



We Are Columbia

MEETING DATE: June 7, 2016

DEPARTMENT: Legal

FROM: *Shari Ardis, Legal Administrator*

SUBJECT: **Ordinance No.: 2016-046 - AN ELEVENTH SUPPLEMENTAL ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF COLUMBIA, SOUTH CAROLINA, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$281,000,000, IN ORDER TO REFINANCE CERTAIN OUTSTANDING INDEBTEDNESS AND TO FINANCE VARIOUS CAPITAL PROJECTS AND IMPROVEMENTS TO THE SYSTEM, ANY NECESSARY DEBT SERVICE RESERVES AND ISSUANCE COSTS; AUTHORIZING THE MAYOR, THE CITY MANAGER AND THE ASSISTANT CITY MANAGER FOR FINANCE AND ECONOMIC SERVICES, OR ANY TWO OF THEM ACTING TOGETHER, TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; ADOPTING CONTINUING DISCLOSURE PROCEDURES; AND OTHER MATTERS RELATING THERETO.**

FINANCIAL IMPACT:

ATTACHMENTS:

- Memo -WS Bond Amt and Underwriter - 6.01.16 (PDF)
- ordinance_2016_046_11th_Supp_WW_Sewer_Revenue_Bonds_NTE_\$281000000_re v (PDF)

RESULT: DEFERRED



TO: Teresa Wilson, City Manager

FROM: Jeff Palen, Assistant City Manager/Chief Financial Officer

SUBJECT: W&S Bond Amount and Underwriting Team Recommendation

DATE: June 1, 2016

On the June 7, 2016 council meeting agenda is Ordinance No. 2016-046 which provides for the issuance of W&S revenue bonds in a not-to-exceed par amount of \$281,000,000. The breakdown for this amount is as follows:

- (a) \$72 million – for system improvements and upgrades (new money)
- (b) \$209 million – refinancing of the Series 2010 and Series 2011A bonds

As previously directed by council, on February 16, 2016 the City disseminated its Request for Statement of Qualifications: Underwriter (the “2016 RFQ”) to 16 financial institutions for the purpose of establishing an underwriting team on the anticipated public offering of one or more series of System bonds under a negotiated sale format this summer. Recipients of the 2016 RFQ were those firms which had (a) actively called on the City since its last underwriter solicitation process which took place in 2014 and/or (b) previously provided the winning bid on competitively sold bonds within the last ten years. To further broaden the candidate pool, procurement staff within the City’s Finance Department electronically posted the 2016 RFQ the same day as its direct dissemination to the previously referenced 16 firms. On the following page is an alphabetical listing of the firms which received the 2016 RFQ and the total number of responses received by the City.

The following criteria (in no particular order of importance or ranking) were used during the review process of each proposal submitted to the City:

1. Qualifications and experience of assigned personnel and firm
2. Capability to provide required services
3. Prior experience with projects and/or plans of finance on behalf of the City of Columbia
4. Prior experience with combined utility systems and/or similar projects or plans of finance on behalf of other South Carolina or southeast local governments
5. South Carolina and/or southeast based public finance presence

Based on this criteria, the totality of information submitted by each firm in response to the 2016 RFQ, and the \$281 million not-to-exceed par amount identified in the Ordinance authorizing the issuance of Series 2016 System bonds (i.e., up to \$72 million for System improvements and



upgrades and up to \$209 million for the refinancing for savings of some or all of the outstanding and callable Series 2010 and Series 2011A bonds of the System), it is recommended that the City utilize the following underwriting team::

Co-Senior Managers
 PNC
 Raymond James

Co-Managers
 Loop Capital
 Siebert, Brandford, Shank

Firms that received and responded:

	<u>Receipt of RFQ</u>		<u>Proposal Submitted</u>
	<u>from Direct Dissemination from City</u>	<u>from Electronic Posting by City</u>	
Academy Securities		✓	✓
B of A Merrill	✓		✓
GS&T	✓		✓
Carus	✓		
Chf	✓		✓
First Citizens	✓		
FTN	✓		✓
Jefferies	✓		✓
JF Morgan	✓		✓
Loop Capital	✓		✓
FNC	✓		✓
Raymond James	✓		✓
Siebert, Brandford Shank	✓		✓
South State	✓		
Stephens	✓		✓
Starn Brothers		✓	✓
TC Securities	✓		✓
Wells Fargo	✓		✓
Responses Received Via Direct RFQ Dissemination:			13
Responses Received Via Electronic RFQ Posting:			2
Total Responses Received:			15

CITY OF COLUMBIA, SOUTH CAROLINA

ORDINANCE NO.: 2016-046

AN ELEVENTH SUPPLEMENTAL ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF COLUMBIA, SOUTH CAROLINA, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$281,000,000, IN ORDER TO REFINANCE CERTAIN OUTSTANDING INDEBTEDNESS AND TO FINANCE VARIOUS CAPITAL PROJECTS AND IMPROVEMENTS TO THE SYSTEM, ANY NECESSARY DEBT SERVICE RESERVES AND ISSUANCE COSTS; AUTHORIZING THE MAYOR, THE CITY MANAGER AND THE ASSISTANT CITY MANAGER FOR FINANCE AND ECONOMIC SERVICES, OR ANY TWO OF THEM ACTING TOGETHER, TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; ADOPTING CONTINUING DISCLOSURE PROCEDURES; AND OTHER MATTERS RELATING THERETO.

Enacted: _____, 2016

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLUMBIA, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

Section 1. Definitions.

The terms in this Section 1 and all words and terms defined in the General Bond Ordinance No. 93-43 (the “General Bond Ordinance”) enacted by the City Council (the “Council”) of the City of Columbia, South Carolina (the “City”), on May 21, 1993 (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the Ordinance as the “Ordinance”) (except as herein otherwise expressly provided or unless the context otherwise requires) shall for all purposes of this Eleventh Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

“2009 Letter of Credit” shall mean the irrevocable, direct-pay letter of credit issued by the Bank securing the payment of the principal of and interest on the Bonds of 2009.

“Bank” shall mean Sumitomo Mitsui Banking Corporation, acting through its New York Branch, as provider of the Letter of Credit.

“Beneficial Owner” shall mean any purchaser who acquires beneficial ownership interest in any Initial Bond held by the Depository. In determining any Beneficial Owner the City, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the City, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any New Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

“Bond Purchase Agreement” shall mean one or more Bond Purchase Agreements relating to the sale of the New Bonds, to be dated the date of execution and delivery thereof between the Underwriters and the City, as amended or supplemented thereto.

“Bonds of 2009” shall mean the original principal amount \$81,860,000 City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2009, dated September 2, 2009, all of which is outstanding as of the date of this Eleventh Supplemental Ordinance.

“Bonds of 2010” shall mean the original principal amount \$105,000,000 City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2010, dated May 26, 2010, of which \$100,465,000 is outstanding as of the date of this Eleventh Supplemental Ordinance.

“Bonds of 2011A” shall mean the original principal amount \$100,000,000 Waterworks and Sewer System Revenue Bonds, Series 2011A, dated December 8, 2011, of which \$91,905,000 is outstanding as of the date of this Eleventh Supplemental Ordinance.

“Bonds of 2011B” shall mean the original principal amount \$27,265,000 City of Columbia, South Carolina, Waterworks and Sewer System Refunding Revenue Bonds, Series

2011B, dated December 8, 2011, of which \$12,740,000 is outstanding as of the date of this Eleventh Supplemental Ordinance.

“Bonds of 2012” shall mean the original principal amount \$58,055,000 City of Columbia, South Carolina, Waterworks and Sewer System Refunding Revenue Bonds, Series 2012, dated March 8, 2012, all of which is outstanding as of the date of this Eleventh Supplemental Ordinance.

“Bonds of 2013” shall mean the original principal amount \$75,305,000 Waterworks and Sewer System Revenue Bonds, Series 2013, dated December 18, 2013, of which \$70,705,000 is outstanding as of the date of this Eleventh Supplemental Ordinance.

“Bonds to be Refunded” shall mean the Bonds of 2010 ~~or~~ and the Bonds of 2011A (or any or all of either of the foregoing) to be refunded with a portion of the proceeds of the New Bonds, as determined by the Mayor, the City Manager, the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 11.

“Book-Entry Form” or “Book-Entry System” shall mean with respect to the New Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the New Bonds may be transferred only through a book-entry and (b) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical bond certificates “immobilized” in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the New Bonds, when subject to the Book-Entry System.

“Business Day” shall mean, with respect to the New Bonds issued pursuant to this Eleventh Supplemental Ordinance, any day other than a Saturday, a Sunday or a day which shall be a legal holiday or a day on which banking institutions are authorized by law or executive order to close in the State or the state in which the respective offices of the Paying Agent and the Registrar are located.

“City Representative” shall mean the person or persons at the time designated to act on behalf of the City for the purpose of performing any act under this Eleventh Supplemental Ordinance by a written certificate containing the specimen signature of such person or persons and signed on behalf of the City by the Mayor or the City Manager.

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

“Continuing Disclosure Agreement” shall have the meaning given that term in Section 15 hereof.

“Council” shall mean the City Council of the City.

“Custodian” shall mean the bank, depository or trust company selected by the City as custodian of the Series Construction Fund.

“Depository” shall mean any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 15A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the New Bonds, and to effect transfers of the New Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited-purpose trust company), New York, New York.

“Eighth Supplemental Ordinance” shall mean Eighth Supplemental Ordinance No. 2011-068 of the Council of the City enacted on September 20, 2011.

“Escrow Agent” shall mean Regions Bank, as paying agent for the Bonds to be Refunded and, if applicable, escrow agent under the Refunding Trust Agreement.

“Fifth Supplemental Ordinance” shall mean Fifth Supplemental Ordinance No. 2007-072 of the Council of the City enacted on September 19, 2007, as supplemented by the Sixth Supplemental Ordinance and the Seventh Supplemental Ordinance.

“Fourth Supplemental Ordinance” shall mean Fourth Supplemental Ordinance No. 2005-013 of the Council of the City enacted on May 18, 2005.

“General Bond Ordinance” shall mean Ordinance No. 93-43 of the Council of the City enacted on May 21, 1993.

“Initial Bonds” shall mean the New Bonds initially issued in Book-Entry Form as provided in Section 4 hereof.

“Insurer” shall mean each insurance company providing a Surety Bond, or any successor thereto or assignee thereof.

“Insurer Default” shall mean there shall exist a default in the payment by the Insurer of principal of or any interest on any New Bond when required to be made by the applicable Surety Bond.

“Interest Payment Date” shall mean February 1 and August 1 of each year commencing February 1, 2017, or as otherwise determined by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 11 hereof.

“Letter of Credit” shall mean, subject to Section 8 hereof, a letter of credit (if any) issued by a bank or other financial institution satisfactory to the City, to satisfy all or a portion of the Series Reserve Fund Requirement.

“New Bonds” shall mean the City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, in one or more series pursuant to Section 3 hereof, in the aggregate principal amount of not exceeding \$281,000,000, in order to refinance the Bonds to be Refunded, to

finance the Costs of Acquisition and Construction of the New Projects, to fund deposits to the Series Debt Service Reserve Funds, if any, or otherwise satisfy the Series Reserve Fund Requirements, if any, applicable thereto as provided herein and to finance Costs of Issuance, authorized to be issued hereunder.

“New Projects” shall mean, collectively, the improvements, extensions and enlargements to the System, including any one or more of the projects described in Schedule I hereto, and such other improvements as the City may deem necessary or incidental to the System.

“Ninth Supplemental Ordinance” shall mean Ninth Supplemental Ordinance No. 2012-014 of the Council of the City enacted on February 21, 2012.

“Outstanding Parity Bonds” shall mean, as of the date of this Eleventh Supplemental Ordinance, the Bonds of 2009, the Bonds of 2010, the Bonds of 2011A, the Bonds of 2011B, the Bonds of 2012 and the Bonds of 2013.

“Paying Agent” shall mean the bank, trust company or other financial institution selected by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, to act as Paying Agent for the New Bonds.

“Principal Payment Date” shall have the meaning given to such term in Section 3(a).

“Refunding Trust Agreement” shall mean, collectively, one or more Refunding Trust Agreements dated the date of their execution between the City and the Escrow Agent.

“Refunding Trust Fund” shall mean, collectively, one or more funds of that name created pursuant to the Refunding Trust Agreement.

“Registrar” shall mean the bank, trust company or other financial institution selected by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, to act as Registrar for the New Bonds.

“Reimbursement Agreement” shall mean, subject to Section 8, a reimbursement agreement between the City and the Insurer relating to a Surety Bond.

“Seventh Supplemental Ordinance” shall mean Seventh Supplemental Ordinance No. 2009-83 of the Council of the City enacted on August 19, 2009.

“Series Construction Fund” shall mean one or more Funds established pursuant to Section 13 hereof into which a portion of the proceeds of a Series of the New Bonds will be deposited and from which such proceeds will be disbursed to pay the Costs of Acquisition and Construction of the New Projects and Costs of Issuance, as applicable. Pursuant to Section 13, each Series Construction Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Debt Service Fund” shall mean one or more Funds established pursuant to

Section 7 hereof to provide for the payment of the principal of and interest on the Series of the New Bonds related thereto. Pursuant to Section 7, each Series Debt Service Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

"Series Debt Service Reserve Fund" shall mean one or more Funds, if any, established pursuant to Section 8 hereof (a) to insure the timely payment of the principal and interest on the New Bonds related thereto; and (b) to provide for the redemption of the Series of the New Bonds related thereto. Pursuant to Section 8, each Series Debt Service Reserve Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

"Series Reserve Fund Requirement" shall mean the amount, if any, established pursuant to Section 8 hereof.

"Sixth Supplemental Ordinance" shall mean Sixth Supplemental Ordinance No. 2009-87 of the Council of the City enacted on August 19, 2009.

"Surety Bond" shall mean, subject to Section 8, the reserve policy or surety bond, if any, issued by the Insurer in connection with the New Bonds and payable to the Paying Agent.

"Swap" shall mean the interest rate swap transaction entered into under the authorization of the Fifth Supplemental Ordinance.

"Tenth Supplemental Ordinance" shall mean Tenth Supplemental Ordinance No. 2013-097 of the Council of the City enacted on September 3, 2013.

"Underwriters" shall mean _____.

"Value" or "Values" means, if a Surety Bonds is in effect for a Series of New Bonds, with respect to any Permitted Investments for the Series Debt Service Fund and Series Debt Service Reserve Fund established for such Series of New Bonds, the amount calculated under the Ordinance determined as of any date of calculation as follows:

- (a) the bid price published by a nationally recognized pricing service as selected by the City 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 between the City and the Insurer.

Section 2. Certain Findings and Determinations.

The City hereby finds and determines:

(a) This Eleventh Supplemental Ordinance supplements the Ordinance, constitutes and is a “Supplemental Ordinance” within the meaning of such quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance.

(b) The New Bonds constitute and are “Bonds” within the meaning of the quoted word as defined and used in the Ordinance.

(c) Subject to the following sentence, the Net Revenues pledged under the Ordinance are not encumbered by any lien and charge thereon or pledge thereof, other than (i) the lien and charge thereon and pledge thereof created by the General Bond Ordinance, the Fifth Supplemental Ordinance and the Seventh Supplemental Ordinance for the payment and security of the Bonds of 2009; (ii) the lien and charge thereon and pledge thereof created by the General Bond Ordinance, the Fifth Supplemental Ordinance and the Sixth Supplemental Ordinance for the payment and security of the Bonds of 2010; (iii) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Eighth Supplemental Ordinance for the payment and security of the Bonds of 2011A and the Bonds of 2011B; (iv) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Ninth Supplemental Ordinance for the payment and security of the Bonds of 2012; (v) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Tenth Supplemental Ordinance for the payment and security of the Bonds of 2013; and (v) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and this Eleventh Supplemental Ordinance for the payment and security of the New Bonds. The City has heretofore entered into (1) the Swap which is secured by a pledge of and lien and charge upon the Net Revenues of the System, which lien and charge is subordinate and inferior to the lien and charge thereof securing the Outstanding Parity Bonds and any other Bonds issued pursuant to the General Bond Ordinance on a parity with the Outstanding Parity Bonds and (2) the 2009 Letter of Credit, the City’s payment obligations under each of which are limited to Net Revenues of the System available “to meet any obligations of the City which are or which shall become charges, liens or encumbrances upon the Revenues of the System” as provided in Section 6.7 of the General Bond Ordinance.

(d) There does not exist an Event of Default, nor does there exist any condition which, after the passage of time or the giving of notice, or both, would constitute such Event of Default.

(e) The period of usefulness of the System is in excess of thirty (30) years from the date hereof. The estimated cost of refunding the Bonds to be Refunded is approximately \$206,700,000.

(f) The estimated Costs of Acquisition and Construction of the New Projects (excluding Costs of Issuance) is approximately \$70,000,000 to be financed in part with the proceeds of the New Bonds.

(g) Article III of the General Bond Ordinance provides that one or more Series of Bonds may be issued for such purposes as may be permitted by the Act upon compliance with certain provisions of the General Bond Ordinance for the purposes of paying the Costs of Acquisition and Construction of one or more Projects authorized to be financed under the Act.

Further, Section 3.4(B) of the General Bond Ordinance provides that Bonds may be issued at any time for the purpose of refunding (including by purchase) other Bonds, including amounts to pay principal, redemption premium and interest to the date of redemption (or purchase) of the refunded Bonds and the Cost of Issuance; provided that (i) the aggregate Debt Service on all Bonds to be Outstanding after the issuance of the proposed Series of New Bonds shall not be greater than would have been the aggregate Debt Service of all Bonds not then refunded and the Bonds to be refunded; or (ii) the requirements of paragraph (A), (B), (C) and (E) of Section 3.3 of the General Bond Ordinance are met with respect to the refunding Series. Bonds issued upon compliance with Section 3.2 and Section 3.3 of the General Bond Ordinance shall be issued on a parity as to the Net Revenues of the System in all respects *inter sese*.

(h) Section 12.1 of the General Bond Ordinance provides that the obligations of the City under the Ordinance and the liens, pledges, charges, trusts, covenants and agreements of the City made or provided for therein shall be fully discharged and satisfied as to any Bond, and such Bond shall no longer be deemed to be Outstanding under the General Bond Ordinance when payment of the principal of, redemption premium, if any, and interest on such Bond shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (A) moneys sufficient to make such payment, or (B) Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent and Registrar for the New Bonds.

(i) Subject to Section 8 hereof, if a Series Debt Service Reserve Fund is established hereunder with respect to a Series of the New Bonds, it shall secure only such Series of New Bonds, and the Series Reserve Fund Requirement (if any) will be satisfied through the deposit of cash (at such time as may be determined by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 8 hereof), the purchase of a Surety Bonds, the provision of a Letter of Credit or any combination of the foregoing, for the benefit of the Holders of the New Bonds.

