preparation and pay for the expense of a certification of the maximum full insurable value of the 2017 Facilities by an independent insurance agent or a person or company knowledgeable in such matters and shall deliver such certification to the Trustee; and provided further that this requirement may be satisfied by proof of coverage from the Insurance Reserve Fund.

(b) The County shall, to the extent required by law or good business practice, maintain for the term of this Purchase and Use Agreement, general liability insurance, worker’s compensation insurance, disability insurance, and any other form of insurance, covering loss resulting from injury, sickness, disability or death of employees in amounts at least equal to those carried by institutions of similar size and nature.

(c) The County shall maintain, for the term of this Purchase and Use Agreement, general liability insurance against loss or losses from liabilities imposed by law or assumed in any written contract and arising from the death or bodily injury of persons or damage to the property of others caused by accident or occurrence (including contractual liability endorsement), with limits of not less than \$800,000 per occurrence and not less than \$1,000,000 in the aggregate for claims made in any one year on account of injury of any one person, and \$250,000 for property damage per occurrence with an aggregate property damage limitation of not less than \$500,000, excluding liability imposed upon the County by any applicable worker’s compensation law. Such insurance shall name the Corporation and the Trustee as additional insureds or loss payees, as their interests may appear.

(d) All policies of insurance required hereunder shall be written by the South Carolina Insurance Reserve Fund, companies rated not lower than “A” by A. M. Best Company or in one of the three highest rating categories by S&P or Moody’s, or by companies acceptable to the Trustee (which is entitled to rely solely on the Trustee), in each case qualified to do business in the State and each policy shall provide at least 30 days prior written notice to the Corporation and the Trustee before such policy is canceled. The County may provide any part or all of the insurance required hereby under the terms of a policy insuring

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other facilities or risks or any “blanket” policy. The County covenants that it will take all action, or cause the same to be taken, which may be necessary to enable recovery under the aforesaid insurance policies.

(e) All policies of insurance required hereby shall be open to inspection by the Corporation and the Trustee at all reasonable times. Certificates of insurance describing such policies shall be furnished by the County to the Corporation when such policies are required to be obtained by this Section 6.1 and at least 10 days prior to the expiration of each of such policies. The County shall certify that it is in compliance with the provisions hereof at or prior to the execution and delivery of this Purchase and Use Agreement. If any change shall be made in such insurance as to either amount or type of coverage, a description and notice of such change shall be furnished immediately to the Corporation by the County or it shall cause the same to be so furnished. In the event that the County fails to maintain any insurance as provided in this Section 6.1, the Trustee may, upon such notice to the County as is reasonable under the circumstances, procure and maintain such insurance at the expense of the County (reimbursable as provided hereinbefore), but the Trustee shall not be under an obligation to do so.

SECTION 6.2. Self-Insurance Approval. If, at the time of execution of this Purchase and Use Agreement, the County self-insures or at any time hereafter desires to self-insure to the extent permitted by law, the entry into such self-insurance program shall require the written approval of the Corporation.

ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

SECTION 7.1. Damage, Destruction and Condemnation. If, during the term of this Purchase and Use Agreement, (i) the 2017 Facilities or any portion thereof shall be destroyed (in whole or in part), or be damaged by fire or other casualty, or (ii) title to, or the temporary or permanent use of, the 2017 Facilities or any portion thereof or the estate of the County or the Corporation (as applicable) in the 2017 Facilities or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or (iii) a material defect in construction or installation of the 2017 Facilities or any portion thereof shall become apparent, or (iv) title to or the use of all or any portion of the 2017 Facilities shall be lost by reason of a defect in title thereto, then the County shall be obligated, subject to the option provided in Section 7.3 hereof and the provisions of Sections 4.6 and 4.7 hereof, to continue to pay the amounts specified as Installment Payments under this Purchase and Use Agreement.

SECTION 7.2. Obligation to Repair or Replace the 2017 Facilities. Subject to the provisions of Section 7.3 hereof, the County, the Corporation and the Trustee shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards made available by reason of any occurrence described in Section 7.1 hereof, to be deposited as provided in Sections 3.5, 3.7 or 3.8, as the case may be, hereof prior to the Completion Date or, after the Completion Date, in a separate trust fund designated as the “Net Proceeds Fund” which the Trustee is hereby directed to establish in such event. Except as set forth in Section 7.3 hereof, all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the 2017 Facilities by the County upon receipt of requisitions acceptable to the Trustee signed by an authorized official of the County stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; and (iv) that each obligation mentioned therein has been properly incurred, is properly payable from the Net Proceeds held in the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation; provided, that the Trustee is provided with an opinion of Bond Counsel to the effect that such other application of Net Proceeds will not adversely affect the tax-exempt status of the Bonds. In carrying out any of the provisions of this Section 7.2, the County shall have all power and authority granted under

Article III of this Purchase and Use Agreement; and the Trustee shall cooperate with the County in the administration of such fund and shall not unreasonably withhold its approval of requisitions required by this Section 7.2. The balance of any such Net Proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall be applied to any lawful and authorized purpose of the County as directed in writing by the County; provided, there is delivered to the Trustee an opinion of Bond Counsel to the effect that such application of Net Proceeds will not adversely affect the tax-exempt status of the Bonds or any tax-exempt Additional Bonds. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be included as part of the 2017 Facilities under this Purchase and Use Agreement and the Trust Agreement.

If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the 2017 Facilities referred to above, the County shall be responsible, subject to the option contained in Section 7.3 hereof, for the completion of the work and the payment of any cost in excess of the amount of the Net Proceeds. In this connection, the County agrees that, if by reason of any such insufficiency of the Net Proceeds, the County shall make any payments pursuant to the provisions of this paragraph, the County shall not be entitled to any reimbursement therefor from the Trustee or the Holders of the Bonds, nor shall the County be entitled to any diminution of any Installment Payments payable under this Purchase and Use Agreement.

SECTION 7.3. Discharge of Obligation to Repair or Replace the 2017 Facilities. If, as a result of the occurrence of an event described in Section 7.1 hereof, (a) any part of the 2017 Facilities is totally destroyed or is damaged to such an extent that the rebuilding or repairing of such part of the 2017 Facilities would be impracticable, (b) there is discovered a material defect in the construction of the 2017 Facilities or any portion thereof that renders the 2017 Facilities or such portion unusable by the County for its intended purposes, (c) all or substantially all of the 2017 Facilities relating to a particular building is taken by eminent domain or (d) the County is deprived of the use of any part of the 2017 Facilities by reason of a defect in title thereto, the County may elect to apply the Net Proceeds of applicable insurance policies, performance bonds or condemnation awards as a prepayment of Installment Payments and the discharge of its obligations with respect to Sections 7.1 and 7.2 hereof; provided, however, that there shall be delivered to the Trustee, as a condition to any such prepayment, an opinion of Bond Counsel to the effect that such prepayment would not adversely affect the tax-exempt status of the Bonds. Such an election may be made by written notice to the Corporation and the Trustee within 90 days of the occurrence of an event described in (a) through (d) above. Upon any such prepayment, the amount thereof shall be applied to redeem the Bonds at the earliest practicable date pursuant to Section 4.1(b)(1) of the Trust Agreement, the Purchase Price shall be recalculated to take account of such prepayment. Upon any such prepayment of the Bonds, title to the affected part of the 2017 Facilities shall be deemed transferred to the County and in the event of any future partition under Section 2.4 hereof, such affected part of the 2017 Facilities shall be automatically assigned to the County. If at any time the amount to be applied as a prepayment hereunder shall exceed the redemption price of all Bonds, all Bonds shall be redeemed, title to all the 2017 Facilities shall be transferred to the County and any amounts not required for the redemption of the Bonds and payment of other expenses and amounts under the Trust Agreement shall be paid to the County.

SECTION 7.4. Cooperation of the Parties. The Corporation, the County and the Trustee shall cooperate fully with each other in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 7.1 of this Purchase and Use Agreement, in making the Net Proceeds available in accordance with Section 7.2 or 7.3 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the 2017 Facilities or any portion thereof and in the enforcement of all warranties relating to the 2017 Facilities. The Corporation hereby designates the County as its agent for the purpose of making collections under such policies, such amounts to be held in trust and applied in accordance herewith. In no event shall the Corporation

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voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding with respect to the 2017 Facilities or any portion thereof without the written consent of the County and the Trustee.

ARTICLE VIII DEFAULTS AND REMEDIES

SECTION 8.1. Events of Default. Each of the following events is hereby defined as, and declared to be and shall constitute, an “Event of Default”:

(a) failure by the County to make any payment required to be made pursuant to Section 4.1(b) hereof within five days after the same is due (provided, however, that an Event of Nonappropriation shall not result in an Event of Default under this provision);

(b) failure by the County to timely comply with the provisions of Section 2.4 hereof relating to partition and vacating of 2017 Facilities at the times required;

(c) failure by the County to make any payment required to be made pursuant to Section 4.1(c), 4.2 or 4.4 hereof or under the provisions of the Base Lease within 10 days after the same is due;

(d) failure by the County to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Purchase and Use Agreement for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the County by the Trustee;

(e) if any of the representations and warranties of the County hereunder shall prove to be false or misleading in any material respect as of the date such representations and warranties were made;

(f) failure by the County promptly to stay or lift any execution, garnishment or attachment of such consequence as will, in the reasonable judgment of the Trustee, materially impair its ability to carry out its obligations under this Purchase and Use Agreement (provided that the County shall not be in default so long as it is diligently prosecuting a bona fide appeal from any such execution, garnishment or attachment);

(g) if the County shall (i) apply for or consent to the appointment of a receiver, trustee, or the like of the County or of property of the County, or (ii) admit in writing the inability of the County to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) be adjudicated as bankrupt or insolvent, or (v) commence a voluntary case under the United States Bankruptcy Code or file a voluntary petition seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the United States Bankruptcy Code; or

(h) if there shall have occurred an event of default under any Supplemental Purchase and Use Agreement or with respect to any series of Additional Bonds.