(j) The New Bonds are being issued hereunder in an aggregate principal amount of not exceeding \$281,000,000, for one or more of the following purposes: (1) to refinance the Bonds to be Refunded (the "Refunding"); (2) to improve and enlarge the System (i.e., the New Projects); and (3) to fund the Series Debt Service Reserve Fund (if any) in an amount equal to the Series Reserve Fund Requirement (if funded upon the initial delivery of the Bonds) through the deposit of cash, the purchase of a Surety Bonds, the provision of a Letter of Credit or any combination thereof, and pay the Cost of Issuance of the New Bonds; provided, that for the avoidance of doubt, not exceeding \$209,000,000 principal amount of the New Bonds would be used for the Refunding and not exceeding \$72,000,000 principal amount of the New Bonds would be used to finance the New Projects.

(k) It is necessary and in the best interest of the City to undertake the Refunding and/or the New Projects and to issue the New Bonds in the aggregate principal amount of not exceeding \$281,000,000 in accordance with the Ordinance, the Act, and this Eleventh Supplemental Ordinance for the purposes and subject to the limitations set forth above, which New Bonds shall be issued on a parity with the Outstanding Parity Bonds.

Section 3. Authorization of New Bonds.

(a) There is hereby authorized to be issued one or more Series of Bonds designated “City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series (year) [including such further words, numbers or letters as may be necessary or desirable to identify individual series thereof and the purpose for issuance]” (collectively, the “New Bonds”), in the aggregate principal amount of not exceeding \$~~_____~~281,000,000. The proceeds of the New Bonds shall be used for one or more of the purposes set forth in Section 2(j) hereof.

The New Bonds shall mature on February 1 in each of the years (the “Principal Payment Dates”) and in the principal amounts, and bear interest at the rates per annum (calculated on the basis of a 360-day year composed of twelve 30-day months), as determined by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 11 hereof.

(b) Such of the New Bonds as the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, shall determine pursuant to Section 11 hereof shall be subject to mandatory redemption at a redemption price equal to the principal amount of the New Bonds to be redeemed, together with interest accrued from the date of redemption, in the years and in the amounts determined by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 11 hereof.

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the City may (i) deliver to the Registrar for cancellation New Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such New Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Registrar and not theretofore applied as a credit against any mandatory redemption obligation. Each New Bond so delivered or previously purchased or redeemed shall be credited by the Registrar, at one hundred percent (100%) of the principal amount thereof, to the obligation of the City on those respective mandatory redemption obligations in such order as the City may direct the Registrar in writing, and the principal amount of the New Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

(c) The Registrar, without further authorization or direction from the City, shall give notice of all mandatory redemptions within the time periods and in the manner specified in Article V of the General Bond Ordinance.

(d) The New Bonds shall originally be dated the date of delivery of the New Bonds, or such other date as the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, shall determine pursuant to Section 11 hereof, and shall be issued as fully registered Bonds in the denominations of \$5,000 and

integral multiples of \$5,000, or in such other denominations determined by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 11 hereof. The New Bonds shall be numbered and lettered in such a fashion as to maintain a proper record thereof.

(e) Principal of and redemption premium, if any, on the New Bonds shall be payable at the designated corporate trust office of the Paying Agent. Interest on the New Bonds shall be payable on each Interest Payment Date, in each case to the Holders as of the immediately preceding Record Date, such interest to be paid by the Paying Agent by check or draft mailed to each Holder at the address as it appears on the Books of Registry maintained at the designated corporate trust office of the Paying Agent, in the case of a Holder of \$1,000,000 or more in principal amount of New Bonds, by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder.

(f) The New Bonds and the assignment provisions pertaining thereto shall be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the series, numbers, denominations, maturities, dates, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this Eleventh Supplemental Ordinance.

(g) A copy of the approving opinion to be rendered on the New Bonds shall be attached to each New Bond, preceding the same a certificate shall appear, which shall be signed on behalf of the City by a manual or facsimile signature of the Clerk of the City. Such certificate shall be in the form substantially as follows:

IT IS HEREBY CERTIFIED that the following are true and correct copies of the respective approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, the originals of which were manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and copies of which are on file with the City of Columbia, South Carolina.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Clerk

Section 4. Book-Entry System; Recording and Transfer of Ownership of the New Bonds.

The Initial Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Initial Bonds shall be made only through the Depository and its participants in accordance with rules specified by the Depository. Such beneficial ownership must be of \$5,000 principal amount of Initial Bonds of the same Series and maturity or any integral multiple of \$5,000.

The Initial Bonds will be issued in fully-registered form, as a single Bond representing the entire principal amount of each Series of the New Bonds or one New Bond for each of the maturities of each Series of the New Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Initial Bonds becomes due, the City shall transmit or cause the Paying Agent to transmit to the Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Initial Bonds so registered for all purposes of this Eleventh Supplemental Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Owners of the New Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to the Depository in accordance with the provisions of the General Bond Ordinance.

The Depository is expected to maintain records of the positions of Participants in the Initial Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the Initial Bonds. The City, the Registrar and the Paying Agent make no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the City, the Registrar and the Paying Agent shall have no responsibility for any such maintenance of records or transfer of payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

The City, the Paying Agent and the Registrar may treat the Depository (or its nominee) as the sole and exclusive owner of the New Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the New Bonds, giving any notice permitted or required to be given to Bondholders under the General Bond Ordinance or this Eleventh Supplemental Ordinance, registering the transfer of the New Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The City, the Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the New Bonds under or through the Depository or any Participant, or any other person which is not shown on the Books of Registry of the City maintained by the Registrar as being a Bondholder, with respect to: the accuracy of any records maintained by the Depository or any Participant or the maintenance of any records; the payment by the Depository or any Participant of any amount in respect of the principal of, interest or premium, if any, on the New Bonds; the sending of any transaction statements; the delivery or timeliness of delivery by the Depository or any Participant of any notice which is permitted or required to be given to Bondholders thereunder; the selection of Bondholders to receive payments upon any partial redemption of the New Bonds; or any consent given or other actions taken by the Depository as a Bondholder.

If (a) the Depository determines not to continue to act as securities depository for the New Bonds, and gives reasonable notice to the Registrar or the City, or (b) the City has advised the Depository of the City's determination that the Depository is incapable of discharging its duties,

then the City shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the City or the Registrar of the Initial Bonds together with an assignment duly executed by the Depository, the City shall execute and deliver to the successor depository, the New Bonds of the same principal amount, interest rate and maturity. If the City is unable to retain a qualified successor to the Depository, or the City has determined that it is in its best interest not to continue the Book-Entry System of transfer or that interests of the Beneficial Owners of the New Bonds might be adversely affected if the Book-Entry System of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the New Bonds by mailing an appropriate notice to the Depository, upon receipt by the City of the Initial Bonds together with an assignment duly executed by the Depository, the City shall execute, authenticate and deliver to the Depository Participants the New Bonds in fully-registered form, in authorized denomination; provided, however, that the discontinuation of the Book-Entry System of registration and transfer with respect to the New Bonds or the replacement of the Depository or any successor depository shall be subject to the applicable rules and procedures of the Depository or such successor depository on file or otherwise approved by the Securities and Exchange Commission.

Section 5. Optional Redemption of New Bonds.

Such of the New Bonds as may be determined by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 11 hereof shall be subject to redemption prior to maturity, at the option of the City upon the written direction of the City, in whole or in part at any time in such order of their maturities as the City shall determine and by lot within a maturity, at the respective redemption prices with respect to each New Bond, expressed as a percentage of principal amount of the New Bonds to be redeemed, as shall be determined by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 11 hereof, together, in each such case, with the interest accrued on such principal amount to the date fixed for redemption.

Section 6. Payment of the New Bonds.

The New Bonds, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Net Revenues of the System in accordance with the provisions of the Ordinance including this Eleventh Supplemental Ordinance. The New Bonds shall be issued on a parity with the pledge of Net Revenues securing the remaining Outstanding Parity Bonds, and shall be senior to the pledge thereof securing the City's obligations under the Swap, the 2009 Letter of Credit or any Junior Bonds or any other charges, liens or encumbrances on the Net Revenues of the System, as contemplated by Section 6.7 of the General Bond Ordinance.

The New Bonds, and the interest thereon, shall not be a debt of the City, nor a charge, lien or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts or revenues of the City other than such of the Net Revenues of the System as are hereby pledged to the payment thereof. No recourse shall be had for the payment of the New Bonds, or the

interest thereon, or any part thereof, against the general fund of the City, nor shall the credit or taxing powers of the City be deemed to be pledged to the payment of the principal of and interest on the New Bonds. The full faith, credit and taxing powers of the State of South Carolina or of the City are not pledged to the payment of the principal of or the interest on the New Bonds, and the New Bonds shall never constitute an indebtedness of the City within the meaning of any State constitution provision (other than Article X, Section 14, Paragraph 10, of the South Carolina constitutional provision authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation.

Section 7. Establishment of Series Debt Service Fund.

In accordance with Section 6.5 of the General Bond Ordinance, the Series Debt Service Fund is hereby established on the date of the original delivery of the New Bonds and held by the City for the benefit of the Holders of the New Bonds; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for the payment of debt service on such Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the “Series Debt Service Fund” with respect to the related Series of New Bonds.

Section 8. Establishment of the Series Reserve Fund Requirement and Series Debt Service Reserve Fund.

In accordance with Section 6.6 of the Ordinance, the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, may determine whether it is necessary or desirable to establish a Series Debt Service Reserve Fund for the benefit of the Holders of one or more Series of New Bonds (if any) and the amount and timing of funding of the Series Reserve Fund Requirement, and, if so, such Series Debt Service Reserve Fund shall be established on the date of the original delivery of such Series of New Bonds or funded from System Revenues over a period of time thereafter and held by the City, all as provided in the Ordinance; provided, however, that (1) upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established (if at all) for each Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the “Series Debt Service Reserve Fund” with respect to the related Series of New Bonds; and (2) in the event of any full or partial defeasance of a Series of New Bonds under Article X of the Ordinance, then the Series Reserve Fund Requirement established for such Series of New Bonds shall be recalculated based on the then Outstanding principal amount of such Series. If the Series Debt Service Reserve Fund is established, the Series Reserve Fund Requirement initially will be satisfied by the City by the deposit of cash into the Series Debt Service Reserve Fund (which may, as designated by the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, pursuant to Section 11 hereof, be funded from the proceeds of the New Bonds on the date of delivery thereof or from System Revenues thereafter), with the purchase of a Surety Bonds, the provision of a Letter of Credit or any combination of the foregoing, in each case for the benefit of the Holders of the New Bonds.

Section 9. Authorization to Effect Refunding; Redemption of the Bonds to be Refunded. The Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, are hereby authorized and directed for and on behalf of the City to take such actions, including but not limited to the execution by the Mayor and the City Manager, or either of them acting alone, of the Refunding Trust Agreement or other agreements, and give such directions as shall be necessary to carry out the provisions of this Eleventh Supplemental Ordinance, including directions to the paying agent and/or registrar of the Bonds to be Refunded calling all or a portion of the Bonds to be Refunded for redemption on one or more dates. If executed, the Refunding Trust Agreement shall be dated the date of delivery of the related Series of the New Bonds to the initial purchaser thereof, and substantially in the form approved by the Mayor and the City Manager, or either of them acting alone, upon the advice of counsel to the City. The execution thereof shall be evidence of the approval of any such form of agreement.

Upon delivery of the New Bonds, a portion of the principal proceeds thereof, together with amounts (if any) deposited in the Debt Service Fund with respect to the Bonds to be Refunded and other funds of the City, shall be used to refinance the Bonds to be Refunded or, if applicable, be deposited with the Escrow Agent and held by it under the Refunding Trust Agreement and in the Refunding Trust Fund. Subject to the terms of the Refunding Trust Agreement, it shall be the duty of the Escrow Agent to keep such proceeds invested and reinvested to the extent that it shall be practical in Government Obligations and to apply the principal and interest of the trust so established in the manner prescribed in such Refunding Trust Agreement and the General Bond Ordinance.

The Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, are hereby authorized to take such actions as may be necessary or desirable, upon the advice of counsel to the City, to secure the Government Obligations to be purchased under the Refunding Trust Agreement, including but not limited to the preparation and dissemination of bid specifications and the execution of directions to purchase such Government Obligations.

Section 10. Designation of Registrar and Paying Agent.

The Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, are hereby authorized and empowered to select the Registrar and the Paying Agent, respectively, for the New Bonds, pursuant to Section 11 hereof. The Registrar and the Paying Agent shall signify its acceptance of its duties upon delivery of the New Bonds.

Section 11. Sale and Issuance of New Bonds; Official Statement; Collateral Agreements.

(a) The Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, are hereby authorized and empowered to determine the original issue dates and initial Interest Payment Dates of each Series of the New Bonds; the aggregate principal amounts of the New Bonds, if less than authorized by this

Ordinance, and each Series thereof (including the portions thereof to be issued on a taxable or tax-exempt basis), authorized denominations thereof and the purposes of each Series thereof; the interest rates for each Series of the New Bonds; the New Bonds to be subject to mandatory and optional redemption; whether the Series Debt Service Reserve Fund will be established and funded with respect to each Series of the New Bonds and, if so, the manner and timing in which the Series Reserve Fund Requirement will be satisfied; the redemption prices of the New Bonds subject to optional redemption; the Registrar and Paying Agent for each Series of the New Bonds; and any Underwriters' or original issue discount or original issue premium at which each Series of the New Bonds will be sold.

(b) The Mayor and the City Manager, or either of them acting alone, are hereby authorized and empowered to enter into, on behalf of the City, one or more Bond Purchase Agreements to be dated the date of their respective execution. Upon the submission of such Bond Purchase Agreement by the Underwriters, the Mayor and the City Manager, or either of them acting alone, shall further determine that the respective Purchase Contract is fair and reasonable and in the best interest of the City; that the related Series of New Bonds shall be sold to the Underwriters upon the terms and conditions set forth in such Bond Purchase Agreements and upon the basis of the representations therein set forth, and that all conditions precedent to or concurrent with the acceptance of the Bond Purchase Agreements by the City have been met. The Council hereby approves the form of Bond Purchase Agreement attached hereto as Exhibit B, together with such amendments and modifications to the form thereof as the Mayor and the City Manager, or either of them acting alone, shall negotiate and approve, and authorizes and directs the Mayor and the City Manager, or either of them acting alone, to execute the Bond Purchase Agreements, as so modified and amended, and deliver such executed Bond Purchase Agreements to the Underwriters, such person's execution and delivery of the Bond Purchase Agreements constituting conclusive evidence of his approval of the matters therein contained.

(c) The Council hereby ratifies and approves the form of Preliminary Official Statement relating to the New Bonds, in substantially the form attached hereto as Exhibit C, together with such amendments and modifications to the form thereof (the "Preliminary Official Statement") as the Mayor and the City Manager, or either of them acting alone, shall negotiate and approve. The Mayor and the City Manager, or either of them acting alone, is hereby authorized to "deem final" one or more Preliminary Official Statements related to the New Bonds for purposes of complying with the requirements set forth in Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

(d) The Council hereby authorizes one or more Final Official Statements of the City to be dated of even date with the execution and delivery of the Bond Purchase Agreement relating to the New Bonds, substantially in the form of the Preliminary Official Statement presented at this meeting, with such modifications as the Mayor and the City Manager, or either of them acting alone, approve, as well as any amendments or supplements thereto dated the date thereof (as so amended and supplemented, the "Final Official Statement"); the Mayor and the City Manager, or either of them acting alone, is hereby authorized and directed to execute copies of the Final Official Statement and deliver the same to the Underwriters, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the City hereby authorizes the use of the Preliminary Official Statement, the Final Official Statement, the Ordinance (including

this Eleventh Supplemental Ordinance) and the information contained herein and therein in the connection with the public offering and sale of the New Bonds by the Underwriters.

(e) A copy of this Eleventh Supplemental Ordinance shall be filed with the minutes of the meeting at which this Eleventh Supplemental Ordinance was enacted.

(f) The Council hereby authorizes the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, to negotiate the terms of and prepare investment agreements, forward delivery agreements, repurchase agreements and other agreements in connection with the New Bonds, to prepare and solicit bids for providers of such agreements, and the Mayor and the City Manager, or either of them acting alone, are authorized to execute, in the name and on behalf of the City, all such agreements or written confirmations of any such investment arrangements and other documents as may be necessary in connection therewith.

(g) Notwithstanding the foregoing resolutions, the Mayor and the City Manager, or either of them acting alone, are hereby authorized and empowered to take such actions as may be necessary or desirable to sell the New Bonds (or any Series thereof) to one or more purchasers in a private offering or private placement transaction, and may prepare, negotiate, execute and deliver a purchase agreement (which may be, but is not required to be, in the form of the Bond Purchase Agreement, together with such amendments and modifications to the form thereof as the Mayor or City Manager shall negotiate and approve, such person's execution and delivery thereof constituting conclusive evidence of his approval of the matters therein contained, or in another form satisfactory to the Mayor and City Manager, or either of them acting alone) with such purchasers and prepare, disseminate, execute and deliver requests for proposals, offering documents or private placement memoranda (which may be in the form of the Preliminary Official Statement, together with such amendments and modifications to the form thereof as the Mayor or City Manager shall negotiate and approve, such person's execution thereof constituting conclusive evidence of his approval of the matters therein contained, or otherwise) and solicit interest and receive offers from purchasers to purchase one or more Series of New Bonds in a private offering or private placement transaction as may be required in connection therewith.

(h) The Council hereby authorizes and directs all of the officers and employees of the City to carry out or cause to be carried out all obligations of the City under the aforesaid Bond Purchase Agreement or purchase agreement and to perform such other actions as they shall consider necessary or advisable in connection with the issuance, sale and delivery of the New Bonds.

(i) The Council hereby ratifies, confirms and approves the actions of the City Manager and the Assistant City Manager for Finance and Economic Services heretofore undertaken with regard to applications for Surety Bonds, Letters of Credit, other credit enhancements, and liquidity arrangements relating to the New Bonds from municipal bond insurance companies or other financial institutions and to enter into, execute and deliver on behalf of the City, such loan, insurance, reimbursement or guaranty agreements as shall be necessary and advisable, with advice of counsel, in connection with the transactions and other matters referred to herein; provided, however, that the representations and covenants contained in such agreements may be incorporated in this Eleventh Supplemental Ordinance as if fully set forth herein.

(j) With respect to the Swap, the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, are authorized and empowered to take such actions and execute any agreements or other documents to terminate the Swap, if determined it to be in the City's best interest to do so, upon advice of counsel and the City's financial advisor.

Section 12. Disposition of Proceeds of New Bonds and Certain Other Moneys.

The proceeds derived from the sale of any Series of the New Bonds, net of the original issue discount or original discount premium or both, and any Underwriters' discount or fees payable to the purchasers thereof and the premium, if any, on the Surety Bonds, shall be deposited with the City and used for one or more of the following purposes:

(a) There shall be paid over to the paying agent for the Bonds to be Refunded or the Escrow Agent (as applicable), an amount which the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, determine to be required, together with amounts (if any) transferred from the Debt Service Fund and/or Debt Service Reserve Fund for the Bonds to be Refunded and other moneys of the City, to provide for the payment of principal of, redemption premium, if any, and interest on the Bonds to be Refunded upon the redemption thereof.

(b) If the Mayor, the City Manager and the Assistant City Manager for Finance and Economic Services, or any two of them acting together, determine that a Series Debt Service Reserve Fund shall be established for a Series of New Bonds and the Series Reserve Fund Requirement shall be funded with a portion of the proceeds of a Series of the New Bonds, there shall be deposited with the City for deposit into such Series Debt Service Reserve Fund an amount equal to the Series Reserve Fund Requirement.

(c) The remainder of the proceeds of any Series of the New Bonds shall be deposited into the Series Construction Fund established in Section 13 hereof to pay Costs of Acquisition and Construction for the New Projects and Costs of Issuance for such Series of New Bonds.

The respective amounts specified in this Section 12 shall be determined by the City upon delivery of any Series of the New Bonds.

Section 13. Series Construction Fund.

There is hereby created and established the Series Construction Fund, which fund shall be held by the Custodian; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for such Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the "Series Construction Fund" with respect to the related Series of New Bonds. The Series Construction Fund established for a particular Series of New Bonds shall be accounted for as a single fund, however the moneys on deposit therein may be held by one or more banks or

other financial institutions designated by the City. The moneys on deposit in the Series Construction Fund shall be used and applied to pay the Cost of the Acquisition and Construction of the New Projects and all Costs of Issuance incidental to the issuance and sale of the New Bonds.

Moneys held for the credit of the Series Construction Fund shall be invested to the fullest extent practicable and reasonable, in Permitted Investments, maturing at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from such Fund.

Withdrawals from the Series Construction Fund shall be made in the manner withdrawals from other funds of the City are made.

If after the payment in full of all costs of the New Projects and Costs of Issuance or after adequate provision has been made for such payment any moneys remain in the Series Construction Fund, such excess shall be paid into the related Series Debt Service Fund and shall be used only for the payment of the principal of and interest on the related Series of New Bonds or, in the alternative, to acquire Outstanding New Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof.

Section 14. Federal Tax Covenant.

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

- (a) comply with the applicable provisions of Sections 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as any of the New Bonds are Outstanding;
- (b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and
- (c) make such reports of such information at the times and places required by the Code.

Section 15. Continuing Disclosure.

(a) The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Disclosure Dissemination Agent Agreement in the form attached hereto as Exhibit D (the “Continuing Disclosure Agreement”) with such changes as may be approved by the Mayor and the City Manager, or either of them acting alone, upon advice of counsel. Notwithstanding any other provision of the Ordinance or this Eleventh Supplemental Ordinance, failure of the City to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default under the Ordinance or this Eleventh Supplemental Ordinance. The Continuing Disclosure Agreement shall be executed by the Mayor and the City Manager, or either of them acting alone, prior to the delivery of the New Bonds.

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

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

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

(c) The only remedy for failure by the City to comply with the Continuing Disclosure Agreement or the covenants included in paragraph (b) of this Section 15 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an “Event of Default” under the Ordinance or this Eleventh Supplemental Ordinance. The Registrar and the Paying Agent shall have no responsibility to monitor the City’s compliance with the Continuing Disclosure Agreement or the covenants included in paragraph (b) of this Section 15, and the City specifically reserves the right to amend or delete its covenants in the Continuing Disclosure Agreement or in paragraph (b) of this Section 15 to reflect any change in Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, or federal law, as applicable, without the consent of the Registrar and the Paying Agent or the Registered Holders of any New Bond.

(d) The Council hereby adopts the following procedures relating to continuing disclosure for the New Bonds and any other publicly-traded debt:

(1) The Assistant City Manager for Finance and Economic Services or the equivalent thereto (the “Disclosure Representative”) of the City shall be responsible for compliance with these written procedures and for compliance with any continuing disclosure obligations undertaken by the City or imposed upon the City by state or federal law or regulations. The Disclosure Representative is permitted to obtain the assistance of his or her staff and authorized to obtain professional assistance to cause this information to be compiled and provided, but the ultimate responsibility for the dissemination of the information will remain with the Disclosure Representative.

(2) The Disclosure Representative shall acquire a clear understanding regarding the City’s continuing disclosure obligations. Through participation in professional groups such as the South Carolina Government Finance Officers Association

or the South Carolina Financial Concepts and Strategies Institute, the Disclosure Representative shall participate in continuing education programs regarding continuing disclosure.

(3) For each issuance of bonds that involves a continuing disclosure obligation, the Disclosure Representative shall review such continuing disclosure undertaking and discuss with the City's bond counsel, financial advisor and underwriter, if any, prior to the execution of such continuing disclosure undertaking.

Section 16. Modification of Ordinance. The following provisions of the General Bond Ordinance are hereby amended, which amendments to the General Bond Ordinance hereinafter set forth below shall not become effective until the earlier of: (1) all the Outstanding Bonds (other than the New Bonds) shall cease to be Outstanding; or (2) the Holders of 66 2/3% in principal amount of the Bonds (as defined in the General Bond Ordinance) then Outstanding assent to and authorize any modification or amendment to the General Bond Ordinance as amended in accordance with Article IX of the General Bond Ordinance. Any Bonds (as defined in the General Bond Ordinance), including the New Bonds, issued after the date of enactment of this Eleventh Supplemental Ordinance shall contain a reference to the amendments herein made:

(1) Article IX of the General Bond Ordinance is hereby amended by adding the following text as a new paragraph at the end thereof:

The City expressly authorizes the underwriter or purchaser of any Series of Bonds, or provider of bond insurance for any Series of Bonds, to assent to and consent to such amendments to this General Bond Ordinance as contemplated by this Article in the same manner as the Holders of the Bonds.

(2) The definition of "Expenses of Operating and Maintaining the System" shall be amended by deleting the last sentence thereof and replacing it with the following text in its entirety:

Expenses of Operating and Maintaining the System shall not include (i) any allowance for depreciation, (ii) any renewals or replacements of capital assets of the System, (iii) any amounts deemed to be payments in lieu of taxes or other equity transfers, (iv) any pension-related and other post-employment benefit-related expenses (other than such amounts actually paid) of the System, (v) any payment or amortization of financing expenses, underwriting discounts, call premiums, losses on the extinguishment of debt due to refinancing of the same, and other related and non-recurring expenses resulting from the issuance or refinancing of long term indebtedness, or (vi) any losses on the sale or other disposition of investments or fixed or capital assets.

~~Section 16~~ Section 17. Further Actions.

The Mayor, the City Manager, the Assistant City Manager for Finance and Economic Services, the City Clerk and the City Attorney are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance and sale of the New Bonds pursuant to the Bond Purchase Agreement, to elect to purchase the Surety Bonds and to carry out the intentions of this Eleventh Supplemental Ordinance.

Section 1718. Headings.

The headings and titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Eleventh Supplemental Ordinance.

Section 1819. Notices.

All notices, certificates or other communications hereunder or under the Ordinance shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows:

If to the City:

City of Columbia
1737 Main Street
Columbia, South Carolina 29217-0147
Attention: City Manager

The City, the Registrar, the Paying Agent, the Escrow Agent and the Insurer (if any) may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 1920. Repeal of Inconsistent Ordinances and Resolutions.

All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this Eleventh Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 2021. Effective Date.

This Eleventh Supplemental Ordinance shall become effective upon its enactment.

[Signature page follows]

Enacted by the City Council of the City of Columbia, South Carolina, this _____
day of _____, 2016.

CITY COUNCIL OF THE CITY OF COLUMBIA,
SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

Clerk

Date of First Reading:

Date of Second Reading:

List of New Projects

WATER CIP

Rehabilitation and Installation of Water Lines for Water Quality and Fire Protection Upgrades
System Wide Expansion
Columbia Canal Water Treatment Plant Upgrades
Lake Murray Water Treatment Plant Upgrades

SEWER CIP

Rehabilitation and Installation of Sewer Lines and Manholes
System Capacity Upgrades
System Wide Expansion
Metro Wastewater Treatment Plant Upgrades

FORM OF NEW BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, New York, New York (“DTC”) to the City of Columbia, South Carolina 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.

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF COLUMBIA
WATERWORKS AND SEWER SYSTEM [REFUNDING] REVENUE BOND
SERIES (YEAR)

REGISTERED

No. R- _____

<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
_____ 1, 2016	<i>(As set forth in Schedule A)</i>		

REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

The City of Columbia, South Carolina (the “City”), is justly indebted and, for value received, hereby promises to pay to the Registered Holder (named above), or registered assigns, but solely from the Net Revenues hereinafter mentioned and not otherwise, the Principal Amount shown above on the Maturity Date shown above (unless the within Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of redemption price made or provided for), upon presentation and surrender of this Bond at the principal office of _____, as paying agent (the “Paying Agent”) in _____, and to pay interest, but solely from the Net Revenues hereinafter mentioned and not otherwise, on such principal amount from the date hereof at the Interest Rate per annum shown above until this Bond matures. Interest on this Bond is payable (calculated on the basis of a 360-day year comprised of twelve 30-day months) on _____, and semiannually thereafter on February 1 and August 1 of each year, until this Bond matures, and shall be payable by wire transfer to the registered holder owning at least \$1,000,000 aggregate principal amount of the Bonds to an account within the continental United States or by check or draft mailed to the person in whose

name this Bond is registered on the registration books of the City maintained by _____ (the "Registrar"), in _____, at the close of business on the fifteenth (15th) day of the calendar month preceding each semiannual interest payment date. The principal, redemption premium, if any, and interest on this Bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, that interest on this fully registered Bond shall be paid by wire transfer, check or draft as set forth above.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED, AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. THIS BOND AND THE BONDS OF THE SERIES OF WHICH IT IS ONE SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE AFORESAID NET REVENUES OF THE SYSTEM (AS DEFINED HEREIN) PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THIS BOND OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

This Bond shall not be entitled to any benefit under the Bond Ordinance (hereinafter defined), nor become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been duly executed by the Registrar.

This Bond is one of an authorized series of Bonds (as defined in the Bond Ordinance) of the aggregate principal amount of _____ (\$_____) of like date of original issue, tenor and effect, except as to number, date of maturity, principal amount, date of authentication, registered holder, redemption provisions and rate of interest, issued by the City for the purpose of making certain improvements, enlargements and extensions to the City's Water and Sewer System (the "System"). This Bond and the series of Bonds of which it is one are authorized to be issued and are issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Article X, Section 14(10) of the South Carolina Constitution and Title 6, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended (collectively the "Act"). This Bond and the series of Bonds of which it is one are also authorized to be issued and are issued under and pursuant to General Bond Ordinance No. 93-43 of the City Council of the City (the "Council") enacted on May 21, 1993, as amended (as so amended, the "General Bond Ordinance"), and as supplemented by the Eleventh Supplemental Ordinance No. 2016-046 of the Council enacted on _____, 2016 (the "Eleventh Supplemental Ordinance,"

and together with the General Bond Ordinance, the “Bond Ordinance”), under the Act which Bond Ordinance has been duly codified and indexed as prescribed by law.

The Bond Ordinance contains provisions defining terms, including the properties comprising the System; sets forth the revenues pledged for the payment of the principal of and interest on this Bond and the Bonds of other series which may hereafter be issued on a parity herewith under the Bond Ordinance; sets forth the nature, extent and manner of enforcement of the security of this Bond and of such pledge, and the rights and remedies of the holder hereof with respect thereto; sets forth the terms and conditions upon which and the extent to which the Bond Ordinance may be altered, modified and amended; sets forth the terms and conditions upon which this Bond is issued upon which other bonds may be hereinafter issued payable as to principal, premium, if any, and interest on a parity with this Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the City thereunder; and sets forth the terms and conditions upon which the pledge made in the Bond Ordinance for the security of this Bond and upon which the covenants, agreements and other obligations of the City made therein may be discharged at or prior to the maturity or redemption of this Bond with provisions for the payment thereof in the manner set forth in the Bond Ordinance. Reference is hereby made to the Bond Ordinance to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the General Bond Ordinance pertaining to (1) the definitions of the “Debt Service,” “Expenses of Operating and Maintaining the System” and “Maximum Debt Service”, ~~to provide for (2) the additional bonds’ test (including the calculation of interest on Variable Rate Bonds for purposes of the additional bonds’ test, and to otherwise modify thereof),~~ (3) the rate covenant-, and (4) the ability of underwriters, purchasers or bond insurers to assent to amendments to the General Bond Ordinance, have been amended by Supplemental Ordinances to the General Bond Ordinance. The provisions of the Act and the Bond Ordinance shall be a contract with the holder of this Bond.

This Bond and the series of Bonds of which it is one and the interest thereon are special obligations of the City and are secured by and payable solely from, and secured equally and ratably by a pledge of and lien upon, the Net Revenues (as defined in the General Bond Ordinance) derived by the City from the System; and on a parity with the Bonds of 2009, the Bonds of 2010 [which will remain outstanding after the issuance of this Bond and the series of Bonds of which it is one], the Bonds of 2011A, the Bonds of 2011B, the Bonds of 2012 and the Bonds of 2013 (as such terms are defined in the Eleventh Supplemental Ordinance) and any Series of Bonds (as defined in the General Bond Ordinance) which are presently Outstanding (as defined in the General Bond Ordinance) or which may be hereafter issued under the General Bond Ordinance payable from such Net Revenues on a parity and equally and ratably secured therewith.

This Bond and the series of Bonds of which it is one maturing on or prior to February 1, ____, shall not be subject to redemption prior to their stated maturities. This Bond and the series of Bonds of which it is one maturing on or after February 1, ____, shall be subject to redemption prior to maturity, at the option of the City, on and after February 1, ____, in whole or in part at any time in such order of their maturities as the City shall determine and by lot within a maturity, at the redemption prices with respect to each Bond, expressed as a percentage of the principal amount to

be redeemed, as set forth below, together, in each such case, with the interest accrued on such principal amount to the date fixed for redemption:

<u>Period During Which Redeemed (both dates inclusive)</u>	<u>Redemption Prices</u>
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If less than all the Bonds of the series of which this Bond is one of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected by lot by the Registrar. In the event this Bond is redeemable, as aforesaid, and shall be called for redemption, notice of the redemption hereof, describing this Bond and specifying the redemption date and the premium payable upon such redemption, shall be given by the Registrar by first class mail, postage prepaid, to the registered owner thereof not less than thirty (30) days and not more than sixty (60) days prior to the redemption date at the last address appearing upon the registration books of the City. If this Bond be redeemable and shall have been duly called for redemption and notice of the redemption hereof mailed as aforesaid, and if on or before the date fixed for such redemption, payment hereof shall be duly made or provided for, interest hereon shall cease to accrue from and after the redemption date hereof.

The Bonds of the series of which this Bond is one maturing in the year ____ shall be retired by sinking fund installments which shall be accumulated in the Series Debt Service Fund (as defined in the Eleventh Supplemental Ordinance) in amounts sufficient to redeem on February 1 of each year, at a redemption price equal to the principal amount of the Bond or Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, the principal amount of such Bonds specified for each of the years shown below:

<u>Year</u>	<u>Principal Amount</u>
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The Bonds of the series of which this Bond is one maturing in the year ____ shall be retired by sinking fund installments which shall be accumulated in the Series Debt Service Fund in amounts sufficient to redeem on February 1 of each year, at a redemption price equal to the principal amount of the Bond or Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, the principal amount of such Bonds specified for each of the years shown below:

Year

Principal Amount

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the City may (i) deliver to the Registrar for cancellation, Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Registrar and not theretofore applied as a credit against any mandatory redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registrar, at one hundred 100 percent (100%) of the principal amount thereof, to the obligation of the City on those respective mandatory redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

This Bond is transferable, as provided in the Bond Ordinance, only upon the books of the City kept for that purpose at the principal office of the Registrar by the registered owner in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, rate of interest and maturity shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption premium, if any, hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Bond Ordinance, the provisions of this Bond or of the Bond Ordinance, or any ordinance amendatory thereof or supplemental thereto, may be amended or modified by the City with the written consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds of the series of which this Bond is one then outstanding under the Bond Ordinance (including the Bonds of the series of which this Bond is one); provided, that no such amendment or modification shall permit a change in the date of maturity of any installment of principal hereof or date of optional or mandatory redemption of any Bond or the date of payment of interest thereon or a reduction in the principal amount or redemption price thereof or rate of interest thereon without the consent of the holder of each such Bond affected thereby, or shall reduce the percentage of the principal amount of Bonds, the consent of the holders of which is required by the Bond Ordinance to effect such an amendment or modification.

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

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

IN WITNESS WHEREOF, the City of Columbia, South Carolina, has caused this Bond to be executed in its name by the manual/facsimile signature of the Mayor of the City and attested by the manual/facsimile signature of the Clerk of the City under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

Clerk

(FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance of City of Columbia, South Carolina.

_____,
Registrar

Dated: _____

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the entireties

_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to
Minors Act _____
(State)

JT TEN - as joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in above list.

CERTIFICATE

IT IS HEREBY CERTIFIED that the following are true and correct copies of the respective approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, the originals of which were manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and copies of which are on file with the City of Columbia, South Carolina.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Clerk

SCHEDULE A

\$ _____

City of Columbia, South Carolina

Waterworks and Sewer System [Refunding] Revenue Bonds,
Series (year)

<u>Maturity</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Number</u>
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FORM OF BOND PURCHASE AGREEMENT

PURCHASE CONTRACT

RELATED TO:

\$[]
CITY OF COLUMBIA, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2016A

\$[]
CITY OF COLUMBIA, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2016B

PURCHASE CONTRACT

[], 2016

The Honorable Mayor and Members of City Council
City of Columbia
1225 Laurel Street
Columbia, South Carolina 29201

The undersigned, [], on behalf of itself and as representative of [], as the Underwriter (“Underwriter”), offers to enter into this Purchase Contract with the City of Columbia, South Carolina (“City”), which, upon the acceptance of this offer and the execution of this Purchase Contract by the City, shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter. This offer is made subject to your acceptance of this Purchase Contract on or before 4 p.m. local time, on [], 2016, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to your office at any time prior to the acceptance hereof by you. All terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Preliminary Official Statement (defined below) or the Ordinance (defined below).