The foregoing provisions of this Section 8.1 are subject to the following provision: If, by reason of Force Majeure, the County shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the County contained in Articles IV and VI of this Purchase and Use Agreement, the County shall not be deemed in default during the continuance of such inability. The County agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the County from carrying out its agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the County.

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Trustee to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by the Corporation or the Trustee from time to time and as often as may be deemed expedient.

SECTION 8.5. Discontinuance of Proceedings. In case the Corporation or the Trustee shall have proceeded to enforce any right under this Purchase and Use Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Corporation or the Trustee, then and in every such case the County, the Corporation and the Trustee shall be restored respectively to their several positions and rights hereunder and all rights, remedies and powers of the County, the Corporation and the Trustee shall continue as though no such proceeding had been taken.

ARTICLE IX CONVEYANCE OF THE 2017 FACILITIES

SECTION 9.1. Optional Purchase of the 2017 Facilities.

(a) **Purchase in Full.** The County is hereby granted the option to terminate this Purchase and Use Agreement and to purchase the Corporation’s interest in the 2017 Facilities not theretofore acquired by the County at any time upon payment by the County of the then applicable Purchase Option Price; provided, however, that no such termination shall relieve the County from its obligation to pay Administrative Expenses as provided in Section 4.4 hereof until the Bonds have been fully discharged and the Trust Agreement terminated. The County shall notify the Corporation and the Trustee of its intention to exercise this option, on or before the 45th day preceding the date of such purchase or such later date as may be acceptable to the Trustee, but in no event later than the 30th day preceding the date of such purchase, and shall provide funds for such prepayment or such other assurance thereof as may be acceptable to the Trustee. Upon the payment of the Purchase Option Price, the Corporation shall transfer and convey all of its remaining interest in the 2017 Facilities to the County in the manner provided in Section 9.2 hereof.

(b) **Partial Prepayment of Installment Payments and Purchase.** On or after December 1, 2027, the County is also granted the option to prepay Installment Payments on the due date of any Base Payments hereunder for the purpose of having such prepayments credited towards the purchase price of the 2017 Facilities. The County shall notify the Corporation and the Trustee of its intention to exercise this option, on or before the 45th day preceding the date of such prepayment or such later date as may be acceptable to the Trustee, but in no event later than the 30th day preceding the date of such prepayment, and shall provide funds for such prepayment or such other assurance thereof as may be acceptable to the Trustee.

SECTION 9.2. Manner of Conveyance.

(a) **Complete Conveyance.** At the closing of any purchase or other conveyance of all of the 2017 Facilities pursuant to Section 9.1 (a) of this Purchase and Use Agreement, or at the conclusion of the term hereof by the payment of all amounts due hereunder, the Corporation and the Trustee shall execute and deliver to the County all necessary documents assigning, transferring and conveying all interest to the 2017 Facilities by an instrument terminating the Base Lease and this Purchase and Use Agreement and quit claim or special warranty deed, as the case may be, in the form as mutually agreed to by the Trustee, the Corporation and the County, subject to the following:

(i) Permitted Encumbrances, other than this Purchase and Use Agreement and the Trust Agreement;

(ii) all liens, encumbrances and restrictions created or suffered to exist by the Corporation and the Trustee as required or permitted by this Purchase and Use Agreement or the Trust Agreement or arising

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SECTION 8.2. Remedies. Subject at all times to the rights of the County under Section 2.1 hereof as to portions of the 2017 Facilities it has so acquired, whenever any Event of Default referred to in Section 8.1 of this Purchase and Use Agreement shall have happened and be continuing, the Corporation (with written notice promptly given to the Trustee) and the Trustee may terminate the term of this Purchase and Use Agreement and shall give notice to the County to vacate the Corporation Facilities within 30 days from the date of such notice. Whenever an Event of Nonappropriation shall be deemed to occur, the term of this Purchase and Use Agreement shall terminate pursuant to Section 2.2(a) hereof and the County shall vacate and deliver over to the Trustee possession of the Corporation Facilities by the time specified in the third paragraph of Section 4.7 hereof.

The Trustee may also (i) take whatever action at law or in equity which may appear necessary or desirable to enforce its rights in and to the 2017 Facilities under the Security Documents, subject, however, to the limitations set forth herein, and (ii) exercise all the rights and remedies of a secured party under the South Carolina Uniform Commercial Code.

The Trustee may at the direction of the Holders of the majority in aggregate principal amount of the Outstanding Bonds shall, without any further demand or notice, and subject to the terms of the Base Lease, including without limitation, the provisions in Section 4.1 of the Base Lease which provide that the Corporation Facilities shall always be operated for a civic or public purpose to the extent such requirement continues to be applicable under State law, take one or both of the following additional remedial steps:

(i) The Trustee may liquidate its interest in this Purchase and Use Agreement or sell or assign its interest in the Base Lease; or

(ii) The Trustee may relet or assign its rights to the Corporation Facilities under such terms and conditions as it deems appropriate for the benefit of the Holders of the Bonds.

Notwithstanding anything in this Purchase and Use Agreement to the contrary, (1) in the event of termination of the County’s interest in any portion of the 2017 Facilities and subsequent thereto the Trustee shall receive a payment for the transfer of its interest in this Purchase and Use Agreement or total rental payments for leasing that are, after the payment of the Corporation’s expenses in connection therewith, including fees and expenses of the Trustee, and the payment in full of amounts owed to the Trustee, in excess of the principal amount of the Outstanding Bonds at the time of the Event of Default or Event of Nonappropriation and the interest due and to become due thereon (with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the County by the Trustee, its assigns or its lessee and (2) the Trustee shall not be permitted to sell, lease or otherwise dispose of any interest in the Corporation Facilities following an Event of Nonappropriation until the Waiver Period has expired, unless such action is expressly subject to the rights of the Corporation, Trustee or the County, as the case may be, to waive such Event of Nonappropriation.

SECTION 8.3. Limitations on Remedies. A judgment requiring a payment of money may be entered against the County by reason of an Event of Default or Event of Nonappropriation only as the County’s liabilities described in Section 10.1 of this Purchase and Use Agreement.

SECTION 8.4. Cumulative Rights. No remedy conferred upon or reserved to the Corporation or the Trustee by this Purchase and Use Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Purchase and Use Agreement or now or hereafter existing at law or in equity or by statute. No waiver by the Corporation or the Trustee of any breach by the County of any of its obligations, agreements or covenants hereunder shall be deemed a waiver of any subsequent breach, or a waiver of any other obligation, agreement or covenant, and no delay or failure by the Corporation or the

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as a result of any action taken or permitted to be taken by the Corporation or the Trustee as required or permitted by this Purchase and Use Agreement or the Trust Agreement; and

(iii) any lien or encumbrance created by action or inaction of or consented to by the County.

(b) **Partial Conveyance Resulting from Partition.** Upon any conveyance under Section 2.4 hereof, the Corporation and the Trustee shall execute and deliver to the County all necessary documents assigning, transferring and conveying all interest in the County Facilities by an instrument terminating the Base Lease and this Purchase and Use Agreement with respect to the County Facilities and quit claim or special warranty deed, as the case may be, in the form as mutually agreed to by the Trustee, the Corporation and the County, subject to the following:

(i) Permitted Encumbrances, other than this Purchase and Use Agreement and the Trust Agreement;

(ii) all liens, encumbrances and restrictions created or suffered to exist by the Corporation and the Trustee as required or permitted by this Purchase and Use Agreement or the Trust Agreement or arising as a result of any action taken or permitted to be taken by the Corporation or the Trustee as required or permitted by this Purchase and Use Agreement or the Trust Agreement; and

(iii) any lien or encumbrance created by action or inaction of or consented to by the County.

(c) **Partial Conveyance Resulting from Prepayment.** Any conveyance resulting from a partial prepayment under Section 9.1(b) hereof shall be made in the manner as all other conveyances with respect to payments on each Bond Payment Date.

Neither the Trustee nor the Corporation shall be responsible for the recordation of any deed or other instrument for such purposes.

ARTICLE X MISCELLANEOUS

SECTION 10.1. Limitation of Liability of the Corporation and the County. Notwithstanding any other provision of this Purchase and Use Agreement, in the event of any default by either the Corporation or the County hereunder or under the Trust Agreement, any liability of the Corporation or the County shall be enforceable only out of its interest in the Base Lease and under this Purchase and Use Agreement and the moneys to be paid by the County through the later of the end of the Fiscal Year as to which Base Payments have been appropriated for or the conclusion of any holdover term as provided in Section 2.3 hereof, and there shall be no recourse for any claim based on this Purchase and Use Agreement, the Trust Agreement or the Bonds, against any other property of the Corporation or the County or against any officer or employee, past, present or future, of the Corporation or the County or any successor body as such, either directly or through the Corporation or the County or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, and the liability of the Corporation and the County shall be limited to its interests in the Base Lease and interests under this Purchase and Use Agreement and the moneys to be paid by the County hereunder through the later of the end of the Fiscal Year as to which Base Payments have been appropriated therefor or the conclusion of any holdover term as provided in Section 2.3 hereof, and the lien of any judgment shall be restricted thereto, and there shall be no other recourse by the County against the Corporation or the Corporation against the County or any of the property now or hereafter owned by it or either of them.

SECTION 10.2. Surrender of Possession Upon Termination. Upon termination hereof or upon termination of all rights of the County hereunder, either by reason of an Event of Default or an Event of

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Nonappropriation, the County covenants that it will deliver up or cause to be delivered up peaceable possession of such of the 2017 Facilities as are determined under Section 2.4 hereof to be Corporation Facilities together with the related portion of the 2017 Real Property without delay, upon demand made by the Corporation or the Trustee, in good repair and operating condition, excepting reasonable wear and tear and damage, injury or destruction by fire or other casualty which, under the terms hereof, shall not have been repaired, reconstructed or replaced.

SECTION 10.3. Notices. Notices hereunder shall be given to the addresses shown below or to such other address as shall be filed in writing with the parties as follows:

If to the County:
Orangeburg County, South Carolina
ATTN: County Administrator
1437 Amelia Street
Orangeburg, South Carolina 29115
Telephone: 803.533.6101

(with a copy to)
Ray E. Jones
Parker Poe Adams & Bernstein LLP
1221 Main Street, Suite 1100
Columbia, South Carolina 29201
Telephone: 803.255.8000

If to the Corporation:
Orangeburg County Facilities Corporation
Attention: President
c/o Anderson Law Office, P.A.
155 Wall Street
Orangeburg, South Carolina 29115
Telephone: 803.536.4751

(with copy to the County as described above)

If to the Trustee:
U.S. Bank National Association
Attention: Global Corporate Trust Services
1441 Main Street, Suite 775
Columbia, South Carolina 29201

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Corporation, or the County to one or more of the others also shall be given to the others. The foregoing parties may designate, by notice given hereunder, any further or different addresses to which any subsequent notice, request, complaint, demand or other instrument or document shall be sent.

The Trustee is entitled to written notice of an Event of Default, no more than five Business Days after either the County or the Corporation has actual knowledge of the Event of Default.

SECTION 10.4. Assignments. Except as expressly provided in the Trust Agreement, this Purchase and Use Agreement may not be assigned by either of the parties without the written consent of the other party and the written consent of the Trustee and the Trustee. Except as provided in Section 8.2 hereof and the provisions of Articles VI and VII of the Trust Agreement, the Trustee shall not be

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SECTION 10.8 Applicable Law. This Purchase and Use Agreement shall be governed by, and interpreted under, the laws of the State of South Carolina.

SECTION 10.9. Recordation. At the option of the Corporation this Purchase and Use Agreement or a short form and summary hereof may be recorded in appropriate official records.

SECTION 10.10. Execution in Counterparts. This Purchase and Use Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

[Signature pages follow]

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permitted to further assign its interest in this Purchase and Use Agreement. Any assignment in contravention hereof shall be void.

SECTION 10.5. Severability. In case any provision of this Purchase and Use Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, by any court or administrative body of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and this Purchase and Use Agreement shall be construed as if such provision had never been contained herein.

SECTION 10.6. Amendments. The County and the Corporation may, with the prior consent of the Trustee, but without the consent of the Holder of any Bond, enter into any amendments at any time for any of the following purposes:

- (a) To cure any ambiguity, defect or omission herein or in any amendment; or
- (b) To grant to or confer upon the Corporation any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon it; or
- (c) To add to the covenants and agreements of the County herein contained, or to surrender any right or power herein reserved to or conferred upon the County; or
- (d) To increase the Base Payments hereunder to enable the County to proceed to acquire and install additional assets in addition to the 2017 Facilities or modify the Base Payments hereunder in connection with the issuance of Additional Bonds under the Trust Agreement or the redemption, refunding or defeasance of a series of Bonds; or
- (e) To reflect a change in applicable law; or
- (f) To make any amendments required by S&P or Fitch as a condition to rating the Bonds.

The County and the Corporation may, with notice to but without the prior consent of the Trustee, and without notice to or the consent of the Holder of any Bond, enter into any amendments at any time and from time to time (i) amend the Ancillary Projects in **Exhibit A** so long as the cost of the Ancillary Projects relative to the cost of the 2017 Projects does not increase or decrease by more than 10%, (ii) to add Additional Real Property to the description in **Exhibit B**, consistent with amendments made pursuant to Section 3.1 of the Base Lease, (iii) under the conditions specified in Section 5.1(c) hereof, to delete 2017 Real Property in connection with a substitution of other 2017 Real Property, (iv) to release property from the description of the 2017 Real Property described in **Exhibit B**, consistent with a termination of the Base Lease pursuant to Section 3.6 of the Base Lease, or (v) to revise the description of Permitted Encumbrances specified in **Exhibit C** in connection with the foregoing amendments.

All other amendments must be approved by the Trustee and, if and to the extent required by the Trust Agreement, the consent of the Holders of the Bonds.

The Trustee shall receive prior written notice of all such amendments.

SECTION 10.7. Successors and Assigns. All covenants, promises and agreements contained in this Purchase and Use Agreement by or on behalf of or for the benefit of the County or the Corporation, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not. To the extent that this Purchase and Use Agreement confers upon, gives or grants to the Trustee any right, remedy or claim under or by reason of this Purchase and Use Agreement, the Trustee is explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

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WITNESS the due execution of this Purchase and Use Agreement, effective, as of the day and the year first mentioned above.

(SEAL)

ORANGEBURG COUNTY, SOUTH CAROLINA

WITNESS:

By: _____
Chairman, County Council

Attest: _____
Clerk to County Council

(SEAL)

ORANGEBURG COUNTY FACILITIES CORPORATION

WITNESS:

By: _____
President

Attest: _____
Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF ORANGEBURG)
ACKNOWLEDGMENT

I, _____, Notary Public for the State of South Carolina, do hereby certify that the above-named Johnnie Wright, Sr., Chairman of the Orangeburg County Council, and Connie N. Portee, Clerk of Orangeburg County Council, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the _____ day of December, 2017.

Notary Public for South Carolina
My Corporation Expires: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF ORANGEBURG)
ACKNOWLEDGMENT

I, _____, Notary Public for the State of South Carolina, do hereby certify that the above-named Harold M. Young, President, and Angel Howell, Secretary of the Orangeburg County Facilities Corporation's Board of Directors, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the _____ day of December, 2017.

Notary Public for South Carolina
My Corporation Expires: _____

Acknowledgment to Installment Purchase and Use Agreement

Acknowledgment to Installment Purchase and Use Agreement

EXHIBIT A
2017 PROJECTS AND ANCILLARY PROJECTS

Description of the 2017 Projects

The 2017 Projects are described below, primarily consisting of the designing for, constructing, acquiring, equipping, enlarging, extending or increasing each of the following, together with all appurtenances necessary, useful or convenient, for the maintenance and operation of the same:

Detention Center: At an anticipated cost of \$30,000,000, the County is constructing a new detention center facility to replace the current facility. The current facility is over 50 years old and is no longer able to meet current State and federal guidelines for detention centers. The County is currently unable to comply with regulations and is receiving waivers from the South Carolina Department of Corrections with the understanding that the County is in the process of constructing a new detention facility.

The new facility will be a 340-bed facility, approximately 85,000 square feet and is to be located immediately adjacent to the existing facility on property owned by the County. All programming and design and development documents are complete.

Bid packages were provided to qualified contractors on November 16, 2017, with bids due by December 1, 2017. The County intends to have a notice of intent to award before December 31, 2017, with construction commencing in the first quarter of 2018. The anticipated construction schedule is 18-24 months.

Description of the Ancillary Projects

The Ancillary Projects will not serve as security for the Bonds, are not subject to the Purchase and Use Agreement and will be owned by the County on completion of construction. A portion of the Ancillary Projects were funded from the proceeds of the 2017 BAN, and the remainder will be funded from a combination of Bond proceeds and other available funds. With an anticipated cost of approximately \$7,500,000, Ancillary Projects consist of the following:

Construction Projects-

1. *Courthouse Improvements:* The County is undertaking certain accessibility and security improvements to the County's courthouse. The improvements include rerouting certain access roads, increasing parking, adding cameras and additional lighting, and improving the landscaping.

2. *Scale House Replacement:* The County is constructing a new scale to replace an old portable office building currently used as the scale house. The new building is a 1,740 square foot steel building, with office space and break area for employees and the waste hauling subcontractor for the County.

3. *New Voter Registration Office:* The County is currently renovating and adding on to an existing building for the purpose of relocating the voter registration office to meet security requirements and meet the growing needs of the County. At completion the building will be 3,824 square foot office space that will house the staff and equipment for the voter registration office.