1. *Offer and Sale of Bonds.* Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from the City \$[] aggregate principal amount of the City’s Waterworks and Sewer System Revenue Bonds, Series 2016A (“Series 2016A Bonds”) and \$[] aggregate principal amount of the City’s Waterworks and Sewer System Refunding Revenue Bonds, Series 2016B (“Series 2016B Bonds,” with the Series 2016A Bonds, “Bonds”), and the City hereby agrees to sell to the Underwriter all (but not less than all) of the Bonds.

The purchase price for the Bonds shall be \$[] (representing the par amount of the Bonds less an Underwriter's discount of \$[], [plus][less] [aggregate] original issue [premium][discount] of \$[]). The Underwriter may change the offering prices of the Bonds at any time and from time to time.

2. *Authorization and Purpose.* The Bonds shall be authorized and issued pursuant to the following: (i) Title 6, Chapter 17, and Title 11, Chapter 21, of the Code of Laws of South Carolina 1976, as amended ("Enabling Act"); (ii) the General Bond Ordinance No. 93-43 enacted by the City Council of the City ("City Council") on May 21, 1993 ("Bond Ordinance"), as amended and supplemented, including as amended and supplemented by the Eleventh Supplemental Ordinance No. 2016-[], enacted by the City Council on [], 2016 (together with "Bond Ordinance," as so amended and supplemented, "Ordinance").

Proceeds of the Bonds will be used, as applicable, to (i) fund the improvements, extensions and enlargements to the System, (ii) refund certain maturities of the City's original issue \$105,000,000 Waterworks and Sewer System Revenue Bonds, Series 2010 Bonds, original issue \$100,000,000 Waterworks and Sewer System Revenue Bonds, Series 2011A Bonds (collectively, "Refunded Bonds"); and (iii) pay the costs incurred in connection with the issuance of the Bonds. The Bonds shall mature on such dates and in such principal amounts, shall bear interest at such rates, shall be reoffered at the prices and yields and shall be subject to optional redemption, all as set forth in Exhibit A attached hereto and made a part hereof. The Depository Trust Company ("DTC") shall act as securities depository for the Bonds, which shall be issued in book-entry form.

Payment of the Bonds will be secured by a pledge of and lien on the Net Revenues derived by the City from the System on a parity with the pledges thereof securing the Bonds of 2009, the Bonds of 2010, the Bonds of 2011A, the Bonds of 2011B, the Bonds of 2012, and the Bonds of 2013.

3. *Official Statement.* The City has previously provided to the Underwriter copies of the Preliminary Official Statement with respect to the Bonds dated [], 2016 ("Preliminary Official Statement"). As of its date, the Preliminary Official Statement has been "deemed final" by the City for purposes of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934 except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery dates of the Bonds. Within seven business days of the date hereof and, in any event, in sufficient time to accompany confirmations requesting payment from customers, the City agrees to supply to the Underwriter a final Official Statement executed by the City ("Official Statement") and in a sufficient quantity to comply with Rule 15c2-12(b)(1) and the rules of the Municipal Securities Rulemaking Board ("MSRB") and to ensure a copy of the Official Statement is placed on <http://emma.msrb.org/> in such a way as to assist the Underwriter in complying with MSRB Rule G-32. The City hereby consents to and ratifies the use by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds.

4. *Offering.* The Underwriter intends to make an initial bona fide public offering of all the

Bonds at not in excess of the public offering price or prices (nor lower than the yield or yields) set forth in Exhibit A hereto and may subsequently change such offering price or prices (or yield or yields) without any requirement of prior notice to the City. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others, as stated in Paragraph 1 above, at prices lower than the public offering price or prices stated.

5. *Representations and Warranties of the City.* The City hereby represents and warrants to the Underwriter that:

(a) The City is a municipal corporation existing under the laws of the State of South Carolina.

(b) The City is authorized by the laws of the State of South Carolina, including particularly the Enabling Act, to enact the Ordinance, to issue the Bonds, to enter into this Purchase Contract and to secure the Bonds in the manner contemplated by the Ordinance.

(c) The City has full power and authority to consummate the transactions contemplated by this Purchase Contract, the Bonds, the Ordinance, the Official Statement and as otherwise set forth herein.

(d) The City has duly approved and authorized the distribution and use of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement; the City has delivered the Preliminary Official Statement to the Underwriter, and the City deems the Preliminary Official Statement to be final for the purpose of SEC Rule 15c2-12(b)(1) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery dates of the Bonds; the Official Statement will be a final official statement as such term is defined in Rule 15c2-12(b)(1), as of its date; and nothing has come to the City's attention which would lead it to believe that (i) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional and mandatory redemption provisions, sources and uses of funds and delivery date of the Bonds, the information contained in the Preliminary Official Statement is not true and correct in all material respects or contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made in the Preliminary Official Statement, in light of the circumstances under which they were made, misleading; and (ii) the information to be contained in the Official Statement will not be true and correct in all material respects or will contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, misleading (excluding from (i) and (ii), above, the information relating to DTC and its affiliates and the book-entry only system of registration and transfer and related information under the caption "THE 2016 BONDS—Book-Entry Only System"; the information relating to the Underwriter under the caption "MISCELLANEOUS – Underwriting" and the stabilizing language on the inside front cover).

(e) The City has duly enacted the Ordinance and duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance and in the Official Statement; (ii) the approval of the Official Statement and the

execution of the Official Statement by a duly authorized officer; (iii) the application of the proceeds of the Bonds for the purposes described in the Official Statement; and (iv) the execution, delivery and receipt of this Purchase Contract, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered, and received by the City in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement.

(f) The Bonds, when issued, delivered and paid for as herein and in the Ordinance provided, will have been duly authorized, executed, issued and delivered and will constitute special obligations of the City entitled to the benefits and security of the Ordinance. The Bonds and the interest thereon do not constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the South Carolina Constitution (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing indebtedness payable solely from a revenue-producing project not involving revenues from any tax or license) or the laws of the State of South Carolina and are payable by the City solely from the Net Revenues of the System.

(g) The City, immediately after the Closing, will apply the proceeds from the sale of the Bonds as described in the Ordinance and the Preliminary Official Statement and as more fully described in the certificates delivered at the Closing. The City will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Ordinance or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(h) Except as stated in the Preliminary Official Statement, or as may be supplemented in the Official Statement, there is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the City's knowledge, threatened in writing against or directly affecting the City contesting the due organization and valid existence of the City or wherein an unfavorable decision, ruling or finding would, in any way, adversely affect (i) the transactions contemplated hereby or by the Official Statement or the validity or due enactment of the Ordinance or the validity, due authorization and execution of the Bonds, this Purchase Contract or any agreement or instrument to which the City is a party and which is used or contemplated hereby or by the Official Statement, (ii) the federal tax-exempt status of the interest on the Bonds, (iii) the exemption of interest on the Bonds from taxation in South Carolina as described in Paragraph 5(j) below, (iv) the organization, existence or powers of the City or the title of the Mayor or any of the members of the City Council or any officers of the City, or (v) the business, properties or assets or the condition, financial or otherwise, of the City.

(i) The execution and delivery by the City of the Official Statement, this Purchase Contract and the other documents contemplated hereby and by the Official Statement, and the enactment of the Ordinance and compliance with the provisions thereof do not and will not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage or lease by which it is or, on the date of Closing, will be bound, and this Purchase Contract constitutes a legally binding obligation of the City enforceable in accordance with its terms, except as enforceability

may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

(j) There is no legislation enacted or, to the best of the City's knowledge, pending, the effect of which would be to remove the exemption of the interest on the Bonds from any taxation under the laws of South Carolina, except inheritance or other transfer taxes and certain franchise taxes.

(k) The City has not been notified of any listing or proposed listing of disqualification by the Internal Revenue Service to the effect that the City is a bond issuer that may not certify its bonds.

(l) If, between the date of this Purchase Contract and the Termination of the Disclosure Period (hereinafter defined), any event shall occur to the knowledge of the undersigned which could reasonably cause or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than the information relating to DTC and its affiliates and the book-entry only system of registration and transfer and related information under the caption "THE 2016 BONDS—Book-Entry Only System"; the information relating to the Underwriter under the caption "MISCELLANEOUS – Underwriting" and the stabilizing language on the inside front cover), the City shall notify the Underwriter thereof, and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its own expense forthwith prepare and furnish to the Underwriter (1) a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will supplement or amend the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading, and (2) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract:

(i) The "Termination of the Disclosure Period" shall mean the later of (1) the earlier of (x) the ninetieth day following the End of the Underwriting Period (as defined in subparagraph (ii) below) and (y) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, and (2) the twenty-fifth day following the End of the Underwriting Period; and

(ii) The "End of the Underwriting Period" shall mean the later of (1) the Closing Date that the "End of the Underwriting Period" for purposes of Rule 15c2-12 will not occur on the Closing Date and (2) the date on which notice is given to the City by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the City pursuant to clause (1) that the "End of the Underwriting Period" will not occur on the Closing Date, the Underwriter agrees to notify the City in writing as soon as practicable of the "End of the Underwriting Period"

for purposes of Rule 15c2-12.

(m) Between the time of the City's acceptance hereof and the Closing, the City will not have executed or issued any bonds or notes or incurred any other obligations for borrowed money, in each case, which are payable from, or secured by a pledge of, the Net Revenues of the System on a parity with the pledge thereof securing the Bonds, and there will not have been any adverse change of a material nature in the financial position, method of operation, or personnel of the System.

(n) Except as otherwise disclosed in the Preliminary Official Statement, the City is in material compliance with the City's undertakings, as provided under Rule 15c2-12.

6. **Closing.** At 10:00 a.m., local time, on [], 2016, or at such other time or such other date as shall have been agreed upon by the City and Underwriter, the City will deliver, or cause to be delivered, to the Underwriter the Bonds, in fully registered form, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds to the City in Federal or other immediately available funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Purchase Contract is a further condition to the obligations of the Underwriter hereunder.

Payment and delivery of the Bonds as aforesaid shall be made at the offices of the City, or at such other place as the City and the Underwriter agree upon, provided, however, that the Bonds will be physically delivered to DTC in New York, New York, or pursuant to arrangements with DTC, to [], as trustee ("Trustee") under the terms of a "FAST" closing. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered Bonds in book-entry form, in the form of one certificate per maturity and registered in the name of "Cede & Co." At the direction of the City, the Trustee shall release or authorize the release of the Bonds at the Closing to the Underwriter upon receipt of payment for the Bonds as aforesaid. In addition, the City and the Underwriter agree that there shall be a preliminary closing on [], 2016, or on such other date agreed upon by the City and the Underwriter.

7. **Closing Conditions.** The Underwriter's obligation to purchase the Bonds at the Closing is subject to the following conditions which must be performed in a timely fashion as set forth herein: (i) the performance by the City of its obligations to be performed hereunder and (ii) the following conditions, including the delivery by the City of such documents as are enumerated herein in form and substance reasonably satisfactory to the Underwriter:

(a) At the time of Closing, (i) the Official Statement shall not have been amended, modified or supplemented except as may be agreed to by the Underwriter, and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, (iii) all official action of the City related to the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and (iv) the City shall have duly enacted and there shall be in full force and effect such proceedings as, in the opinion of McNair Law Firm, P.A. and Johnson, Toal & Battiste, P.A. ("Co-Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) The Underwriter shall have the right to cancel its obligation to purchase the Bonds (and such cancellation shall not constitute a default hereunder by the Underwriter) if between the date hereof and the Closing:

(i) _____ legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by a committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the IRS or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of the general character to be derived by the City or by any similar body, or upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired that have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, that, in the opinion of the Underwriter, materially and adversely affects the market price of the Bonds or the market price generally of obligations of the general character of the Bonds;

(ii) _____ any legislation, ordinance or regulation shall be enacted or be actively considered for enactment by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered that, in the opinion of the Underwriter, materially and adversely affects the market price of the Bonds;

(iii) _____ any action shall have been taken by the Securities and Exchange Commission that would require the registration of the Bonds under the Securities Act of 1933, as amended ("1933 Act"), or the qualification of the Ordinance under the Trust Indenture Act of 1939, as amended, or it appears that the Underwriter, by selling the Bonds, would subject itself to liability under the 1933 Act, the 1934 Act or any blue sky law;

(iv) _____ any event shall have occurred or shall exist that, in the opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (ii) is not reflected in the Official Statement and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect;

(v) _____ there shall have occurred any outbreak of, or escalation in, hostilities or other national or international calamity or crisis or a financial crisis, including, but not limited to, the United States engaging in hostilities, or a Declaration of War or a national emergency by the United States on or after the date hereof which, in the sole opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(vi) _____ trading shall be suspended, or new or additional trading or loan restrictions shall be imposed, by the New York Stock Exchange or other national securities exchange or governmental authority with respect to obligations of the general character of the Bonds or a general banking moratorium shall be declared by federal, South Carolina or New York authorities;

(vii) _____ there shall have occurred any change in the financial condition or affairs of the City or the System the effect of which is, in the sole judgment of the Underwriter, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated by the Official Statement;

(viii) _____ either of the ratings of the Bonds shall have been downgraded or withdrawn, or becomes

the subject of a published negative credit watch, which in the Underwriter's sole opinion, materially adversely affects the market price of the Bonds;

(viii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning any authority for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the City taken with respect to the issuance and sale thereof;

(ix) the "blue sky" or securities commission of any state in the United States has withheld registration, exemption, or clearance of the offering of the Bonds, and, in the sole opinion of the Underwriter, the effect of the withholding will materially and adversely affect the market price or marketability of the Bonds;

(x) the purchase of and payment for the Bonds by the Underwriter, or their resale or reoffering by the Underwriter, on the terms and conditions contemplated by this Purchase Contract and the Official Statement, is prohibited by any applicable law or governmental regulation or by order of any court, government authority, board, agency, or commission or would subject the Underwriter to liability under the 1933 Act, the 1934 Act, common law or otherwise;

(xi) additional material restrictions not in force on the date of this Purchase Contract have been imposed on trading in securities generally or by a governmental authority or Financial Industry Regulatory Authority; or

(xii) there shall have occurred any event other than those listed above, the effect of which is, in the reasonable and exclusive judgment of the Underwriter, material and adverse to make it impractical or inadvisable to proceed with the offering of the Bonds on the terms and in the manner contemplated by the Official Statement.

(c) At the time of Closing, the City shall have duly adopted all proceedings required by the Enabling Act and all other applicable laws and regulations, State or federal, necessary to enable Co-Bond Counsel to deliver an unqualified opinion with respect to due authorization, execution and delivery of the Bonds.

(d) The Underwriter shall have received, within a sufficient time period for such Official Statements to accompany confirmations delivered by the Underwriter to potential investors in accordance with the Rules of the MSRB but in no event later than seven business days following the date hereof, a quantity of Official Statements adequate to enable the Underwriter to meet the continuing obligations imposed on it by Rule 15c2-12 under the 1934 Act.

(e) At or prior to the Closing, the Underwriter shall receive one executed original of the following documents, unless otherwise indicated:

(i)(A) the unqualified approving opinions of Co-Bond Counsel each dated the date of Closing, addressed to the City in substantially the forms of Appendix "D" of the Official Statement, and (B) supplemental opinions of Co-Bond Counsel, each dated the date of Closing and addressed to the Underwriter, in substantially the forms set forth in Exhibit B attached hereto;

(ii) a certificate of the City, dated the date of Closing signed by an official of the City, in substantially the form attached hereto as Exhibit C;

- (iii) a specimen of the Bonds;
- (iv) an opinion of Teresa A. Konx, Esquire, Counsel to the City, addressed to the City and the Underwriter, dated the date of Closing in substantially the form attached hereto as Exhibit D;
- (v) evidence satisfactory to the Underwriter that the Bonds have been rated “[]” by Moody’s Investors Service, Inc. (“Moody’s”) and “[]” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“Standard & Poor’s”);
- (vi) a certified copy of the Ordinance;
- (vii) a copy of the Official Statement executed on behalf of the City by a duly authorized official of the City;
- (viii) an executed copy of the Disclosure Dissemination Agent Agreement dated the date of Closing, between the City and Digital Assurance Certification, L.L.C.;
- (ix) the opinions of Parker Poe Adams & Bernstein LLP and the Starkes Law Firm, LLC, Co-Counsel to the Underwriter, addressed to the Underwriter and dated the date of Closing in substantially the forms attached hereto as Exhibit E;
- (x) other certificates of the City or information of the City contained in certificates listed in the Closing Memorandum to be approved by counsel to the City and Co-Bond Counsel, and such additional opinions, as Co-Bond Counsel may reasonably request to evidence (A) compliance by the City with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the respective representations of the City contained herein and (C) the due performance or satisfaction by the City at or prior to such time, of all agreements then to be performed and of all conditions then to be satisfied by the City;
- (xi) an executed copy of the Refunding Trust Agreement, dated the date of Closing, between the City and [], as escrow agent (“Escrow Agent”);
- (xii) a report related to the sufficiency of the Escrow Funds, as defined in the Preliminary Official Statement, for the payment when due or at early redemption on [], of the Refunded Bonds, from [], as described under the heading “VERIFICATION OF MATHEMATICAL COMPUTATIONS” in the Official Statement; and
- (xiii) the defeasance opinion of McNair Law Firm, P.A., as Co-Bond Counsel, dated the date of Closing, addressed to the Escrow Agent, in such form as required by the Ordinance.

If the City shall be unable to satisfy the conditions or the obligations contained in this Purchase Contract, or if the obligation of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Contract or, at the election of the City, if the Closing shall not occur by the end of business on [], 2016, or such alternative date as the parties may mutually establish, this Purchase Contract shall terminate and neither the

Underwriter nor the City shall be under further obligation hereunder; except that the respective obligations to pay expenses to the extent applicable, as provided in Paragraph 13 hereof, shall continue in full force and effect.

The delivery of any certificate that is required to be delivered in accordance with this Purchase Contract shall be deemed to have been made if the terms of that certificate are included to the satisfaction of the Underwriter within any one certificate or any number of other certificates delivered or caused to be delivered by the party responsible for delivery.

8. *Issue Price Certificate.* At the Closing, contemporaneously with the receipt of the Bonds, the Underwriter will deliver to the City a receipt therefor and a certificate as to issue price of the Bonds confirming their reasonable expectations regarding the representations set forth in Paragraph number 4 hereof and as to such other matters reasonable required in order to enable Co-Bond Counsel to render an opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

9. *Opinions of Co-Bond Counsel.* The City will furnish to the Underwriter a reasonable supply of copies of the opinions of Co-Bond Counsel to accompany delivery of the Bonds.

10. *Annual Audits.* The City agrees to furnish to the Underwriter, upon request during the life of the outstanding Bonds, a copy of each annual audit report for the System issued by the City from time to time.

11. *Mutual Performance.* The obligations of the City hereunder are subject to the performance by the Underwriter of its obligations hereunder.