4. *Evidence Storage/K-9 Facility:* The County has currently out for bid a new building to be constructed on County property located behind the Sheriff's office at 1520 Ellis Street to house evidence storage and the K-9 officers. The evidence storage is 1,600 square feet and the K-9 section is about 1,700

square feet to include kennels and storage area. The evidence storage is needed to come into compliance with State and Federal regulations.

Technology Upgrades-

1. *Communication Upgrades:* The County is funding the design and installation of a County-wide voice over internet protocol ("VOIP") system to replace the County's aging telephone system. The County will also install certain software upgrades to the County's network to complete the transition to VOIP system. The VOIP system will allow the County to better meet the Criminal Justice Information Security requirements that are mandated by the Federal Bureau of Investigations and governed by South Carolina State Law Enforcement Division.

2. *Public Safety and Justice:* The County is funding an upgrade to the systems utilized by the County's public safety and justice departments, which includes the sheriff's office, dispatch, detention center, animal control, Emergency Medical Services, fire and emergency operations. The system upgrade, which includes installing County vehicles with computers, modems, printers and card readers, will allow the County to comply with the State mandate for uniform traffic tickets.

3. *Tax Collection System Upgrade:* The County is funding the design and installation of a new tax billing and collection system. The new system will expand the tax-related services the County can provide to its constituents and enable the County to better serve the needs of the County in all areas involving governmental tax billing by allowing coordinated information sharing between the core tax system departments.

EXHIBIT B

LEGAL DESCRIPTION OF THE 2017 REAL PROPERTY AND ANY ADDITIONAL REAL PROPERTY
(AS MAY BE AMENDED ACCORDING TO SECTION 10.6 OF THIS PURCHASE AND USE AGREEMENT)

ALL that certain piece, parcel or tract of land situated in the County of Orangeburg, State of South Carolina, on a plat of the property of Orangeburg County, surveyed and drawn by Edisto Engineers & Surveyors, Inc., on November 3, 2017 and being designated as 20.83 Acres and being recorded December 14, 2017 in Plat Book _____ at Page _____ in the Office of the Register of Deeds for Orangeburg County, State of South Carolina, measuring as follows: Southwest by Norfolk Southern Railroad measuring thereon 779.53 feet; Southeast by property now or formerly of Orangeburg County measuring thereon 628.42 feet; thence running Northeast by EMS Shop measuring thereon 189.43 feet; Southeast by EMS Office measuring thereon 364.20 feet; Northeast by Ellis Avenue (S-38-224) a 50 foot right of way measuring thereon 203.79 feet; Northeast by Ellis Avenue (S-38-224) a 50 foot right of way measuring thereon 557.05 feet; Northwest by Complex Street (S-38-2003) a 66 foot right of way measuring thereon 521.35 feet; Northwest by property of now or formerly of The City of Orangeburg measuring thereon 205.74 feet; Southwest by property now or formerly of The City of Orangeburg measuring thereon 105.78 feet; Northwest by property now or formerly of the City of Orangeburg measuring thereon 408.20 feet;

This being a portion of property conveyed to Orangeburg County by deed of A.J.M. Wannamaker, dated November 1, 1972, and recorded in Deed Book 371 at Page 345 in the Office of the Register of Deeds for Orangeburg County.

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EXHIBIT C
PERMITTED ENCUMBRANCES

Any mortgages, liens, financing statements, security interests, easements, leases, restrictive covenants, agreements, options, claims, clouds, encroachments, rights, taxes, assessments, mechanic's or materialmen's liens (inchoate or perfected), and other encumbrances of any nature whatsoever, of record.

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EXHIBIT B-1

CONVEYED IMPROVEMENTS

All existing improvements located on the 2017 Real Property and any Additional Real Property.

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EXHIBIT D
BASE PAYMENTS SCHEDULE

Payment Date	Payment Amount	% of Total 2017 Facilities Purchased	
		Incremental	Aggregate

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EXHIBIT E
VALUATION OF 2017 FACILITIES*

*AFTER THE COMPLETION DATE AND THE FILING OF THE ACCEPTANCE CERTIFICATE IN ACCORDANCE WITH SECTION 3.04 HEREOF, THE ASSIGNED VALUES OF THE 2017 FACILITIES AND THE PERCENTAGES THEREOF BEING PURCHASED SHALL BE RECALCULATED BASED UPON FINAL CONSTRUCTION COSTS OF THE 2017 FACILITIES. NUMBERS MAY NOT ADD DUE TO ROUNDING.

<u>County Detention Facility</u>		Assigned Value as of Date of Execution and <u>Delivery of Agreement*</u>
		\$[]
		% of 2017
Payment	<u>Facilities Purchased</u>	
<u>Date</u>	<u>Incremental</u> <u>Aggregate</u>	

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BASE LEASE AND CONVEYANCE AGREEMENT

between

ORANGEBURG COUNTY, SOUTH CAROLINA

as lessor

and

ORANGEBURG COUNTY FACILITIES CORPORATION

as lessee

Dated as of December 1, 2017

ALL RIGHTS, TITLE AND INTEREST OF ORANGEBURG COUNTY FACILITIES CORPORATION IN THIS BASE LEASE AND CONVEYANCE AGREEMENT HAVE BEEN ASSIGNED TO U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE ("TRUSTEE"), UNDER THE TRUST AGREEMENT DATED OF EVEN DATE HERewith, AND ARE SUBJECT TO THE SECURITY INTEREST OF THE TRUSTEE.

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BASE LEASE AND CONVEYANCE AGREEMENT

THIS BASE LEASE AND CONVEYANCE AGREEMENT, dated as of December 1, 2017 ("**Base Lease**"), is between Orangeburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina ("**County**"), as lessor, and Orangeburg County Facilities Corporation, a nonprofit corporation duly organized under the laws of the State of South Carolina ("**Corporation**"), as lessee.

WITNESSETH

WHEREAS, the Corporation is a nonprofit corporation formed under the provisions of Title 33, Chapter 31 of Code of Laws of South Carolina 1976, as amended;

WHEREAS, the County is a body politic and corporate and a political subdivision of the State of South Carolina and is authorized under the provisions of Title 4, Chapter 9, Code of Laws of South Carolina 1976, as amended ("**Act**"), to enter into this Base Lease;

WHEREAS, pursuant to the terms of an Installment Purchase and Use Agreement dated of even date herewith ("**Purchase and Use Agreement**") between the Corporation and the County, the County desires to lease the 2017 Real Property (as defined in the Purchase and Use Agreement) and convey the Conveyed Improvements to the Corporation so that the Corporation may (i) provide funds for the acquisition and construction of the 2017 Projects and Ancillary Projects (each as defined in the Purchase and Use Agreement) and (ii) sell and convey the 2017 Facilities (as defined in the Purchase and Use Agreement) to the County;

WHEREAS, the payments to be made under the Purchase and Use Agreement and the rights of the Corporation thereto (except for certain reserved rights as provided therein) are to be assigned to U.S. Bank National Association, as trustee ("**Trustee**"), pursuant to the terms of a Trust Agreement dated of even date herewith ("**Trust Agreement**"), between the Corporation and the Trustee, to secure and provide a source of payment for certain bonds, the proceeds of which are to be used to defray the costs of the 2017 Projects and the cost related to the issuance of bonds under the Trust Agreement; and

WHEREAS, the County desires to enter into this Base Lease to achieve the foregoing purposes.

NOW, THEREFORE, in consideration of, the payment of the Base Lease Rent (as hereinafter defined) and the premises and the mutual covenants and agreements herein set forth the County and the Corporation do hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.1. Definitions of Words and Terms. Capitalized terms not otherwise defined herein are used either with the meanings provided therefore in the Trust Agreement or the Purchase and Use Agreement or shall have the following meanings, unless some other meaning is plainly intended:

"**Base Lease Rent**" means those items referred to as such in Section 3.4 of this Base Lease.

"**Base Lease Term**" means the term of this Base Lease which ends on the earlier of (i) December 1, 2052, and (ii) the date on which the Series 2017 Bonds are discharged within the meaning of Section 3.19(d) of the Trust Agreement.

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“**Board of Directors**” means the Board of Directors for Orangeburg County Facilities Corporation, as the governing body of the Corporation, and any successor body.

“**Conveyed Improvements**” means the improvements located on the 2017 Real Property and any Additional Real Property, all as described in Exhibit B.

“**Corporation**” means Orangeburg County Facilities Corporation, a nonprofit corporation formed under the laws of the State of South Carolina, and its successors and assigns.

“**Corporation Representative**” means the person or persons at the time designated to act on behalf of the Corporation in matters relating to this Base Lease, the Purchase and Use Agreement and the Trust Agreement as evidenced by a written certificate furnished to the County and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President or any Vice President. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

“**Corporation Resolution**” means the Resolution adopted by the Board of Directors on November 13, 2017, authorizing the Corporation’s execution and delivery of this Base Lease, the Purchase and Use Agreement and the Trust Agreement.

“**Counsel**” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the County or the Corporation.

“**County Council**” means the County Council of Orangeburg County, South Carolina, as the governing body of the County, and any successor body.

“**Event of Default**” means (a) with respect to the Purchase and Use Agreement, any Event of Default as defined in Section 8.1 of the Purchase and Use Agreement, and (b) with respect to the Trust Agreement, any Event of Default as defined in Section 7.1 of the Trust Agreement.

“**Fiscal Year**” means the 12-month period adopted by the County as its fiscal year for financial reporting purposes. Currently, such Fiscal Year for the County begins on July 1 of each year.

“**Installment Payments**” means those payments required to be made by the County by Sections 4.1, 4.2 and 4.4 of the Purchase and Use Agreement.

“**Purchase and Use Agreement**” shall mean the Installment Purchase and Use Agreement dated of even date herewith between the Corporation and the County.

“**Resolution**” means the Resolution adopted by the County Council on August 15, 2016, authorizing the County’s execution and delivery of this Base Lease and the Purchase and Use Agreement and consenting to the Trust Agreement.

“**State**” means the State of South Carolina.

“**Trust Estate**” means the Trust Estate described in the Granting Clauses of the Trust Agreement.

“**Trustee**” means U.S. Bank National Association, a national banking association chartered under the laws of the United States of America), and its successor or successors and any other trustee which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Trust Agreement.

(b) The execution and delivery of this Base Lease, the Purchase and Use Agreement and the Trust Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under the Corporation’s articles of incorporation or bylaws or any bond, debenture, note or other evidence of indebtedness of the Corporation, or any contract, agreement, or instrument to which the Corporation is a party or by which it is bound.

(c) The Board of Directors of the Corporation has full power and authority to adopt the Corporation Resolution and the Corporation has full power and authority to enter into the transactions contemplated by this Base Lease and to carry out its obligations hereunder.

(d) To provide funds to defray the cost of the 2017 Projects, the Corporation will enter into the Trust Agreement pursuant to which it will issue the Series 2017 Bonds payable from and secured by the Installment Payments due under the Purchase and Use Agreement.

ARTICLE III LEASE OF THE 2017 REAL PROPERTY AND CONVEYANCE OF IMPROVEMENTS

SECTION 3.1. Transfer of Conveyed Improvements and Lease of the 2017 Real Property. The County hereby demises and leases to the Corporation and the Corporation hereby leases from the County the 2017 Real Property for the Base Lease Term for the rentals and other consideration set forth in Section 3.4 hereof and in accordance with the provisions of this Base Lease. The County hereby conveys the Conveyed Improvements to the Corporation and the Corporation hereby accepts such conveyance from the County. The parties hereto agree to amend Exhibit A to this Base Lease from time to time, as the County acquires new real property (“**Additional Real Property**”) which should become subject to this Base Lease.

SECTION 3.2. Purchase of the 2017 Facilities. Pursuant to the terms of the Purchase and Use Agreement, the Corporation will acquire and construct the 2017 Projects and will convey title to the 2017 Facilities (including but not limited to the 2017 Projects) to the County, but subject to the terms of the Trust Agreement and the reservation of certain rights under this Base Lease.

SECTION 3.3. Assignments, Subleases and Mortgages. Except as contemplated by the Trust Agreement or permitted by the Purchase and Use Agreement, the Corporation may not (a) mortgage or otherwise encumber, or assign its rights in, the 2017 Real Property or the 2017 Facilities or any portion thereof under this Base Lease, (b) lease, assign, transfer or otherwise dispose of its interest in the 2017 Real Property or the 2017 Facilities or any portion thereof or (c) remove, modify or alter the 2017 Real Property or the 2017 Facilities or any portion thereof, without the consent of the County.

SECTION 3.4. Rent and Other Consideration. As and for rental hereunder and in consideration for the leasing of the 2017 Real Property to the Corporation hereunder, the Corporation agrees (i) to pay to the County from the sources identified in Section 5.1 of the Trust Agreement the sum of \$35.00 as a prepayment of the annual Base Lease Rent of One Dollar per year each year for the Base Lease Term for periods beginning on each July 1 and ending on each June 30, with an initial period beginning December 14, 2017, and ending on June 30, 2018, and (ii) to fulfill its obligations with respect to the 2017 Facilities as provided in the Purchase and Use Agreement. The payments required hereunder shall be made as provided in Sections 5.1(b) and 5.3(a) of the Trust Agreement.

SECTION 3.5. Taxes and Insurance. The County shall pay and have responsibility for all taxes on and insurance of the 2017 Real Property and the 2017 Facilities. All insurance shall provide that the proceeds shall be payable to the County, the Corporation or the Trustee as their interests may appear.

SECTION 1.2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

The table of contents hereto and the headings and captions herein are not a part of this document.

SECTION 1.3. Accounting Terms. Accounting terms used herein and not otherwise specifically defined shall have the meaning ascribed to such terms by accounting principles generally accepted in the United States as from time to time in effect.

ARTICLE II REPRESENTATIONS

SECTION 2.1. Representations by the County. The County represents, warrants and covenants as follows:

(a) The County is a duly constituted body politic and corporate and a political subdivision of the State.

(b) The conveyance of title to the Conveyed Improvements and the demise and lease of the 2017 Real Property by the County to the Corporation, as provided in this Base Lease, to allow the Corporation to provide for the construction of the 2017 Projects and Ancillary Projects, and the sale of the 2017 Facilities to the County pursuant to the Purchase and Use Agreement has been undertaken to enable the County to provide suitable governmental, recreational and community facilities in the County.

(c) County Council has full power and authority to adopt the Resolution and to enter into the transactions contemplated by this Base Lease and to carry out its obligations hereunder.

(d) Neither the execution and delivery of this Base Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the County is now a party or by which the County is bound.

(e) The County has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the County’s interests in the 2017 Real Property and the 2017 Facilities shall be or may be impaired, changed or encumbered in any manner whatsoever, except as permitted by this Base Lease or the Purchase and Use Agreement.

(f) The County is the fee owner of the 2017 Real Property existing on the date hereof. Prior to the conveyance of the Conveyed Improvements to the Corporation pursuant to Section 3.1 hereof, any improvements on the 2017 Real Property existing on the date hereof are free and clear of all liens, encumbrances and restrictions (including, without limitation, leases) other than Permitted Encumbrances.

SECTION 2.2. Representations by the Corporation. The Corporation represents, warrants and covenants as follows:

(a) The Corporation is a nonprofit corporation duly incorporated under the laws of the State and has corporate power to enter into this Base Lease, the Purchase and Use Agreement and the Trust Agreement. By proper corporate action the officers of the Corporation have been duly authorized to execute and deliver this Base Lease, the Purchase and Use Agreement and the Trust Agreement.

SECTION 3.6. Granting of Easements, Rights of Way, Releases and Substitutions of Property. From time to time during the term hereof and so long as there is not an existing Event of Default under the Purchase and Use Agreement and there has not occurred an Event of Nonappropriation that has not been waived by the Corporation or the Trustee, the Corporation, at the request of the County, may execute such instruments as are necessary to provide for the granting of easements or rights of way for road construction, utilities or in such other instances as the County certifies are not inconsistent or incompatible with the continued use of the balance of the 2017 Real Property for their intended purposes. Such instruments may, with the prior written consent of the Trustee, if any, include a termination of this Base Lease with respect to such portion of the 2017 Real Property as is affected thereby or an acceptance or acknowledgment of the right of the grantee of any such easement or right-of-way to continue to use such property notwithstanding the exercise of any rights or remedies afforded to the Corporation hereunder or under the Purchase and Use Agreement. Any request from the County hereunder shall be accompanied by copies of any instruments proposed to be executed together with a certificate from the County to the effect that (a) the continued use of the 2017 Real Property affected thereby will not be impaired or hampered thereby; (b) access to 2017 Real Property for ingress and egress will be adequate for the purposes for which the 2017 Real Property is intended to be used; and (c) the value of the 2017 Real Property to the County will not be significantly diminished thereby.

The Corporation may, with the prior written consent of the Trustee, if any, also terminate this Base Lease with respect to any portion of the 2017 Real Property deemed excessive or unneeded for the continued operation of the 2017 Facilities and the related facilities for the purposes for which they were designed or are then being used, and release its interest in such portion to the County, upon receipt by the Corporation of the following: (a) a plat showing the location of the 2017 Facilities and related facilities and the portion of the 2017 Real Property deemed excessive or unneeded; (b) an amendment to Exhibit A hereto revising the description of the affected parcel of property; (c) a certificate from an engineer or architect stating that the remaining 2017 Real Property will be adequate for the continued operation of the 2017 Facilities and related facilities for the purpose for which they were designed or are then being used, including a certification that there will be adequate access to the remaining 2017 Real Property for ingress and egress; and (d) a certification from the County that the portion of the 2017 Real Property being released from the provisions hereof is in excess to or unneeded for the continued operation of the 2017 Facilities and related facilities for the purposes for which they were designed or are then being used.

The County and the Corporation agree to amend Exhibit A to this Base Lease to substitute or release parcels of 2017 Real Property or portions thereof in accordance with the provisions of this Section 3.6.

With respect to any particular item of 2017 Real Property, the County may, with the prior written consent of the Trustee, if any, substitute another item of 2017 Real Property under the conditions set forth in Section 5.1(c) of the Purchase and Use Agreement.

The County shall not be obligated to compensate the Corporation for the removal of any property or for any conveyance or grant of an easement or right-of-way under the provisions hereof and any consideration paid in connection therewith by a third party shall be turned over to the County so long as there is not an existing Event of Default under the Purchase and Use Agreement and no Event of Nonappropriation has occurred that has not been waived by the Trustee. The Corporation shall have no obligation or responsibility to prepare or record any instrument authorized hereunder.