12. *Survival of City's Representations, Warranties and Agreements.* All representations, warranties and agreements of the City hereunder shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter and shall survive delivery and payment of the Bonds.

13. *Payment of Expenses.* If the Bonds are sold to the Underwriter by the City, the City shall pay, out of the proceeds of the Bonds, any expenses incident to the performance of its obligations hereunder including but not limited to: (a) the costs of the preparation of the Preliminary Official Statement and Official Statement for the Bonds, including the costs of all proofs and production of final proof, together with the number of copies which the Underwriter deems reasonable and the costs of delivery of the Preliminary Official Statement and Official Statement; (b) the cost of the preparation, printing and delivery of the Bonds in fully-registered form; (c) the fees and disbursements of Co-Bond Counsel, Co-Counsel to the Underwriters and any other experts or consultants retained by the City, including the City's Counsel, financial advisor, independent engineers, accountants, consultants and the charges of Moody's and Standard & Poor's; and (d) fees and costs of the Trustee/Paying Agent and Escrow Agent.

The Underwriter shall pay (a) all advertising expenses in connection with the public offering of the Bonds; (b) all expenses incurred by it in connection with its public offering and distribution of the Bonds, including, but not limited to, the fees and disbursements of any counsel retained by them (other than fees and disbursements of Co-Counsel to the Underwriters

described in paragraph 13); and (c) the cost of preparing and printing the blue sky and legal investment memoranda and the disbursements for filing fees in connection with the aforesaid blue sky and legal investment memoranda.

14. *Covenants of the City.* The City agrees:

(a) To deliver promptly to the Underwriter such number of conformed copies of the Official Statement (and any amended or supplemented Official Statement) and the Ordinance as the Underwriter may reasonably request;

(b) Not to supplement or amend, or cause to be supplemented or amended, the Official Statement or the Ordinance from the date of this Purchase Contract through the Termination of the Disclosure Period, without the prior written consent of the Underwriter;

(c) Through the End of Underwriting Period, to prepare any amendment or supplement to the Official Statement that may, in the judgment of the City or the Underwriter, be required so that the Official Statement as amended or supplemented will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) To advise the Underwriter immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(e) To cooperate with the Underwriter including furnishing such information, executing such instruments and taking such other action in cooperation with the Underwriter as may be required to qualify the Bonds for offering and sale under the “blue sky” or other laws of such jurisdictions as the Underwriter may designate; provided that in connection with such qualification the City shall not be obligated to take any action that would subject it to the general service of process in any state where it is not now subject;

(f) Not to take or omit to take any action which action or omission will adversely effect the exemption from federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended; and

(g) Not to take or omit to take any action which action or omission will in any way cause the proceeds of the Bonds to be applied in a manner contrary to that described in the Ordinance or the Official Statement.

15. *Notices.* Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to [], Attention: [].

16. *Arm’s-Length Transaction.* The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm’s-length commercial transaction between the City and the Underwriter, (ii) in connection therewith and with the discussions,

undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, (iv) the Underwriter has financial and other interests that differ from those of the City, and (v) the City has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

16. **Parties in Interest.** This Purchase Contract is made solely for the benefit of the City and the Underwriter (including any successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof, except that the representation, warranties, and agreements of the City contained in this Purchase Contract shall also be deemed to be for the benefit of the person or persons, if any, who control the Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act. Nothing in this Purchase Contract is intended or shall be construed to give any person, other than the persons referred to in this paragraph, any legal or equitable right, remedy or claim under or in respect of this Purchase Contract or any provision contained herein. All of the representations, warranties and agreements of the City contained herein shall remain in full force and effect, regardless of (a) any investigation made by or on behalf of any Underwriter, (b) delivery of the Bonds and payment of amounts required hereunder by or for the City or (c) any termination of this Purchase Contract.

17. **Governing Law.** This Purchase Contract shall be governed by and construed in accordance with the laws of the State of South Carolina.

18. **Effectiveness; Counterpart Execution.** This Purchase Contract shall become effective upon your acceptance and execution hereof and may be executed in counterparts and such counterparts shall constitute one and the same instrument.

19. **No Liability.** Neither the Mayor or members of the City Council, nor any officer, agent, attorney or employee as such, in his or her individual capacity, past, present or future of the City, either directly or through the City, shall be charged personally by the Underwriter with any liability, or held liable to such Underwriter under any term or provision of this Purchase Contract or because of its execution or contemplated execution, or because of any breach or attempted or alleged breach thereof. It is expressly agreed and understood that the obligations of the City under this Purchase Contract are solely corporate obligations and that no personal liability whatsoever shall attach to, or be incurred by, any past, present or future officer, agent, attorney or employee thereof. All personal liability of any character against every such past, present or future officer, agent, attorney and employee of the City is, by the execution of this Purchase Contract and as a condition of, and as part of the consideration for, the execution of this Purchase Contract, expressly waived and released. The immunity of the past, present or future officers, agents, attorneys and employees of the City under the provision contained in this Section shall survive the termination of this Purchase Contract.

[ONE SIGNATURE PAGE FOLLOWS]
[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURE PAGE TO PURCHASE CONTRACT]

Very truly yours,

By: [], on behalf of itself and as representative of []

By: _____

Its: _____

Accepted and Agreed to as
of the date first above written.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____

Its: _____

EXHIBIT A

The Bonds shall mature on the dates and bear interest at the rates and shall be reoffered at the prices as set forth below:

MATURITY SCHEDULE

[\$] Serial Bonds

°Priced to the call date of []

Redemption

Optional Redemption

The Bonds maturing on or after [] 1, 20[], are subject to redemption prior to maturity on or after [] 1, 20[], at the option of the City, as a whole or in part at any time in such order of their maturities as the City shall determine at the redemption price equal to 100% of the principal amount of the Bonds being redeemed together with accrued interest to the date fixed for redemption.

Mandatory Redemption

[to be updated]

[REMAINDER OF PAGE INTENTIONALLY BLANK]

EXHIBIT B

Forms of Supplemental Bond Counsel Opinions

[], 2016

[]
on behalf of itself and as representative of
[]
[CITY/STATE]

Re: \$[] Waterworks and Sewer System Refunding Revenue Bonds, Series 2016, of the City of Columbia,
South Carolina

We have acted as bond counsel in connection with the issuance by the City of Columbia,
South Carolina (“City”) of its \$[] original principal amount Waterworks and Sewer System
Refunding Revenue Bonds, Series 2016 (“Bonds”). This opinion is being delivered to you pursuant
to paragraph 7(e)(i)(B) of the Purchase Contract dated [], 2016 (“Purchase Contract”) between the
City and you as the underwriter (“Underwriter”). Capitalized terms not otherwise defined herein
shall have the meanings assigned such terms in the Purchase Contract.

Reference is made to our approving opinion (“Opinion”) of even date herewith as bond counsel addressed to
the City delivered in connection with the issuance of the Bonds. You are hereby authorized to rely upon the Opinion to
the same extent as if the Opinion were specifically addressed to you, subject to the qualifications and considerations set
forth in the Opinion.

In connection therewith, we have examined:

1. Title 6, Chapter 17, and Title 11, Chapter 21, of the Code of Laws of South Carolina, 1976, as
amended.

2. The Purchase Contract.

3. The Official Statement dated [], 2016 (“Official Statement”), relating to the Bonds; provided,
however, that we have not reviewed any electronic version of the Official Statement and assume that any such version
is identical in all respects to the printed version.

4. The General Bond Ordinance No. 93-4 enacted by City Council (“City Council”) of the City on May
21, 1993 (“General Ordinance”), as amended and supplemented, including as amended and supplemented
particularly by the [] Supplemental Ordinance No. 2016-[], enacted by the City Council on [], 2016 (collectively, the
“Ordinance”).

5. The Disclosure Dissemination Agent Agreement dated the date hereof between the City and Digital
Assurance Certification, L.L.C. (“Disclosure Agreement”).

Based upon the foregoing and examinations of such other documents, and consideration of such matters of
law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

1. The Purchase Contract and the Disclosure Agreement, respectively, have been duly
authorized, executed and delivered by the City.

2. The Official Statement has been duly authorized, approved and delivered by the

City.

3. We have considered the information contained in the Official Statement under the headings entitled: “THE 2016 BONDS” (other than the information under “Book-Entry-Only System”); “SECURITY FOR THE 2016 BONDS”; and in Appendix C of the Official Statement entitled “Summary of Certain Provisions of the Ordinance” and, based upon our review, we are of the opinion that the statements or summaries under such headings (except the information therein related to The Depository Trust Company and its affiliates and the book-entry only system of registration and transfer and related information under the caption “THE 2016 BONDS—Book-Entry Only System,” as to which we express no opinion) are, to the extent indicated therein, accurate statements or summaries of the matters set forth or documents referred to therein, and fairly present the information purported to be shown, and the information under the heading “TAX EXEMPTION AND OTHER TAX MATTERS” is true and correct in all material respects.

4. The Ordinance and the Bonds conform as the form and tenor with the terms and provisions thereof as set out in the Official Statement.

5. All conditions precedent to the delivery of the Bonds contained in the Ordinance have been fulfilled.

6. The Bonds are presently exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is presently exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

This opinion is rendered to and may be relied upon solely by the Underwriter and may not be relied upon by any other persons, firms or corporations.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

McNAIR LAW FIRM, P.A.

[], 2016

[]
on behalf of itself and as representative of
[]
[CITY / STATE]

Re: \$[] Waterworks and Sewer System Refunding Revenue Bonds, Series 2016, of the City of Columbia,
South Carolina

We have acted as bond counsel in connection with the issuance by the City of Columbia,
South Carolina (“City”) of its \$[] original principal amount Waterworks and Sewer System
Refunding Revenue Bonds, Series 2016 (“Bonds”). This opinion is being delivered to you pursuant
to paragraph 7(e)(i)(B) of the Purchase Contract dated [], 2016 (“Purchase Contract”) between the
City and you as the underwriter (“Underwriter”). Capitalized terms not otherwise defined herein
shall have the meanings assigned such terms in the Purchase Contract.

Reference is made to our approving opinion (“Opinion”) of even date herewith as bond counsel addressed to
the City delivered in connection with the issuance of the Bonds. You are hereby authorized to rely upon the Opinion to
the same extent as if the Opinion were specifically addressed to you, subject to the qualifications and considerations set
forth in the Opinion.

In connection therewith, we have examined:

1. Title 6, Chapter 17, and Title 11, Chapter 21, of the Code of Laws of South Carolina, 1976, as
amended.

2. The Purchase Contract.

3. The Official Statement dated [], 2016 (“Official Statement”), relating to the Bonds; provided,
however, that we have not reviewed any electronic version of the Official Statement and assume that any such version
is identical in all respects to the printed version.

4. The General Bond Ordinance No. 93-4 enacted by City Council (“City Council”) of the City on May
21, 1993 (“General Ordinance”), as amended and supplemented, including as amended and supplemented
particularly by the [] Supplemental Ordinance No. 2016-[], enacted by the City Council on [], 2016 (collectively, the
“Ordinance”).

5. The Disclosure Dissemination Agent Agreement dated the date hereof between the City and Digital
Assurance Certification, L.L.C. (“Disclosure Agreement”).

Based upon the foregoing and examinations of such other documents, and consideration of such matters of
law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

1. The Purchase Contract and the Disclosure Agreement, respectively, have been duly
authorized, executed and delivered by the City.

2. The Official Statement has been duly authorized, approved and delivered by the
City.

3. We have considered the information contained in the Official Statement under the

headings entitled: “THE 2016 BONDS” (other than the information under “Book-Entry-Only System”); “SECURITY FOR THE 2016 BONDS”; and in Appendix C of the Official Statement entitled “Summary of Certain Provisions of the Ordinance” and, based upon our review, we are of the opinion that the statements or summaries under such headings (except the information therein related to The Depository Trust Company and its affiliates and the book-entry only system of registration and transfer and related information under the caption “THE 2016 BONDS—Book-Entry Only System,” as to which we express no opinion) are, to the extent indicated therein, accurate statements or summaries of the matters set forth or documents referred to therein, and fairly present the information purported to be shown.

4. The Ordinance and the Bonds conform as the form and tenor with the terms and provisions thereof as set out in the Official Statement.

5. All conditions precedent to the delivery of the Bonds contained in the Ordinance have been fulfilled.

6. The Bonds are presently exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is presently exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

This opinion is rendered to and may be relied upon solely by the Underwriter and may not be relied upon by any other persons, firms or corporations.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

Johnson, Toal & Battiste, P.A.

EXHIBIT C

GENERAL CERTIFICATE OF THE CITY OF COLUMBIA REQUIRED BY SECTION 7(e)(ii) OF THE PURCHASE CONTRACT

Pursuant to Section 7(e)(ii) of the Purchase Contract dated [], 2016 (“Purchase Contract”), between the City of Columbia, South Carolina (“City”) and [], on behalf of itself and as representative of [], as underwriter (“Underwriter”), the undersigned authorized representative of the City hereby certifies as follows:

1. The representations and warranties of the City in the Purchase Contract are true and correct in all material respects as of the date hereof.

2. There is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the City’s knowledge, threatened in writing against or directly affecting the City contesting the due organization and valid existence of the City or wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect (A) the transactions contemplated by the Purchase Contract or the Official Statement dated [], 2016 (“Official Statement”), relating to the \$[] City of Columbia, South Carolina Waterworks and Sewer System Refunding Revenue Bonds, Series 2016 (collectively, “Bonds”), or the validity, due authorization and execution of the Purchase Contract, the Disclosure Dissemination Agent Agreement dated [], 2016, between the City and Digital Assurance Certification, L.L.C., or any agreement or instrument to which the City is a party or which is used or contemplated for use in the consummation of the transactions contemplated by the Purchase Contract or by the Official Statement, (B) the federal tax-exempt status of the interest component on the Bonds, (C) the exemption of the interest component on the Bonds from taxation as described in Paragraph 5(j) of the Purchase Contract, (D) the organization, existence or powers of the City or the title of the Mayor or any of the members of the City Council or any officers of the City except as set forth in the Official Statement, or (E) the business, properties or assets or the condition, financial or otherwise, of the City.

3. The information with respect to the City contained in the Official Statement, relating to the Bonds, is, as of its date, true and correct in all material respects. The information with respect to the City contained in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and there has not been any material adverse change in the financial condition or operations of the City since the date of the Official Statement which has not been brought to the attention of the Underwriter in writing prior to the date hereof.

4. To the best of the knowledge and belief of the City, the City reasonably expects as of the date hereof that the proceeds of the Bonds will be used as provided in the Official Statement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate in the name and on behalf of the City as of [], 2016.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
City Manager

EXHIBIT D

[Form of Opinion of the City Attorney]

[], 2016

[]
on behalf of itself and as representative of
[]
[CITY / STATE]

City of Columbia
Columbia, South Carolina

Re: \$[] Waterworks and Sewer System Refunding Revenue Bonds, Series 2016, of the City of Columbia, South Carolina

As counsel to the City of Columbia, South Carolina, a municipal corporation and political subdivision created pursuant to the laws of the State of South Carolina (“City”), I have considered the validity of the City’s \$[] original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2016 (“Bonds”). This opinion is being delivered to you pursuant to paragraph 7(e)(iv) of the Purchase Contract dated [], 2016 (“Purchase Contract”) between the City and you as the underwriter (“Underwriter”). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

In connection therewith, I have examined:

1. Title 6, Chapter 17, and Title 11, Chapter 21, of the Code of Laws of South Carolina, 1976, as amended;
2. The Purchase Contract;
3. The Official Statement dated [], 2016 (“Official Statement”), relating to the Bonds, provided, however, that I have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version;
4. The General Bond Ordinance No. 93-4 enacted by City Council (“City Council”) of the City on May 21, 1993 (“General Ordinance”), as amended and supplemented, including as amended and supplemented particularly by the [] Supplemental Ordinance No. 2016-[], enacted by the City Council on [], 2016 (collectively, the “Ordinance”);
5. The Disclosure Dissemination Agent Agreement dated the date hereof between the City and Digital Assurance Certification, L.L.C. (“Disclosure Agreement” and with the Purchase Contract, “City Agreements”); and
6. Such other documents and instruments and proceedings of the City as I have

deemed relevant.

As to questions of fact material to my opinion, I have relied upon representations and other certifications of officials of the City without undertaking to verify the same by independent investigation.

Based on the foregoing, I am of the opinion that as of this date:

1. The City is a political subdivision validly existing under the Constitution and laws of the State of South Carolina, and has all requisite power and authority (i) to enact and implement the Ordinance and to issue, sell and deliver the Bonds and (ii) to conduct its business as currently being conducted and as proposed to be conducted and as described in the Official Statement and to carry out the transactions contemplated by the Purchase Contract and the Official Statement.

2. Each of the City Agreements has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the applicable parties thereto, constitutes a legal, valid and binding agreement enforceable against the City in accordance with its terms (except that the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity and to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable); provided, however, that no opinion is expressed as to the enforceability of the indemnity or choice of law provisions thereof.

3. The City has taken all action legally required of it to enact and to implement the Ordinance and to authorize the issuance, sale and delivery of the Bonds. The Ordinance has been duly enacted by the City Council.

4. To the best of my knowledge and after due inquiry, the City is not in default in any material respect under any material agreement or other instrument to which it is a party or by which it may be bound.

5. There are no consents, approvals or authorizations of the State of South Carolina or any local governmental authority required on the part of the City in connection with the enactment and implementation of the Ordinance and the execution and delivery of the Purchase Contract, provided, however, that there is no opinion given with respect to compliance with any state securities laws or "blue sky" laws of any jurisdiction.

6. To the best of my knowledge and after due inquiry and except as disclosed in the Official Statement, there are no proceedings or investigations pending or threatened in writing against the City in any court or before any governmental authority or arbitration board or tribunal, wherein an unfavorable decision, ruling or finding would in any way materially and adversely affect the transactions contemplated by the Purchase Contract and the Official Statement or which, in any way, would adversely affect the validity and enforceability of the Bonds, or any agreement or instrument to which the City is a party and which is used or

contemplated by the foregoing.

7. To the best of my knowledge and after due inquiry, the City in all material respects has good and proper title to the System as described in the Official Statement.

8. None of the proceedings held or actions taken by the City with respect to the Ordinance, the City Agreements or the Bonds have been repealed, rescinded or revoked.

Very truly yours,

Teresa A. Knox
City Attorney

EXHIBIT E

Form of Underwriter's Counsel Opinion

[, 2016

[]
on behalf of itself and as representative of

[]
[CITY / STATE]

§11
City of Columbia, South Carolina
Waterworks and Sewer System Refunding Revenue Bonds
Series 2016

Ladies and Gentlemen:

We have acted as counsel to [] on behalf of itself and as representative of [], as the underwriter ("Underwriter") in connection with the purchase of the referenced bonds ("Bonds") pursuant to a Purchase Contract, dated [], 2016 ("Purchase Contract"), between the Underwriter and the City of Columbia, South Carolina ("City"). This opinion is delivered to you pursuant to Section 7(e)(ix) of the Purchase Contract. Each capitalized term not otherwise defined in this letter has the meaning assigned to that term in the Purchase Contract.

We have, as your counsel, examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, legal opinions, instruments or records, and have made such investigation of law, as we have deemed appropriate as a basis for the conclusions hereinafter expressed for the purpose of this opinion.

In arriving at the conclusions expressed below, we are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the accuracy of all factual matters represented and legal conclusions contained therein. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement, dated [], 2016 ("Official Statement"), and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as your counsel, we met in conferences with your representatives and representatives of the City, counsel to the City, McNair Law Firm, P.A. and Johnson, Toal & Battiste, P.A., as co-bond counsel, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in these conferences, and in reliance on these conferences and on the records, documents, certificates and opinions referenced above, we advise you that, during the course of our representation of you as the Underwriter on this matter, no information came to the attention of the attorneys in our firm rendering legal services in connection with your representation that caused us to believe that the Official Statement as of its date and as of the date of this letter (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and

expressions of opinion, and information concerning The Depository Trust Company and the book-entry system for the Bonds contained or incorporated by reference in the Official Statement and its Appendices, which we expressly exclude from the scope of this sentence) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Furthermore, we are of the opinion that in connection with the offering and sale of the Bonds, the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and no indenture with respect to the Bonds is required to be qualified pursuant to the Trust Indenture Act of 1939, as amended.

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

[], 2016

[]
on behalf of itself and as representative of

[]
[CITY / STATE]

**Re: \$[] City of Columbia, South Carolina, Waterworks and Sewer System Refunding
Revenue Bonds Series 2016**

Ladies and Gentlemen:

We have acted as counsel to [] on behalf of itself and as representative of [], as the underwriter (“Underwriter”) in connection with the purchase of the above referenced bonds (“Bonds”) pursuant to a Purchase Contract, dated [], 2016 (“Purchase Contract”), between the Underwriter and the City of Columbia, South Carolina (“City”). This opinion is delivered to you pursuant to Section 7(e)(ix) of the Purchase Contract. Each capitalized term not otherwise defined in this Letter has the meaning assigned to that term in the Purchase Contract.

We have, as your counsel, examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, legal opinions, instruments or records, and have made such investigation of law, as we have deemed appropriate as a basis for the conclusions hereinafter expressed for the purpose of this opinion.

In arriving at the conclusions expressed below, we are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the accuracy of all factual matters represented and legal conclusions contained therein. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement, dated [], 2016 (“Official Statement”), and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as your counsel, we met in conferences with your representatives and representatives of the City, counsel to the City, McNair Law Firm, P.A. and Johnson, Toal & Battiste, P.A., as co-bond counsel, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in these conferences, and in reliance on these conferences and on the records, documents, certificates and opinions referenced above, we advise you that, during the course of our representation of you as the Underwriter on this matter, no information came to the attention of the attorneys in our firm rendering legal services in connection with your representation that caused us to believe that the Official Statement as of its date and as of the date of this letter (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning The Depository Trust Company and the book-entry system for the Bonds contained or incorporated by reference in the Official Statement and its Appendices, which we expressly exclude from the scope of this sentence) contained or

contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Furthermore, we are of the opinion that in connection with the offering and sale of the Bonds, the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and no indenture with respect to the Bonds is required to be qualified pursuant to the Trust Indenture Act of 1939, as amended.

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,

STARKES LAW FIRM

FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED

NEW ISSUE

RATINGS:

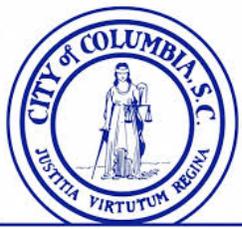
Moody's: []

BOOK-ENTRY-ONLY

Standard & Poor's: []

(see "RATINGS")

In the opinion of McNair Law Firm, P.A., Co-Bond Counsel, assuming continued compliance by the City with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the 2016 Bonds is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions. Interest on the 2016 Bonds is not an item of tax preference in computing the alternative minimum tax on individuals and corporations. However, interest on the 2016 Bonds is included in adjusted current earnings when calculating the corporate alternative minimum tax on certain corporations. The 2016 Bonds and the interest thereon will also be exempt from all State, county, municipal, school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.



We Are Columbia

\$[]*

CITY OF COLUMBIA, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2016A

\$[]*

CITY OF COLUMBIA, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2016B

Dated: Delivery Date
cover

De: February 1, as shown on inside

The City of Columbia, South Carolina ("City"), Waterworks and Sewer System Revenue Bonds, Series 2016A ("2016A Bonds") and Waterworks and Sewer System Refunding Revenue Bonds, Series 2016B ("2016B Bonds," with the 2016A Bonds, collectively, "2016 Bonds"), are issuable in fully-registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal, redemption premium, if any, and interest on the 2016 Bonds will be made. Individual purchases will be made in book-entry-only form, in denominations of \$5,000 or any integral multiple thereof. So long as Cede & Co., as partnership nominee of DTC, is the registered owner of the 2016 Bonds, references herein to holders or registered owners of the 2016 Bonds means Cede & Co., and shall not mean the beneficial owners of the 2016 Bonds. Interest on the 2016 Bonds shall be payable on each February 1 and August 1 commencing February 1, 2017, until maturity or prior redemption. Principal on the 2016 Bonds will be payable in the years and amounts shown on the inside cover hereof. All capitalized terms used on this cover, and not otherwise defined, are defined herein.

The 2016 Bonds are being issued under the authority of the Constitution and laws of the State, including Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, and the General Bond Ordinance No. 93-43, enacted by the City Council, the governing body of the City ("City Council"), on May 21, 1993, as amended and supplemented, including as amended and supplemented

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. The 2016 Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy the 2016 Bonds nor shall there be any sale of the 2016 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

particularly by the Eleventh Supplemental Ordinance No. 2016-[], enacted by the City Council on [], 2016.

The 2016 Bonds are being issued for the purposes of (i) fund the improvements, extensions and enlargements to the Waterworks and Sewer System of the City (“System”); (ii) refund certain maturities of the City’s original issue \$105,000,000 Waterworks and Sewer System Revenue Bonds, Series 2010 Bonds, original issue \$100,000,000 Waterworks and Sewer System Revenue Bonds, Series 2011A Bonds (collectively, “Refunded Bonds”); and (iii) pay the costs incurred in connection with the issuance of the Bonds.

The 2016 Bonds, including the interest thereon, are payable solely from the Net Revenues of the System and are secured by a pledge of and lien on the Net Revenues thereof. **THERE WILL BE NO DEBT SERVICE RESERVE FUND ESTABLISHED FOR OR FUNDED WITH THE PROCEEDS OF THE 2016 BONDS.**

THE 2016 BONDS WILL BE SUBJECT TO OPTIONAL AND MANDATORY REDEMPTION PRIOR TO MATURITY AS DESCRIBED HEREIN.

THE 2016 BONDS DO NOT CONSTITUTE INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. THE 2016 BONDS SHALL NOT CONSTITUTE DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, ON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE 2016 BONDS OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2016 BONDS.

The 2016 Bonds are offered when, as and if issued and delivered by the City, subject to the final approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, Co-Bond Counsel. Certain legal matters will be passed on for the City by the City Attorney, Teresa A. Knox, Esquire, and for the Underwriters by their co-counsel, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and The Starkes Law Firm, P.A., Columbia, South Carolina. Stifel | Merchant Capital Division, Columbia, South Carolina, has served as Financial Advisor to the City in connection with the issuance of the 2016 Bonds. It is expected that the 2016 Bonds will be available for delivery through the facilities of DTC, on or about [], 2016.

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. The City deems the Preliminary Official Statement to be final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12, except for information which may be omitted pursuant to Rule 15c2-12.

This Official Statement is dated [], 2016.

MATURITY SCHEDULE

This Official Statement does not constitute an offering of any security other than the original offering of the 2016 Bonds identified on the cover. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied on as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the 2016 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

Information in this Official Statement has been obtained by [], and [] (collectively, "Underwriters") from the City and other sources believed to be reliable. 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 AFFAIRS OF THE CITY OR THE SYSTEM.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibility to investors under the federal securities laws applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

On execution and delivery, the 2016 Bonds will not be registered under the Securities Act of 1933, as amended ("1933 Act"), or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission ("SEC") nor any other federal, state or other governmental entity or agency will have passed on the accuracy or adequacy of this document or approved the 2016 Bonds for sale. Any representation to the contrary is a criminal offense.

[], as Trustee, Registrar, and 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 such information, (ii) the validity of the 2016 Bonds, or (iii) the tax-exempt status of the interest on the 2016 Bonds.

Reference herein to laws, rules, regulations, agreements, reports and other documents, do not purport to be comprehensive or definitive. All references to such 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 therein. Where full texts have not been included as appendices to the Official Statement, they will be furnished on request.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements," within the meaning of the 1933 Act or the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget," or other similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS THAT 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 CITY 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 OR FAIL TO OCCUR.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2016 Bonds AT OR ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING MAY BE DISCONTINUED AT ANY TIME.

CITY OF COLUMBIA, SOUTH CAROLINA

1737 Main Street
Columbia, South Carolina 29201
803-545-3050



We Are Columbia

CITY COUNCIL

Stephen K. Benjamin, Mayor

COUNCIL MEMBERS

Leona K. Plough, Mayor Pro Tempore

Moe Baddourah

Sam Davis

Tameika Isaac Devine

Howard E. Duvall, Jr.

Edward H. McDowell, Jr.

CITY MANAGER

Teresa B. Wilson

ASSISTANT CITY MANAGER
FOR FINANCE AND ECONOMIC SERVICES

Jeffery M. Palen

CITY ATTORNEY

Teresa A. Knox, Esquire

FINANCIAL ADVISOR

Stifel | Merchant Capital Division
Columbia, South Carolina

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OFFICIAL STATEMENT

§1 CITY OF COLUMBIA, SOUTH CAROLINA WATERWORKS AND SEWER SYSTEM REVENUE BONDS SERIES 2016A

§1 CITY OF COLUMBIA, SOUTH CAROLINA WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BONDS SERIES 2016B

INTRODUCTION

This Official Statement of the City of Columbia, South Carolina (“City”), which includes the cover page hereof and the appendices hereto, provides information relating to the City, its Waterworks and Sewer System Revenue Bonds, Series 2016A (“2016A Bonds”) and Waterworks and Sewer System Refunding Revenue Bonds, Series 2016B (“2016B Bonds,” with the 2016A Bonds, collectively, “2016 Bonds”)

The 2016 Bonds, the 2016 Bonds, the 2012 Bonds, the 2011A Bonds, the 2011B Bonds, the 2010 Bonds, the 2009 Bonds, and any Additional Bonds (as such terms are hereinafter defined) are referred to herein as the “Bonds.” Included in this Official Statement is a brief description of the 2016 Bonds and the security therefor, the Waterworks and Sewer System of the City (“System”), the City and the surrounding area and the ordinances pursuant to which the 2016 Bonds are authorized and issued by the City. Also included is certain financial information relating to the System. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. Capitalized terms used herein without specific definition are used as defined in “APPENDIX C – Summary of Certain Provisions of the Ordinance.”

Authorization

The 2016 Bonds are being issued under the Constitution and laws of the State of South Carolina (“State”), including Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, and the General Bond Ordinance No. 93-43, enacted by the City Council, the governing body of the City (“City Council”), on May 21, 1993 (“General Ordinance”), as so amended and supplemented, including as amended and supplemented particularly by the Eleventh Supplemental Ordinance No. 2016-[], enacted by the City Council on [], 2016 (“Supplemental Ordinance,” and together with the General Ordinance, as so amended and supplemented, “Ordinance”).

Purpose

The 2016 Bonds are being issued for the purposes of (i) funding the improvements, extensions and enlargements to the Waterworks and Sewer System of the City (“System”); (ii) refunding certain maturities of the City’s original issue \$105,000,000 Waterworks and Sewer System Revenue Bonds, Series 2010 Bonds, original issue \$100,000,000 Waterworks and Sewer System Revenue Bonds, Series 2011A Bonds (collectively, “Refunded Bonds”); and (iii) paying the costs incurred in connection with the issuance of the Bonds. See “SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE/REFUNDING: 2016 Bonds.”

THE 2016 BONDS

General

The 2016 Bonds will be dated their date of delivery, will mature on February 1 in the years and in the principal amounts set forth on the inside cover page hereto, and will bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) set forth on the inside cover page hereto, payable on February 1, 2017, and semiannually thereafter on August 1 and February 1 of each year. The 2016 Bonds are issuable initially in book-entry-only form, in denominations of \$5,000 or any integral multiple thereof. So long as the 2016 Bonds are in book-entry-only form and are registered in the name of Cede & Co., as the nominee of The

Depository Trust Company, New York, New York (“DTC”), payments on the 2016 Bonds will be made as set forth under “Book-Entry-Only System” below. Should the 2016 Bonds no longer be held in book-entry-only form, principal of the 2016 Bonds, whether due on maturity or redemption, will be payable on the respective maturity dates or redemption dates on presentation and surrender thereof at the corporate trust office of [], as registrar and paying agent (“Registrar/Paying Agent”), and interest on the 2016 Bonds will be payable by check or draft of the Registrar/Paying Agent mailed to the person in whose name each 2016 Bond is registered as of the close of business on the fifteenth day of each month immediately preceding such payment. Interest payments to a person who is a holder of \$1,000,000 or more in aggregate principal amount of the 2016 Bonds not held in book-entry-only form may be made by wire transfer to an account within the continental United States on timely receipt of a written request of such holder.

The 2016 Bonds are subject to optional and mandatory redemption prior to their maturity.

Optional Redemption

The 2016 Bonds maturing on or after February 1, 20[], are subject to redemption prior to maturity on or after February 1, 20[], at the option of the City, as a whole or in part at any time in such order of their maturities as the City shall determine at the redemption price equal to 100% of the principal amount of the 2016 Bonds being redeemed together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The 2016 Bonds maturing on February 1, 20[] (“Term Bonds”), shall be subject to mandatory sinking fund redemption commencing February 1, 20[], and will be redeemed (to the extent not previously redeemed) at 100% of the principal amount of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on February 1 of each of the following years in the respective principal amounts for each year specified below:

[table]

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the City may (i) deliver to the Registrar for cancellation 2016 Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such 2016 Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Registrar and not theretofore applied as a credit against any mandatory redemption obligation. Each 2016 Bond so delivered or previously purchased or redeemed shall be credited by the Registrar, at one hundred percent (100%) of the principal amount thereof, to the obligation of the City on those respective mandatory redemption obligations in such order as the City may direct the Registrar in writing, and the principal amount of the 2016 Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

General Redemption Provisions; Notice

In the event the 2016 Bonds or any portion thereof shall be called for redemption, notice of the redemption, describing (among other things) the 2016 Bonds to be redeemed, specifying the redemption date and the redemption price payable on such redemption, shall be mailed by first-class mail, postage prepaid, to the registered owner thereof as shown on the Books of Registry not less than 30 days and not more than 60 days prior to the redemption date. So long as the 2016 Bonds are in book-entry-only form and are registered in the name of Cede & Co., as the nominee of DTC, notices of redemption with respect to the 2016 Bonds will be given to Cede & Co., and will be distributed by Cede & Co. as set forth under “Book-Entry-Only System” below.

If less than all of the 2016 Bonds of any maturity are called for redemption, the 2016 Bonds of such maturity to be redeemed shall be selected by lot within such maturity, subject to the rules of procedure of DTC while the 2016 Bonds are held in book-entry-only form.

If a 2016 Bond is subject by its terms to redemption prior to its stated maturity and has been duly called for redemption and notice of the redemption thereof has been duly given as in the Ordinance provided and if moneys for the payment of such 2016 Bond at the then applicable redemption price and the interest to accrue to the redemption date on such 2016 Bond are held for the purpose of such payment by the Registrar/Paying Agent, then such 2016 Bond so called for redemption shall, on the redemption date designated in such notice, become due and payable, and

interest on the 2016 Bond, as appropriate, so called for redemption shall cease to accrue. The City is entitled to provide for, and give notice of, the redemption of a 2016 Bond based on certain conditions being met at or prior to redemption, including, but not limited to, the availability of amounts for such purposes.

Book-Entry-Only System

The following description of DTC, its procedures and record keeping on beneficial ownership interests in the 2016 Bonds, payment of interest and other payments on the 2016 Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the 2016 Bonds, and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

DTC will initially act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully-registered securities 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 will be issued for each maturity of the 2016 Bonds, as set forth on the front cover page hereof, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the 2016 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2016 Bonds, as applicable (other than under the caption "TAX EXEMPTION AND OTHER TAX MATTERS" herein), means Cede & Co., as aforesaid, and does not mean the Beneficial Owners (defined herein) of such 2016 Bonds.

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. 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 the 2016 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"). DTC has a Standard & Poor's rating of [I]+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond ("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 2016 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 bonds representing their ownership interests in the 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, the 2016 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 2016 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 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the 2016 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 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Ordinance. For example, Beneficial Owners of the 2016 Bonds may wish to ascertain that the nominee holding the 2016 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.

Redemption notices shall be sent to DTC. If less than all of the 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the 2016 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 on DTC's receipt of funds and corresponding detail information from the City or the 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, Registrar/Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar/Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the City or Registrar/Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered to DTC.

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE UNDERWRITERS TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOREGOING INFORMATION WITH DTC OR THE DIRECT OR INDIRECT PARTICIPANTS.

Each person for whom a Participant acquires an interest in the 2016 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Registrar/Paying Agent to DTC only.

For every transfer and exchange of 2016 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NONE OF THE CITY, THE UNDERWRITERS NOR THE REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2016 BONDS UNDER THE ORDINANCE; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2016 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2016 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2016 BONDS; OR (VI) ANY OTHER MATTER.

The Supplemental Ordinance provides that if (a) DTC determines not to continue to act as securities depository for the 2016 Bonds and gives reasonable notice to the Registrar/Paying Agent or the City or (b) the City has advised DTC of the City's determination that DTC is incapable of discharging its duties, then the City will attempt to retain another qualified securities depository to replace DTC. On receipt by the City or the Registrar/Paying Agent of the 2016 Bonds, together with an assignment duly executed by DTC, the City will execute and deliver to the successor depository, the 2016 Bonds of the same principal amount, interest rate, and maturity. If the City is unable to retain a qualified successor to DTC, or the City has determined that it is in its best interest not to continue the book-entry-only system of transfer or that interests of the Beneficial Owners of the 2016 Bonds might be adversely affected if the book-entry-only system of transfer is continued (the City has undertaken no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the 2016 Bonds by mailing an appropriate notice to DTC, on receipt by the City of the 2016 Bonds together with an assignment duly executed by DTC, the City will execute, authenticate and deliver to the Direct Participants the 2016 Bonds in fully-registered form, in authorized denominations; provided, however, that the discontinuation of the book-entry-only system of registration and transfer or the replacement of DTC or any successor depository is subject to the applicable rules of DTC or such successor depository on file or otherwise approved by the SEC.