**ARTICLE IV
TERMINATION**

SECTION 4.1. Termination.

(a) This Base Lease shall terminate upon the completion of the Base Lease Term; provided, however, in the event the County exercises the option to purchase the 2017 Facilities as provided in Section 9.1(a) of the Purchase and Use Agreement and satisfies the conditions thereof, then this Base Lease shall be considered terminated through merger of the leasehold interest with the interest of the County and, provided further, that upon any partition of the 2017 Facilities pursuant to Section 2.4 of the Purchase and Use Agreement, this Base Lease shall be terminated with respect to that portion of the 2017 Real Property ("**County Real Property**") relating to any County Facilities (as defined in the Purchase and Use Agreement) and the County Real Property shall no longer be subject to this Base Lease and the Corporation shall have no interest therein. Notwithstanding the termination of the Purchase and Use Agreement as a consequence of an Event of Default or Event of Nonappropriation, the County may thereafter purchase the 2017 Facilities not previously purchased by it upon payment of the applicable Purchase Option Price and the satisfaction of all other terms and conditions set forth in Section 9.1(a) of the Purchase and Use Agreement

(b) The Corporation agrees, upon any termination or completion of the Base Lease Term or the exercise by the County of its option to purchase as provided in Section 9.1(a) of the Purchase and Use Agreement, to quit and surrender the 2017 Real Property and that all title and interest in the 2017 Facilities and the 2017 Real Property shall vest in the County free and clear of the encumbrance of this Base Lease and any other encumbrances except Permitted Encumbrances. The Corporation agrees, upon any partition of the 2017 Facilities provided for in Section 2.4 of the Purchase and Use Agreement, to quit and surrender the County Real Property and that all title and interest in the County Facilities and the County Real Property shall vest in the County free and clear of the encumbrance of this Base Lease and any other encumbrances except Permitted Encumbrances.

If an Event of Default under the Purchase and Use Agreement occurs or if the County fails to continue the Purchase and Use Agreement for the entire term thereof for any reason, the Corporation shall have the right of possession of the portion of the 2017 Real Property ("**Corporation Real Property**") relating to the Corporation Facilities (as defined in the Purchase and Use Agreement) as the result of a partition as provided for in Section 2.4 of the Purchase and Use Agreement for the remainder of the Base Lease Term and shall have the right to sublease the Corporation Facilities or transfer its leasehold interest in the Corporation Real Property and in this Base Lease upon whatever terms and conditions it deems prudent; provided that the Corporation Facilities shall always be operated for a civic or public purpose to the extent such requirement continues to be applicable under State law and in compliance with all applicable governmental rules, regulations and orders. Both parties acknowledge that the County has an insurable interest in the Corporation Facilities but not in any additions, alterations, furnishings and fixtures provided in connection with the use of the Corporation Facilities by the Corporation or any person to whom the Corporation enters into a lease, license or other such agreement providing for occupancy temporary or long-term. Therefore, the County's obligation to provide insurance and pay taxes under the provisions of Section 3.5 hereof shall be limited to the 2017 Real Property and the 2017 Facilities as they existed as of the Partition Date (as defined in the Purchase and Use Agreement) and the Corporation shall provide the County with adequate public liability and comprehensive risk insurance covering any use of the Corporation Facilities, and shall pay all taxes relating to any additions, alterations, furnishings and fixtures located therein for the remainder of the Base Lease Term and will furnish the County with evidence thereof. In the event that the Corporation shall receive a payment for the transfer of its leasehold interest or total rental payments for subleasing that are, after the payment of the Corporation's expenses in connection therewith, including fees and expenses of the Trustee, in excess of

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thereof, or remove any part thereof without the written consent of the County. Prior to an Event of Nonappropriation that has not been waived in the event of any damage, destruction or condemnation of any of the 2017 Real Property, the provisions of Article VII of the Purchase and Use Agreement shall be deemed to apply with respect to the 2017 Real Property in like manner as provided therein with respect to 2017 Facilities, and the net proceeds from any insurance policies, performance bonds or condemnation awards shall be applied in the same manner for the benefit of 2017 Real Property as are Net Proceeds under Section 7.2 of the Purchase and Use Agreement. After an Event of Nonappropriation that has not been waived in the event of any damage, destruction or condemnation of any of the 2017 Real Property, the proceeds of any insurance policies, performance bonds or condemnation awards allocable to the Corporation's interest in the 2017 Real Property shall be applied as directed by the Trustee either in the manner provided in Section 7.2 of the Purchase and Use Agreement or to the retirement of any Series 2017 Bonds and the balance, if any, remaining thereafter to such use as the County may direct.

**ARTICLE V
CONTROL OF 2017 REAL PROPERTY AND 2017 FACILITIES
DURING BASE LEASE TERM**

SECTION 5.1. Control of 2017 Real Property and 2017 Facilities During Base Lease Term. Subject to the Purchase and Use Agreement, and Section 4.6 hereof, the Corporation shall have complete control over the 2017 Real Property and the 2017 Facilities and their operation.

**ARTICLE VI
MISCELLANEOUS**

SECTION 6.1. Civic or Public Purpose. Notwithstanding anything in this Base Lease to the contrary, during the term of this Base Lease, neither the Corporation nor any assignee of the Corporation's interest hereunder nor any sublessee of the Corporation shall operate the 2017 Facilities for any purpose which is not a civic or public purpose and in compliance with all applicable governmental rules, regulations and orders.

SECTION 6.2. Covenants Running with the 2017 Real Property. All covenants, promises, conditions and obligations herein contained or implied by law are covenants running with the 2017 Real Property and shall attach and bind and inure to the benefit of the County and the Corporation and their respective heirs, legal representatives, successors and assigns, except as otherwise provided herein.

SECTION 6.3. Binding Effect. This Base Lease shall inure to the benefit of and shall be binding upon the County, the Corporation and their respective successors and assigns. The Trustee is a third-party beneficiary to this Base Lease.

SECTION 6.4. Severability. In the event any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

SECTION 6.5. Amendment, Changes and Modifications. This Base Lease may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Trustee except to the extent anticipated in Section 3.1 hereof to reference any after-acquired property which shall be included in the 2017 Real Property or to make any Additional Real Property subject to this Base Lease, and Section 3.6 hereof in connection with the granting of easements, releases and substitutions. The Base Lease may not be amended without the prior written consent of the Trustee.

SECTION 6.6. Supplemental Base Leases. The County and the Corporation may, with notice to and the prior consent of the Trustee, enter into Supplemental Base Leases from time to time to provide for

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the principal amount of the Outstanding Series 2017 Bonds at the time of termination or default and the interest and premium, if any, due and to become due thereon (with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the County by the Corporation, its assigns or its lessee.

SECTION 4.2. Default by the Corporation. The County shall not have the right to exclude the Corporation from the 2017 Real Property or the 2017 Facilities or to take possession of the 2017 Real Property or the 2017 Facilities (except pursuant to the Purchase and Use Agreement) or to terminate this Base Lease prior to the end of the Base Lease Term notwithstanding any default by the Corporation hereunder; except that if, upon exercise of the option to purchase the Corporation's entire interest in the 2017 Facilities granted to the County in Article IX of the Purchase and Use Agreement and after the payment of the purchase price specified therein and the other sums payable under the Purchase and Use Agreement, the Corporation fails to convey its interest in the 2017 Facilities to the County pursuant to said option, then the County shall have the right to terminate this Base Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Corporation. However, in the event of any default by the Corporation hereunder, the County may maintain an action, if permitted in equity, for specific performance.

SECTION 4.3. Quiet Enjoyment. Subject to the Purchase and Use Agreement, the Corporation at all times during the term of this Base Lease shall peaceably and quietly have and enjoy the 2017 Real Property and the 2017 Facilities.

SECTION 4.4. No Merger. Except as expressly provided herein, no union of the interests of the County and the Corporation herein or in the Purchase and Use Agreement shall result in a merger of this Base Lease and the title to the 2017 Facilities. The Corporation and County confirm that the 2017 Facilities shall be property of the Corporation (subject to purchase thereof by the County under the Purchase and Use Agreement) and title thereto shall remain vested in the Corporation as 2017 Facilities are renovated, expanded or constructed and shall not merge into the leasehold estate of the Corporation in the 2017 Real Property subject to the provisions of this Base Lease and the Purchase and Use Agreement; except that title to a portion of the 2017 Facilities shall revert to and be vested in the County upon an Event of Nonappropriation or Event of Default under the Purchase and Use Agreement. The Corporation shall have the power to convey undivided interests in the 2017 Facilities to the County from time to time as Installment Payments are made as contemplated by the Purchase and Use Agreement.

SECTION 4.5. Waiver of Personal Liability. All liabilities under this Base Lease on the part of the Corporation are fully corporate liabilities of the Corporation in its capacity as corporate entity, and, to the extent permitted by law, the County hereby releases each and every incorporator, member, director and officer of the Corporation of and from any personal or individual liability under this Base Lease, including without limitation the obligation to make payment of the Base Rent. No incorporator, member, director or officer of the Corporation shall at any time or under any circumstances be individually or personally liable under this Base Lease for anything done or omitted to be done by the Corporation hereunder.