Registration, Transfers and Exchanges

2016 Bonds Held in Book-Entry-Only Form

So long as the 2016 Bonds are in book-entry-only form and are registered in the name of Cede & Co., as the nominee of DTC, the 2016 Bonds may be registered, transferred and exchanged as set forth under "Book-Entry-Only System" herein.

2016 Bonds Not Held in Book-Entry-Only Form

Each 2016 Bond not held in book-entry-only form shall be transferable only on the books of registry ("Books of Registry") of the City, which shall be kept for such purpose at the corporate trust office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney on surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. On the transfer of any such 2016 Bond, the Registrar/Paying Agent shall cause to be issued in the name of the transferee a new fully-registered 2016 Bond, of the same aggregate principal amount, interest rate, series and maturity as the surrendered 2016 Bond. Any registered owner requesting a transfer shall pay any tax or other governmental charge required to be paid with respect thereto. Any 2016 Bond surrendered in exchange for a new registered 2016 Bond, respectively, shall be cancelled by the Registrar/Paying Agent.

The City and the Registrar/Paying Agent may deem and treat the person in whose name any 2016 Bond not held in book-entry-only form shall be registered as the absolute owner of such 2016 Bond for all purposes including

the payment of or on account of the principal, premium, if any, or interest thereon and any such payment made to a registered owner shall be effectual to satisfy and discharge the liability on such 2016 Bond with respect thereto.

In the event any 2016 Bond not held in book-entry-only form becomes mutilated in whole or in part, or is lost, stolen or destroyed, or becomes so defaced as to impair the value thereof to the holder thereof, the City shall execute and the Registrar/Paying Agent shall authenticate and deliver a new 2016 Bond, respectively, of the same interest rate and denomination and like tenor and effect in exchange or in substitution for such mutilated, lost, stolen or destroyed 2016 Bond; provided that, in the case of any mutilated 2016 Bond, such 2016 Bond shall be surrendered to the Registrar/Paying Agent, and in the case of any lost, stolen or destroyed 2016 Bond there shall be furnished to the City and the Registrar/Paying Agent evidence of such loss, theft or destruction satisfactory to the City and the Registrar/Paying Agent together with such indemnity as they shall require. In the event any such mutilated, lost, stolen or destroyed 2016 Bond shall have matured, instead of issuing a duplicate 2016 Bond, the City may pay the same. The City and the Registrar/Paying Agent may charge the holder or owner of such mutilated, lost, stolen or destroyed 2016 Bond with their reasonable fees and expenses in connection therewith.

SECURITY FOR THE 2016 BONDS

Pledged Revenues

The 2016 Bonds are payable solely from and are secured equally and ratably with the 2009 Bonds, the 2010 Bonds, the 2011A Bonds, the 2011B Bonds, the 2012 Bonds, the 2013 Bonds, and all bonds hereafter issued on a parity therewith (with respect to the pledge of and lien on the Net Revenues) under the Ordinance (“Additional Bonds”) by a pledge of and lien on the Net Revenues (defined herein) of the System.

The term “Net Revenues” means the Revenues of the System after deducting Expenses of Operating and Maintaining the System (defined herein). The term “Revenues” means all fees, tolls, rates, rentals and all other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the City from the operation of the System or arising from the System, excluding the receipts, income, revenues, fees and other charges derived from the operation of Special Facilities (as defined in Appendix C). The term “Expenses of Operating and Maintaining the System” means the costs and expenses of operating and maintaining the System in good repair and working order including wages, salaries, costs of materials and supplies, costs of routine repairs, renewals, replacements or alterations occurring in the normal course of business, the reasonable fees and charges of any paying agents and registrars of any Bonds issued pursuant to the Ordinance or any supplemental ordinance, the costs of any audit required by the Ordinance and the premium for all insurance required with respect to the System. Such term does not include any allowance for depreciation or renewals or replacements of capital assets of the System and amounts deemed to be payments in lieu of taxes or other equity transfers.

The term “2009 Bonds” used herein, means the outstanding principal amount of \$81,860,000 of the City’s \$81,860,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009. The term “2010 Bonds” used herein, means the outstanding principal amount of \$100,465,000 of the City’s \$105,000,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2010. The term “2011A Bonds” used herein, means the outstanding principal amount of \$91,905,000 of the City’s \$100,000,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2011A. The term “2011B Bonds” used herein, means the outstanding principal amount of \$12,740,000 of the City’s \$27,265,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2011B. The term “2012 Bonds” used herein, means the outstanding principal amount of \$58,055,000 of the City’s \$58,055,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2012. The term “2013 Bonds” used herein, means the outstanding principal amount of \$70,705,000 of the City’s \$73,305,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2013.

Limited Obligations

THE 2016 BONDS DO NOT CONSTITUTE INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR

STATUTORY LIMITATION. THE 2016 BONDS SHALL NOT CONSTITUTE DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, ON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE 2016 BONDS OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2016 BONDS.

Rate Covenant

The City has covenanted in the Ordinance to operate the System in an efficient and economical manner and establish, levy, maintain, revise and collect such fees, rates and other charges for the use of the services and facilities furnished by the System as may be necessary or proper, which fees, rates and other charges, together with other Revenues and other available moneys, will at all times be sufficient after making due and reasonable allowance for contingencies and for a margin of error in estimates, to provide in each July 1 through June 30 fiscal year of the City, an amount equal to:

100 percent of the amounts required to pay Expenses of Operating and Maintaining the System for the then current fiscal year;

110 percent of the amounts required to be deposited into each Debt Service Fund (as defined in Appendix C), for the Bonds for the then current fiscal year;

100 percent of the amounts required to be deposited to each Debt Service Reserve Fund (as herein defined), if any, for the Bonds for the then current fiscal year;

100 percent of the amounts required to provide for payment of any Junior Bonds (as herein defined) in the then current fiscal year; and

any amounts necessary to comply in all respects with the terms of the Ordinance.

Disposition of Revenues and Funds Established by the Ordinance

The following are the additional funds and accounts created and established by the Ordinance:

(a) Debt Service Fund to be held by the City, including an Interest Account and Principal Account (as such terms are defined in Appendix C); and

(b) Debt Service Reserve Fund, if any, to be held by the City.

The Revenues of the System shall be applied at the times, in the amounts and for the purposes as provided or permitted by the Ordinance, and in the following order of priority:

First, for the payment of Expenses of Operating and Maintaining the System;

Second, into the respective Debt Service Funds, the amounts required by the Ordinance or any supplemental ordinance; and

Third, into the respective Debt Service Reserve Funds, if any, the amounts required by the Ordinance or any supplemental ordinance.

If, after applying Revenues of the System as set forth above, there are Revenues remaining, such Revenues shall then be used, first, for the payment of Junior Bonds or to meet any other obligations of the City which are or which shall become charges, liens or encumbrances on the Revenues of the System; second, to provide adequate

funds for improvements to the System and to build up proper reserves for depreciation and against contingencies; and third, as the City Council shall from time to time determine to be in the best interest of the City.

Debt Service Reserve Funds

The Ordinance provides that the City, pursuant to an ordinance authorizing the issuance of a series of Bonds, may provide for the establishment of a debt service reserve fund (each, a “Debt Service Reserve Fund”) to be used solely for the purpose of preventing a default in the payment of principal of or interest or premium, if any, on the Bonds of such series.

Whenever the aggregate value of cash and securities in a Debt Service Reserve Fund shall be less than the reserve fund requirement, if any, established with respect to such fund pursuant to a supplemental ordinance authorizing a series of Bonds (“Reserve Fund Requirement”), there shall be deposited in such Debt Service Reserve Fund that amount which, together with equal, successive, monthly deposits in the same amount, will restore the value of the cash and securities in such Debt Service Reserve Fund to the applicable Reserve Fund Requirement during the succeeding 12 months. See “APPENDIX C – Summary of Certain Provisions of the Ordinance” under the heading “SUMMARY OF ORDINANCE – Funds Created Under General Bond Ordinance – *Debt Service Reserve Funds.*”

THERE WILL BE NO DEBT SERVICE RESERVE FUND ESTABLISHED FOR OR FUNDED WITH THE PROCEEDS OF THE 2016 BONDS.

Additional and Refunding Bonds

The City may issue Additional Bonds on a parity (with respect to the pledge of and lien on Net Revenues) with the 2016 Bonds subject to certain conditions set forth in the Ordinance, including, in the case of Additional Bonds issued other than for the purpose of refunding outstanding Bonds, the requirement that there shall be delivered a report, which report is not required to be based on the latest audit of the City, from a firm of independent certified public accountants selected by the City (“Accountant”), stating that the amount of the Net Revenues of the System for any consecutive 12-month period out of the last 24-month period (“Test Period”) is not less than 130 percent of the sum of the highest combined interest and principal requirements in any fiscal year (“Maximum Debt Service”) on the Bonds to be outstanding after the issuance of such Additional Bonds for any succeeding fiscal year, provided the amount of Net Revenues for such 12-month period may be adjusted by adding the following:

- (a) in case the rates and charges for the services furnished by the System shall have been revised and such revised rates and charges shall have gone into effect prior to the delivery of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such rates and charges had been in effect during such Test Period as determined by a Consulting Engineer (as defined in Appendix C) or an Accountant; and
- (b) in case an existing sewer system, existing water system or any other public utility system is to be acquired and combined or made a part of the System from the proceeds of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such existing system or systems to be acquired had been a part of the System during such Test Period (which computation of the additional amount of Net Revenues shall be based on the method of computing Net Revenues under the Ordinance and approved by a Consulting Engineer or an Accountant).

Without complying with the foregoing debt service coverage provisions, Additional Bonds may be issued for the purpose of refunding (including by purchase) bonds provided that the Debt Service on all Bonds to be outstanding after the issuance of the proposed series of refunding bonds shall not be greater than would have been the Debt Service on all Bonds not then refunded and the Bonds to be refunded. See “APPENDIX C – Summary of Certain Provisions of the Ordinance” under the heading “SUMMARY OF ORDINANCE – Additional Bonds – *Parity Obligations.*” The term “Debt Service” means, with respect to each series of Bonds and any particular fiscal year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in the applicable Debt Service Fund in such fiscal year for the payment of the principal of, redemption premium, if any, and interest (to the extent not capitalized) on such series of Bonds.

Pursuant to the Supplemental Ordinance, certain provisions of the General Ordinance related to the issuance of Additional Bonds have been amended, as further described in “APPENDIX C – Summary of Certain Provision of the Ordinance” under the heading “SUMMARY OF ORDINANCE – Additional Bonds – Parity Obligations.”

Junior Bonds and Special Facilities Bonds

The City may issue bonds secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge securing the 2016 Bonds or any other obligation or form of indebtedness, including lease purchase obligations secured by a pledge of Net Revenues, after provision has been made for all payments required to be made with respect to the 2016 Bonds (“Junior Bonds”), in such amount as it may from time to time determine. The pledge of Net Revenues shall at all times be and remain subordinate and inferior in all respects to the pledge of Net Revenues securing the 2016 Bonds. Junior Bonds may be issued to secure funds to defray the cost of improving, extending, enlarging or repairing the System, including the acquisition of a system to be combined into the System, or to refund the 2016 Bonds or any other Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction or improvement of the System. See “APPENDIX C – Summary of Certain Provisions of the Ordinance” under the heading “SUMMARY OF ORDINANCE – Additional Bonds – Junior Bonds.”

The City may also enter contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities which may or may not be discrete and separate units of the System. These Special Facilities may be financed through the issuance of Special Facilities Bonds, subject to certain conditions with respect to the ability of the Special Facilities to generate sufficient revenues to pay for such Special Facilities Bonds. See “APPENDIX C – Summary of Certain Provisions of the Ordinance” under the heading “SUMMARY OF ORDINANCE – Additional Bonds – Special Facilities Bonds.”

SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2016 Bonds are expected to be used substantially as follows:

[table]

⁽¹⁾Includes Underwriters’ Discount, rounding, and certain legal, accounting and other financing expenses incurred by the City.

PLAN OF FINANCE/REFUNDING: 2016 Bonds

The proceeds of the 2016A Bonds will be deposited into the Construction Fund of 2016 established pursuant to the Supplemental Ordinance. Moneys on deposit in the Construction Fund of 2016 will be used, as needed, to finance the costs of the 2016 Projects, including without limitation payment of engineering, legal and all other expenses incidental to the 2016 Projects.

The 2016 Projects involve ongoing capital improvements to the System. These capital improvements include improvements, extensions and enlargements to the System, including any one or more of the following: (a) Waterworks System (defined herein) rehabilitation and installation of water lines and fire protection upgrades, (b) System expansions, (c) new water storage facilities, (d) renovation and construction of maintenance center, (e) water treatment plant upgrades, (f) Sanitary Sewer System (defined herein) rehabilitation and installation of sewer lines and manholes, (g) upgrades to the Metropolitan Plant (defined herein), and (h) any other matters with respect to the above improvements and such other improvements as the City may deem necessary or incidental to the System. Construction is expected to begin in 2016, and scheduled to be completed by or before 2019.

The proceeds of the 2016B Bonds will be deposited in an Escrow Fund established pursuant to the Supplemental Ordinance. Moneys on deposit in the Escrow Fund will be used, as needed, to refund the Refunded Bonds.

FINANCIAL FACTORS

Five-Year Summary

The following table sets forth a summary of the operating revenues, operating expenses, non-operating revenues and non-operating expenses and changes in net assets of the System for the fiscal years ended June 30, 2011, through June 30, 2015 (reflecting the audited results for each year) and the fiscal year ended June 30, 2016 (unaudited). This summary should be read in conjunction with the audited financial statements of the City for the applicable fiscal years, copies of which are available for inspection at the City. Included as Appendix A to this Official Statement is a portion of the Comprehensive Annual Financial Report of the City for Fiscal Year ended June 30, 2012. Copies of the City's entire Comprehensive Annual Financial Report for the same period and for prior fiscal years are available on the City's website at <http://www.columbiasc.net/Finance>, which is not intended to be an active hyperlink and is not incorporated by reference herein. The City's independent public accountant did not review this Official Statement, nor did it perform any procedures related to any of the information contained in this Official Statement.

[table]

Note: Totals may not sum due to rounding.

^(a)The Interest Expense for the Fiscal Year ended June 30, 2013, reflects modified accounting procedures adopted by the City.

Management's Discussion and Analysis
[to be updated]

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Historical Debt Service Coverage of the System

The following table sets forth the Revenues, Expenses of Operating and Maintaining the System, Net Revenues (as such terms are defined in the Ordinance), debt service requirements and debt service coverage of the System for the Fiscal Years ended June 30, 2006, through 2015.

<u>Fiscal</u> <u>Year</u>	<u>Revenues</u>	<u>Expenses of</u> <u>Operating</u> <u>and Maintaining</u> <u>the System</u>	<u>Net Revenues</u>	<u>Debt Service</u> <u>Requirements</u>	<u>Debt</u> <u>Service</u> <u>Coverage</u>
†	†		†		

†Amounts are based on unaudited financial information.

†Excludes \$10,975,983 of Non-Operating Revenues (gain from sale of assets) arising in part from the City's sale of a portion of its Sanitary Sewer System in March 2013. See "THE CITY AND THE SYSTEM-Sanitary Sewer System."

Note: Please see footnote "(a)" on page [], hereof, which applies to "Net Revenues" and "Expenses of Operating and Maintaining the System" for Fiscal Years ended June 30, 2010, through 2013.

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Projected Debt Service Requirements of the System

The following table sets forth the aggregate debt service requirements, beginning with Fiscal Year 2014, for the outstanding principal amount of the 2009 Bonds, the 2010 Bonds, the 2011A Bonds, the 2011B Bonds, the 2012 Bonds, the 2013 Bonds, and the 2016 Bonds.

[table]

Note: Totals may not sum due to rounding.

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Projected Debt Service Coverage of the System

Debt service coverage as projected and prepared by the City for the Fiscal Years ended June 30, 2016, through 2020, is as set forth below.

[table]

Note: Information in this table reflects outstanding debt and existing rates. The City anticipates issuing Additional Bonds in the future and adjusting rates to ensure compliance with the Ordinance.

†Net Revenues have been calculated utilizing unaudited financial information for the System for the Fiscal Year ended June 30, 2013 (excluding \$10,975,983 of Non-Operating Revenues (gain from sale of assets) arising from the City's sale of a portion of its Sanitary Sewer System in March 2013), with no additional change in revenues or expenses assumed going forward, except that Net Revenues are reduced by \$5,000,000 in each fiscal year to take into account the initial impact arising from the City's sale of a portion of its Sanitary Sewer System in March 2013. See "THE CITY AND THE SYSTEM-Sanitary Sewer System."

††Includes debt service for the 2009 Bonds, the 2010 Bonds, the 2011A Bonds, the 2011B Bonds, the 2012 Bonds, and the 2013 Bonds.

The figures set forth in the table above are projections. The actual results of operations of the System will be dependent on the amounts by which revenues and expenses increase or decrease. Revenues will be dependent on the actual number of System customers, levels of customer usage, the rates charged by the City and other factors. Expenses will be dependent on the actual levels of customer usage, the number of customers, rates, the cost of treating water and wastewater, future maintenance requirements, financing needs, health care, retirement and post employment requirements, and other factors. Further, debt service takes into account solely the bonds described above, and does not take into account future indebtedness or future water and sewer rate increases that may be approved by City Council. No assurance can be given that the projections set forth above will be realized.

Debt Structure

2009 Bonds

Pursuant to the General Ordinance, the Fifth Supplemental Ordinance enacted by the City Council on September 19, 2007 (the "Fifth Supplemental Ordinance"), and the Seventh Supplemental Ordinance enacted by the City Council on August 19, 2009, the City issued the 2009 Bonds in the original principal amount of \$81,860,000 to defray the costs of improvements to the System. The 2009 Bonds are presently outstanding in the principal amount of \$81,860,000.

2010 Bonds

Pursuant to the General Ordinance, the Fifth Supplemental Ordinance, and the Sixth Supplemental Ordinance enacted by the City Council on August 19, 2009, the City issued the 2010 Bonds in the original principal amount of \$105,000,000 to defray the costs of improvements to the System. The 2010 Bonds are presently outstanding in the principal amount of \$ 100,465,000.