SECTION 4.6. Maintenance of Premises. Subject to the provisions of the Purchase and Use Agreement, the Corporation covenants that it will maintain or cause to be maintained the 2017 Real Property, and will not cause, permit or suffer to be caused or permitted waste thereto. At the conclusion of the term hereof, the 2017 Real Property shall be returned to the County, together with the 2017 Facilities and any other improvements thereto, in substantially the condition thereof as of the date hereof or the date the Additional Real Property is added hereto, subject to normal wear and tear. Except as contemplated under the Purchase and Use Agreement, the Corporation shall not make or consent to any other improvements, modifications or alterations to the 2017 Real Property or the 2017 Facilities or any portion

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the lease by the County to the Corporation of Additional Real Property and the conveyance by the County to the Corporation of Additional Facilities which, together with any Additional New Facilities, will be acquired, constructed, renovated and expanded by the Corporation with the proceeds of Additional Bonds and sold to the County pursuant to the Purchase and Use Agreement, as supplemented by a Supplemental Purchase and Use Agreement. Such Supplemental Base Lease shall provide for the extension of the term of this Base Lease as necessary and for the payment of Base Lease Rent by the Corporation to the County.

SECTION 6.7. Execution in Counterparts. This Base Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

SECTION 6.8. Applicable Law. This Base Lease shall be governed by and construed in accordance with the laws of the State.

SECTION 6.9. Captions. The Section and Article headings herein are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions hereof.

SECTION 6.10. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Base Lease to be given to or filed with the County, the Corporation, the Bond Insurer, if any, or the Trustee if the same is given or filed in the manner and at the addresses specified in the Trust Agreement.

SECTION 6.11. Memorandum. The County and the Corporation shall, upon the request of either party, execute a memorandum of this Base Lease for recording in the records of Orangeburg County, South Carolina.

SECTION 6.12. Successors and Assigns. All covenants, promises and agreements contained in this Base Lease by or on behalf of or for the benefit of the County or the Corporation, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

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WITNESS the due execution of this Base Lease and Conveyance Agreement, effective as of the date first above written.

(SEAL) LESSOR:
ORANGEBURG COUNTY, SOUTH CAROLINA
By: _____
CHAIR, COUNTY COUNCIL
Attest: _____
CLERK TO COUNTY COUNCIL

(SEAL) LESSEE:
ORANGEBURG COUNTY FACILITIES CORPORATION
By: _____
PRESIDENT
Attest: _____
SECRETARY

STATE OF SOUTH CAROLINA)
COUNTY OF ORANGEBURG) ACKNOWLEDGMENT

I, _____, Notary Public for the State of South Carolina, do hereby certify that the above-named Johnnie Wright, Sr., Chairman of the Orangeburg County Council, and Connie N. Portee, Clerk to Orangeburg County Council, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the _____ day of December, 2017.

Notary Public for South Carolina
My Corporation Expires: _____

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Acknowledgment to Base Lease and Conveyance Agreement

STATE OF SOUTH CAROLINA)
COUNTY OF ORANGEBURG) ACKNOWLEDGMENT

I, _____, Notary Public for the State of South Carolina, do hereby certify that the above-named Harold M. Young, President, and Angel Howell, Secretary of the Orangeburg County Facilities Corporation's Board of Directors, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the _____ day of December, 2017.

Notary Public for South Carolina
My Corporation Expires: _____

EXHIBIT A
LEGAL DESCRIPTION OF THE 2017 REAL PROPERTY AND ANY ADDITIONAL REAL PROPERTY
(AS MAY BE AMENDED ACCORDING TO SECTION 3.1 OF THIS BASE LEASE)

COUNTY DETENTION FACILITY

ALL that certain piece, parcel or tract of land situated in the County of Orangeburg, State of South Carolina, on a plat of the property of Orangeburg County, surveyed and drawn by Edisto Engineers & Surveyors, Inc., on November 3, 2017 and being designated as 20.83 Acres and being recorded December __, 2017 in Plat Book _____ at Page _____ in the Office of the Register of Deeds for Orangeburg County, State of South Carolina, measuring as follows: Southwest by Norfolk Southern Railroad measuring thereon 779.53 feet; Southeast by property now or formerly of Orangeburg County measuring thereon 628.42 feet; thence running Northeast by EMS Shop measuring thereon 189.43 feet; Southeast by EMS Office measuring thereon 364.20 feet; Northeast by Ellis Avenue (S-38-224) a 50 foot right of way measuring thereon 203.79 feet; Northeast by Ellis Avenue (S-38-224) a 50 foot right of way measuring thereon 557.05 feet; Northwest by Complex Street (S-38-2003) a 66 foot right of way measuring thereon 521.35 feet; Northwest by property of now or formerly of The City of Orangeburg measuring thereon 205.74 feet; Southwest by property now or formerly of The City of Orangeburg measuring thereon 105.78 feet; Northwest by property now or formerly of the City of Orangeburg measuring thereon 408.20 feet;

This being a portion of property conveyed to Orangeburg County by deed of A.J.M. Wannamaker, dated November 1, 1972, and recorded in Deed Book 371 at Page 345 in the Office of the Register of Deeds for Orangeburg County.

A portion of TMS#: 0174-19-03-002

Acknowledgment to Base Lease and Conveyance Agreement

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EXHIBIT B
CONVEYED IMPROVEMENTS

All existing improvements located on the 2017 Real Property and any Additional Real Property.

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APPENDIX C

**FORM OF
BOND COUNSEL'S OPINION**

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December [], 2017

Orangeburg County Facilities Corporation
Orangeburg, South Carolina

PNC Capital Markets LLC
Charlotte, North Carolina

\$36,565,000
ORANGEBURG COUNTY FACILITIES CORPORATION
INSTALLMENT PURCHASE REVENUE BONDS
(DETENTION CENTER PROJECT)
SERIES 2017

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Orangeburg County Facilities Corporation, a South Carolina (“State”) nonprofit corporation (“Corporation”), of its \$36,565,000 Installment Purchase Revenue Bonds (Detention Center Project) Series 2017 (“Bonds”).

The Bonds are in fully-registered form, dated December 14, 2017, numbered from R-1 upward, in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of the Bonds maturing in each year, bear interest from their date payable thereafter on June 1 and December 1 of each year, commencing June 1, 2018, and mature on December 1 in each of the years and in the principal amounts as stated in the Official Statement, dated December 6, 2017 (“Official Statement”).

The Bonds are issued under and pursuant to a Trust Agreement, dated as of December 1, 2017 (“Trust Agreement”) between the Corporation and U.S. Bank National Association, as trustee (“Trustee”). Each capitalized term used, but not defined in this letter, has the meaning provided for that term in the Trust Agreement. Pursuant to the Trust Agreement, the Corporation has assigned to the Trustee and granted a security interest in the Trust Estate, which includes, among other things, all right, title and interest of the Corporation in and to the Revenues (with certain exceptions), all of the Corporation’s right, title and interest in and to the 2017 Facilities (as defined herein) the Installment Purchase and Use Agreement, dated as of December 1, 2017 (“Purchase and Use Agreement”), between the Corporation and Orangeburg County, South Carolina (“County”) (except certain reserved rights), the Base Lease Agreement, dated as of December 1, 2017 (“Base Lease”), between the Corporation and the County and the property rights evidenced by the Base Lease in the 2017 Real Property (as defined herein), certain contract rights, proceeds of insurance and condemnation awards from casualty or takings and all moneys and investments held in certain of the funds and accounts created under the Trust Agreement. The Trust Agreement, the Purchase and Use Agreement, and the Base Lease are, collectively, the “Transaction Documents.”

The Corporation is issuing the Bonds for the purpose of providing funds, together with other available funds, to: (i) finance the costs of acquiring, designing and constructing certain facilities (“2017 Projects”) to be used by the County, on real property owned by the County (“2017 Real Property,” with the 2017 Projects, “2017 Facilities”), and certain facilities that are exempt from the provisions of the Purchase and Use Agreement and the Trust Agreement that provide security for the Bonds (collectively, “Ancillary Projects”); (ii) currently refund the County’s General Obligation Bond Anticipation Note, Series 2017, held by PNC Bank, National Association, outstanding in the principal amount of \$7,000,000; (iii) fund capitalized interest through June 1, 2018, during the construction of the 2017 Projects; and (iv) pay the costs of issuing the Bonds.

The obligations of the County under the Purchase and Use Agreement do not constitute a pledge of the full faith, credit or taxing power of the County within the meaning of any constitutional or statutory limitation. The County is not a party to the Trust Agreement or the Bonds.

The Trustee has no obligation or liability under the Bonds or the Trust Agreement for the payment of principal of and interest on the Bonds, except from amounts on deposit with the Trustee for those purposes pursuant to the Trust Agreement.

In connection with the issuance of the Bonds, we have examined a certified copy of the record of proceedings, the Transaction Documents and other proofs submitted to us, including the Constitution and laws of the State. As to questions of

fact material to our opinion, we have relied on the record of proceedings, the Transaction Documents and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

In rendering the opinions expressed below, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State, and the opinions are limited to the federal laws of the United States of America and the laws of the State.

Based on the stated examination and assumptions, and subject to the qualifications and limitations set out below, we are of the opinion, under existing law:

1. The proceedings are regular and in due form of law, and the Bonds have been duly authorized, executed and delivered and constitute valid, limited obligations of the Corporation payable solely from, and secured equally and ratably by a pledge of, the Trust Estate.

2. The Base Lease and the Purchase and Use Agreement have each been duly authorized, executed and delivered and each constitute a valid and binding obligation of the County and the Corporation each enforceable according to its terms, provided, however, that the obligation of the County to pay an Installment Payment under the Purchase and Use Agreement is subject to and dependent on the County Council annually budgeting and appropriating moneys to pay each Installment Payment.

3. The Trust Agreement has been duly authorized, executed and delivered by the Corporation and assuming due authorization, execution and delivery by the Trustee, which is proper under the provisions of Article VIII of the Trust Agreement, constitutes a valid and legally binding obligation of the Corporation enforceable against the Corporation according to its terms. The Bonds are entitled to the benefits and security of the Trust Agreement for the payment thereof in accordance with the terms of the Trust Agreement. The Trust Agreement creates a valid lien on the Trust Estate.

4. Interest on the Bonds 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; provided, however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Corporation and County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The County and the Corporation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. The Bonds and the interest thereon are exempt from all State, county, school district, municipal and all other taxes or assessments of the State, except inheritance, estate, transfer or certain franchise taxes. Furthermore, it should be noted that South Carolina Code Annotated section 12-11-20 imposes on every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Bonds.

The rights of the registered owner of the Bonds and the enforceability of the Bonds, the Base Lease, the Purchase and Use Agreement, and the Trust Agreement may be subject to judicial discretion, the valid exercise of the sovereign police powers of the State and the constitutional powers of the United States of America, and valid bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, as well as other equitable principles.

We express no opinion regarding the accuracy, adequacy or completeness of the Official Statement. Further, except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinions expressed above are rendered solely for your benefit in connection with the issuance of the Bonds. These opinions may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinions expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

APPENDIX D

**FORM OF
DISCLOSURE DISSEMINATION AGENT AGREEMENT**

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FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated December 14, 2017, is executed and delivered by Orangeburg County, South Carolina (the “Obligated Person”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Obligated Person in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Obligated Person through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Obligated Person or anyone on the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor disclosure dissemination agent designated in writing by the Obligated Person pursuant to Section 9.

“Disclosure Representative” means Gary Cooke, Orangeburg County Comptroller, or his designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Obligated Person, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Obligated Person in connection with the Bonds, as listed in Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the 1st day of February following the end of each fiscal year of the Obligated Person, commencing with the fiscal year ending June 30, 2017 (i.e., February 1, 2018). Such date and each anniversary thereof is the Annual Filing Date. 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 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Obligated Person will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Obligated Person pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-Payment related defaults, if material;
 - 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, IRS notices or events affecting the tax status of the security;
 - 7. Modifications to rights of securities holders, if material;
 - 8. Bond calls, if material;
 - 9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;
 11. Rating changes;
 12. Tender offers;
 13. Bankruptcy, insolvency, receivership or similar event of the obligated person;
 14. Merger, consolidation, or acquisition of the obligated person, if material; and
 15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. amendment to continuing disclosure undertaking;
 2. change in obligated person;
 3. notice to investors pursuant to bond documents;
 4. certain communications from the Internal Revenue Service, other than those included in the Rule;
 5. secondary market purchases;
 6. bid for auction rate or other securities;
 7. capital or other financing plan;
 8. litigation/enforcement action;
 9. change of tender agent, remarketing agent, or other on-going party;
 10. derivative or other similar transaction; and
 11. other event-based disclosures;
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. quarterly/monthly financial information;
 2. timing of annual disclosure (120 days);
 3. change in fiscal year/timing of annual disclosure;
 4. change in accounting standard;
 5. interim/additional financial information/operating data;
 6. budget;
 7. investment/debt/financial policy;
 8. information provided to rating agency, credit/liquidity provider or other third party;

9. consultant reports; and
 10. other financial/operating data.”
- (viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Obligated Person, including the following information:

- (i) Market Value/Assessment Summary of taxable property in the County;
- (ii) Tax levy for the County for current fiscal year;
- (iii) Tax collections for the County for preceding fiscal year;
- (iv) Ten largest taxpayers for the County for preceding fiscal year; and
- (v) Debt service requirements for the next succeeding five years.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements will be provided pursuant to Section 2(d).

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

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
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 Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person 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 Obligated Person, 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 Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Obligated Person shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the

Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Obligated Person will provide the Disclosure Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been

instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Obligated Person is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Obligated Person has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party.

The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such

information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Obligated Person at all times.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Obligated Person and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided neither the Obligated Person or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Obligated Person. No such amendment shall become effective if the Obligated Person shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Obligated Person have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: Diana O'Brien
Title: CSM Director

ORANGEBURG COUNTY, SOUTH CAROLINA,
as Obligated Person

By: _____
Name: Johnnie Wright, Sr.
Title: Chairman, County Council

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	Orangeburg County Facilities Corporation
Obligated Person(s)	Orangeburg County, South Carolina
Name of Issue:	\$36,565,000 Installment Purchase Revenue Bonds (Detention Center Project)

Date of Issuance:	December 14, 2017
Date of Official Statement	December 6, 2017

CUSIP Numbers:

685357 AA3	685357 AF2	685357 AL9	685357 AR6
685357 AB1	685357 AG0	685357 AM7	685357 AS4
685357 AC9	685357 AH8	685357 AN5	685357 AT2
685357 AD7	685357 AJ4	685357 AP0	685357 AU9
685357 AE5	685357 AK1	685357 AQ8	685357 AV7

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: Orangeburg County Facilities Corporation
Obligated Person: Orangeburg County, South Carolina
Name of Bond Issue: \$36,565,000 Installment Purchase Revenue Bonds (Detention Center Project)

Date of Issuance: December 14, 2017

Date of Disclosure Agreement: December 6, 2017

CUSIP Numbers:

685357 AA3	685357 AF2	685357 AL9	685357 AR6
685357 AB1	685357 AG0	685357 AM7	685357 AS4
685357 AC9	685357 AH8	685357 AN5	685357 AT2
685357 AD7	685357 AJ4	685357 AP0	685357 AU9
685357 AE5	685357 AK1	685357 AQ8	685357 AV7

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Obligated Person and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by_____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc: Issuer
Obligated Person

EXHIBIT C-1

EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: Orangeburg County, South Carolina

Issuer's Six-Digit CUSIP Number: 685357

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates: _____

CUSIP Numbers:

685357 AA3	685357 AF2	685357 AL9	685357 AR6
685357 AB1	685357 AG0	685357 AM7	685357 AS4
685357 AC9	685357 AH8	685357 AN5	685357 AT2
685357 AD7	685357 AJ4	685357 AP0	685357 AU9
685357 AE5	685357 AK1	685357 AQ8	685357 AV7

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. ____ Principal and interest payment delinquencies;
2. ____ Non-Payment related defaults, if material;
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, IRS notices or events affecting the tax status of the security;
7. ____ Modifications to rights of securities holders, if material;
8. ____ Bond calls, if material;
9. ____ Defeasances;
10. ____ Release, substitution, or sale of property securing repayment of the securities, if material;
11. ____ Rating changes;
12. ____ Tender offers;
13. ____ Bankruptcy, insolvency, receivership or similar event of the obligated person;
14. ____ Merger, consolidation, or acquisition of the obligated person, if material;
15. ____ Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated December 14, 2017 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: Orangeburg County, South Carolina

Issuer's Six-Digit CUSIP Number: 685357

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates: _____

CUSIP Numbers:

685357 AA3	685357 AF2	685357 AL9	685357 AR6
685357 AB1	685357 AG0	685357 AM7	685357 AS4
685357 AC9	685357 AH8	685357 AN5	685357 AT2
685357 AD7	685357 AJ4	685357 AP0	685357 AU9
685357 AE5	685357 AK1	685357 AQ8	685357 AV7

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1. _____ amendment to continuing disclosure undertaking;
2. _____ change in obligated person;
3. _____ notice to investors pursuant to bond documents;
4. _____ certain communications from the Internal Revenue Service;
5. _____ secondary market purchases;
6. _____ bid for auction rate or other securities;
7. _____ capital or other financing plan;
8. _____ litigation/enforcement action;
9. _____ change of tender agent, remarketing agent, or other on-going party;
10. _____ derivative or other similar transaction;
11. _____ other event-based disclosures.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated December 14, 2017 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: Orangeburg County, South Carolina

Issuer's Six-Digit CUSIP Number: _____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates: _____

CUSIP Numbers:

685357 AA3	685357 AF2	685357 AL9	685357 AR6
685357 AB1	685357 AG0	685357 AM7	685357 AS4
685357 AC9	685357 AH8	685357 AN5	685357 AT2
685357 AD7	685357 AJ4	685357 AP0	685357 AU9
685357 AE5	685357 AK1	685357 AQ8	685357 AV7

Number of pages attached: _____

_____ Description of Voluntary Financial Disclosure (Check One):

1. _____ quarterly/monthly financial information;
2. _____ change in fiscal year/timing of annual disclosure;
3. _____ change in accounting standard;
4. _____ interim/additional financial information/operating data;
5. _____ budget;
6. _____ investment/debt/financial policy;
7. _____ information provided to rating agency, credit/liquidity provider or other third party;
8. _____ consultant reports;
9. _____ other financial/operating data.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

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