2011A Bonds

Pursuant to the General Ordinance, and the Eighth Supplemental Ordinance enacted by the City Council on September 20, 2011 ("Eighth Supplemental Ordinance"), the City issued the 2011A Bonds in the original principal amount of \$100,000,000 to defray the costs of improvements to the System. The 2011A Bonds are presently outstanding in the principal amount of \$91,905,000.

2011B Bonds

Pursuant to the General Ordinance and the Eighth Supplemental Ordinance, the City issued the 2011B Bonds in the original principal amount of \$27,265,000 to currently refund a prior bond issue. The 2011B Bonds are presently outstanding in the principal amount of \$12,740,000.

2012 Bonds

Pursuant to the General Ordinance and the Ninth Supplemental Ordinance enacted by the City Council on February 21, 2012, the City issued the 2012 Bonds in the original principal amount of \$58,055,000 to advance refund a prior bond issue. The 2012 Bonds are presently outstanding in the principal amount of \$58,055,000.

2013 Bonds

Pursuant to the General Ordinance and the Tenth Supplemental Ordinance enacted by the City Council on September 13, 2013, the City issued the 2013 Bonds in the original principal amount \$75,305,000 to defray the costs of improvements to the System. The 2013 Bonds are presently outstanding in the principal amount of \$70,705,000.

Junior Lien Pledge

The City's payment obligations under the Series 2009 Swap (defined herein), including any termination payment, if any, are secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge hereof securing the Bonds. The Series 2009 Swap is secured by a pledge of Net Revenues of the System junior and subordinate in all respects to the pledge thereof securing the 2016 Bonds.

THE CITY AND THE SYSTEM

General Description

The System provides water treatment and distribution services through its waterworks system ("Waterworks System") to approximately 138,604 billed water accounts in the Columbia Metropolitan Statistical Area ("Columbia MSA"), including approximately 41,249 In-City customers and 97,355 Out-of-City customers. The System provides sewer treatment and collection services through its Sanitary Sewer System to approximately 59,618 billed sewer customers in the Columbia MSA, including approximately 33,185 In-City customers and 26,433 Out-of-City customers. See "-Service Area" herein for further information on the territory served by the System.

Administration of the City

The City is governed by a council-manager form of government. The Mayor and City Council, who are elected for four-year staggered terms, are vested with the legislative and policy-making powers of the City. Day-to-day activities are administered by a council-appointed City Manager who serves as the chief executive officer of the City and is responsible to the City Council for proper administration of all affairs of the City.

The present members of the City Council, their occupations and the dates on which they became members of the City Council are as follows:

[to be updated]

Teresa B. Wilson was appointed as City Manager in January 2013. Ms. Wilson has served as the City's Director of Governmental Affairs and Assistant City Manager for Community Programs, Economic Development and Government Services. Ms. Wilson graduated from the University of South Carolina's Honors College and the University of South Carolina School of Law. Prior to joining the City, Ms. Wilson served as Government and Community Relations Coordinator for the University of South Carolina's Office of the President, and also served as a liaison for the University of South Carolina and the City of Columbia, as well as a number of community organizations.

Jeffery M. Palen was hired as Chief Financial Officer in January 2013. Prior to his current position, Mr. Palen served as the City's Treasurer beginning in November 2008, and as hospital chief financial officer controller with Health Management Associates from 2005 to 2008. Mr. Palen graduated with a Bachelor of Science in

Business and a Master's Degree in Business Administration from the University of South Carolina. Mr. Palen has held various positions in both the private and public sectors, including serving as the Deputy Treasurer and the Deputy Auditor for Lexington County, South Carolina ("Lexington County").

Janice L. Alonso was hired as Finance Director of the City in July 2013. She has been employed with the City since December 2008, first as the Accounting Manager and, in August 2010, as the Deputy Finance Director. Ms. Alonso has held various positions in both private and public sectors, including Deputy Treasurer for Lexington County and Assistant Controller for Thermo Scientific. Ms. Alonso graduated from the University of South Carolina with a Bachelor of Science in Business. Ms. Alonso is also a Certified Government Finance Officer in South Carolina.

For further information regarding the City and the Columbia MSA, see Appendix B attached hereto.

The System is administered by the City through the City Manager. Under the City Manager's direction, the financial operations of the System are administered by the Chief Financial Officer of the City. The Utilities Department operates the System's two water treatment plants, water storage and pumping stations, and the wastewater plant and sewer lift stations, and maintains all water distribution and treatment sewer collection mains. A total of approximately 500 persons are employed in managerial, clerical, maintenance and other capacities relating to the System.

The Director of Utilities and Engineering is Joseph D. Jaco, a registered professional engineer with over 19 years experience. He graduated with a Bachelor's Degree and a Master's Degree in Engineering from the University of South Carolina. Mr. Jaco was in private practice as an engineer prior to employment with the City in 2006. He first served as City Engineer from 2006 to 2010 and then as Director from 2010 to present.

Initial recommendations for expansion or renovation of the System are made by the Director of Utilities and Engineering. The recommendations are then reviewed by the City Manager and submitted to the City Council for review and approval as part of the budget process. Increases in rates for the System must be reviewed and adopted by the City Council prior to going into effect.

Form of Government

Following the submission of a petition executed by 15 percent (15%) of the qualified electors, certified by the Richland County Election Commission and Voter Registration Office, the City Council enacted Ordinance No. 2013-111 on September 18, 2013, calling for a special election to determine or change the form of government from council-manager form of government to mayor-council form of government. If a majority of the qualified electors vote in favor of a change in the form of government, the Mayor, elected at the November 5, 2013, general election, would assume the responsibilities set forth in Section 5-9-30 of the Code of Laws of South Carolina 1976, as amended, which includes administration of day-to-day activities, preparation of the budget and capital programs, and other functions, which are presently performed by the City Manager.

The special election occurred on December 3, 2013, with a majority of the qualified electors voting in favor of maintaining the council-manager form of government.

Service Area

The service area of the Waterworks System includes all of the City of Columbia and portions of Richland County and Lexington County, and also includes the Towns of Forest Acres, Arcadia Lakes, Irmo, and Chapin, and the Fort Jackson Military Reservation ("Fort Jackson"). The service area of the Sanitary Sewer System includes all of the City of Columbia and portions of Richland County, including Fort Jackson, and portions of Lexington County and the City of West Columbia. The entire System covers approximately 320 square miles with a population of approximately 410,000 persons living within that area. The population in the overall service area of the System has generally been increasing since the 1950s due in large measure to the growth of the service area of the System outside of the City.

The City has exclusive rights to provide water and sewer services within the City limits and non-exclusive rights outside of the City limits. Both Richland County and Lexington County have the legal authority to provide water and sewer service within the unincorporated areas of those counties not presently served by municipalities or

special purpose districts, but each has only provided services on a limited basis. Richland County currently provides water or sewer services only in small, isolated areas. Lexington County and several municipalities in Lexington County formed a joint municipal water and sewer commission (“Commission”) for the purpose of providing water and sewer services on an integrated, county-wide basis, but it is the City’s understanding that neither the Commission nor Lexington County intends to provide water or sewer services in unincorporated areas of that county already being served by the City. Several municipalities in Richland and Lexington Counties currently provide water or sewer services to residents within those municipalities. One large special purpose district, East Richland County Public Service District, provides sewer services to a portion of Richland County (including certain of the incorporated municipalities therein, e.g., Forest Acres and Arcadia Lakes).

Service to areas outside of the City limits currently accounts for approximately 72% of the revenues of the Waterworks System and 56% of the revenues of the Sanitary Sewer System of the City. The average water rates for customers outside the City are approximately 1.7 times higher than the average rates for customers inside the City and the average sewer rates for customers outside the City are approximately 1.7 times higher than the average rates for customers inside the City. Because the City already has an extensive water and sewer system in place in large areas of both Richland and Lexington Counties, and because it can offer services to prospective new customers at competitive rates, the City believes that it can continue enlarging the size of its service area in the unincorporated areas of Richland and Lexington Counties.

Ten Largest Customers

The following table sets forth the ten largest water and sewer customers, by total revenue, for the Fiscal Year ended June 30, 2016.

[table]

Waterworks System

General

The sources of raw water for the Waterworks System are the Broad River, via the Columbia Canal (which has an average flow of 3,000 cfs (cubic feet per second)) and Lake Murray. The City has purchased rights to raw water under contracts with South Carolina Electric & Gas Company (“SCE&G”), which owns these water rights. The contract, with respect to water from Lake Murray, is for a term that is coterminous with SCE&G’s license to operate its Saluda Hydro Station and provides for up to 100 million gallons per day (“MGD”). In 2002, the City acquired the Columbia Hydro Station and the Columbia Canal.

The water treatment plant located on the Columbia Canal (“Canal Plant”) has a total raw water pumping capacity of 125 MGD with a sustained capacity of 85 MGD. The Canal Plant was originally constructed in 1906 and expanded in 1916, 1942, 1954, 1958, 1968 and 2006. The Canal Plant has a rated capacity for treatment of raw water of 84 MGD. The Canal Plant is currently producing an average flow of approximately 34 MGD with a maximum demand of 60 MGD. The total finished water pumping capacity was expanded to 121 MGD in 2013. The Canal Plant generally serves the area south of Interstate 20 and east of the Broad River. A major building renovation and filter upgrade was completed in 1998. Raw water and high service pumping improvements were completed in 2013.

The water treatment plant on Lake Murray (“Lake Murray Plant”) has a raw water pumping capacity of 105 MGD. The Lake Murray Plant, which was completed in 1983, has been expanded to increase high service (finished water) pumping capacity from 40 MGD to 105 MGD and water treatment capacity from 30 MGD to 75 MGD. The Lake Murray Plant generally serves the area north of Interstate 20. The average treatment and pumping rate at the Lake Murray Plant is 31 MGD. An expansion was completed in 2006 to increase its capacity to 75 MGD.

The City believes that the water sources provided by the Broad River and Lake Murray are adequate to provide ample water to meet the current and foreseeable needs of the System, and that the Columbia Plant and the Lake Murray Plant, as expanded and upgraded, will be adequate to continue to meet water treatment needs of the System for at least the next 20 years.

Approximately 2,300 miles of predominantly ductile and plastic pipelines, ranging in size from 4-inch to 64-inch diameters, comprise the Waterworks System's distribution network. The City places considerable emphasis on replacing smaller and deteriorated water mains and installing additional fire hydrants for optimal fire protection, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. The City maintains two 3-MG storage reservoirs for finished water at the Canal Plant, two 5-MG storage reservoirs at the Lake Murray Plant and 22 other storage tanks with an aggregate storage capacity of 44 MG.

The City owns all of the pipes, storage tanks, pumping stations and water treatment facilities that it uses to distribute water to customers. The pipes and all other parts of the water delivery system are expected to have at least a 75-year useful life. Existing pipes are typically installed in rights-of-way owned by the City, Richland or Lexington County or the State, with new lines being placed in exclusive easements when possible. The City owns in fee simple the land on which the Columbia Plant and Lake Murray Plant are located and most of the land on which pump stations and storage tanks are located.

The City maintains an ongoing program of upgrading, modernizing and rehabilitating the Waterworks System, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. See "Capital Expenditures" herein.

Operations

The total number of customers of the Waterworks System has grown by more than 18% over the past ten fiscal years. The major part of the growth has occurred as a result of new Out-of-City customers being added. Information on Revenues is set forth for both the Waterworks System and Sanitary Sewer System on a combined basis in "FINANCIAL FACTORS." The table below shows the number of water customers during the past ten Fiscal Years:

[table]

Special Contracts

The City has entered into contracts with Fort Jackson, the Town of Chapin ("Chapin"), and the Town of Winnsboro ("Winnsboro") to provide water service. The contract with Fort Jackson, which was entered into as of March 25, 1987, provides that the City will be paid at rates subject to renegotiation on the request of either party with reasonable cause. In February 2011, a 15% rate increase, which is effective through June 2020, went into effect for water service provided to Fort Jackson.

The City's contract with Chapin, which was entered into on June 29, 1988, provides for the acquisition of the entire water system of Chapin and provides for the City to enjoy the exclusive right to furnish water to Chapin for a period of 30 years. Chapin customers are charged the normal Out-of-City rates.

The City's contract with Winnsboro is a bulk water agreement, which was entered into May 1, 2013, and confirms that they pay the City's standard rate.

Waterworks System Rates

Information on rates and fees of the Waterworks System is set forth in "-Water and Sewer Rates and Fees" herein.

Federal and State Requirements

The City currently holds a license from the South Carolina Department of Health and Environmental Control ("DHEC") to operate a water treatment and distribution system. The Waterworks System currently meets all federal and State requirements regarding water quality. See "Environmental Matters – General."

Sanitary Sewer System

The City's Sanitary Sewer System consists of over 1,000 miles of sewer lines ranging in diameter from 4 inches to 60 inches, 55 sewage lift stations and a central treatment facility known as the Metropolitan Wastewater Treatment Plant ("Metro WWTP"). The Metro WWTP, a biological oxidation extended aeration treatment facility located on the Congaree River three miles south of the City, was originally constructed in 1970 and expanded in 1982 to 40 MGD and again in 1998 to 60 MGD. Currently the average daily flow to the Metro WWTP is about 34 MGD. Nearly five percent of the flow to the Metro WWTP is industrial. The City expects that the Metro WWTP, as expanded and upgraded, will be adequate to provide sewage treatment for the Sanitary Sewer System through the year 2060.

The City owns all of the sewer lines, lift stations and treatment facilities of the Sanitary Sewer System. The sewer lines are expected to have at least a 50-75 year useful life, with proper maintenance. The sewage lift stations are being rehabilitated as needed and are on a maintenance schedule, and most stations are expected to have a useful life of at least 15 years at construction or after rehabilitation is completed. Sewer lines are typically installed in easements or in rights-of-way owned by the City, Richland or Lexington County or the State, with new lines being placed in exclusive easements when possible. The City owns in fee simple the land on which the Metro WWTP and many of the sewage lift station sites.

In March 2013, the City sold a portion of the Sanitary Sewer System and the retail wastewater utility service rights to a private utility company ("Private Utility"), relating to approximately 13,000 predominantly residential customers located in northeast Columbia. The sale represented approximately 16% of the City's then-existing sewer accounts. The City will continue treating sewer for these accounts (at pre-determined rates) until the earlier of (1) three years from the sale date and (2) the date the Private Utility can construct necessary infrastructure allowing connection to its treatment plant.

The City maintains an ongoing program of upgrading, rehabilitating, and modernizing of the Sanitary Sewer System, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. See "Capital Expenditures" herein.

Operations

The number of In-City customers of the Sanitary Sewer System grew by approximately 9.76% between 2004 and 2013. The table below shows the number of customers of the Sanitary Sewer System over the past ten Fiscal Years.

[table]

†Reflects reduction of sewer customers arising from the City's sale of a portion of its Sanitary Sewer System in March 2013. Some customers will continue to be served by the City at predetermined rates for a limited period, as described above.

Special Contracts

The City entered into a contract with the City of West Columbia in 1975 and with Fort Jackson in 1967. The parties agreed to contribute financially to the construction, operation, maintenance, supervision and repair of certain components of the Sanitary Sewer System. The City assumed responsibility for the operation of these components, in return for which the City is paid a base monthly charge plus various other charges based on gallons of sewage discharged.

Sanitary Sewer System Rates

Information on rates and fees of the Sanitary Sewer System is set forth in "Water and Sewer Rates and Fees" herein. The most recent rate increase became effective [], 20[].

Federal and State Requirements

The Sanitary Sewer System currently holds a license from DHEC to operate a sewage treatment system. The Sanitary Sewer System currently meets all federal and State requirements in regard to sewage treatment. See “Environmental Matters – General.”

Water and Sewer Rates and Fees

General

The rates charged by the City for water and sewer service are not subject to approval by any federal or State regulatory body. The City’s rates, as adopted effective [], 20[], are set forth below. Based on these revised rates, the average monthly water and sewer bill for a residential In-City user, based on water usage of 800 cubic feet, is \$47.84 and for an Out-of-City user is \$81.31. The City has regularly increased rates as necessary, and effected rate increases to provide sufficient revenues for payment of projected increased costs of operation, expansion of the System, increases in debt service and to maintain required debt service coverage ratios. See “FINANCIAL FACTORS--Historical Debt Service Coverage of the System” and “--Projected Debt Service Coverage of the System.”

[tables to be updated]

Maximum sewer service rates on single-family residences during the months of April through October are based on a use of 1,400 cubic feet of water and during the months of November through March are based on actual usage. Sewer rates for apartment buildings and trailer parks are the base rate per dwelling unit plus the rate per 100 cubic feet reflected by water consumption. Sewer rates for hotels, motels, dormitories and rooming houses are one-half of the base rate plus the rate per 100 cubic feet reflected by water consumption.

Comparison of Water Rates in the Columbia MSA

Currently, there are six providers of water in the Columbia area: Lexington Water System, Carolina Water Service, Midlands Utilities, the City of Columbia, the City of West Columbia and the City of Cayce. The chart below compares current average monthly water bills for each of the three largest providers of water service.

[table]

†Based on 5,250 gallons of water.

Water and Sewer Tap Fees

The City charges new customers to the Waterworks System a tap fee that ranges from \$2,512.00 for a ¾-inch meter to \$8,490.00 for a 2-inch meter. The City charges new customers to the Sanitary Sewer System a tap fee of \$3,940.00 for each tap. Water and sewer tap fees generated a total of \$2,561,434 in revenues for the System in Fiscal Year 20[].

Sewer Plant Expansion Fees

The City began charging new customers of the Sanitary Sewer System a sewer plant expansion fee on October 1, 1987. The fee is intended to provide an additional source of moneys for upgrading and expansion of the Metro WWTP. Sanitary Sewer System plant expansion fees generated a total of \$1,845,420 in revenues in Fiscal Year 20[].

Water and Sewer Billing and Collection Policies

New or transferring account fees are charged to customers (new and existing) who request service. Bills are mailed to customers on a periodic basis throughout the month and are payable on receipt. Customers receiving both water and sewer services receive combined bills for these services. Water or sewer service accounts that are two months or more in arrears are terminated for non-payment. Advance notice of 10 days is given prior to such termination action.

Capital Expenditures

The City has expanded and improved the System with proceeds of revenue bonds and Revenues of the System. During Fiscal Years 2012 through 2016, the City expended approximately \$289,573,933 (unaudited) for System expansion and improvement, including approximately \$71,237,960 (unaudited) expended in Fiscal Year 2016. The following table shows the amounts expended from proceeds of revenue bonds and System Revenues for capital improvements to the System, including cash-funded projects that fall outside the City's Capital Improvements Program, undertaken during Fiscal Years 2012 through 2016.

[table]

†Unaudited.

To take advantage of historically low interest rates and to finance capital expansions and improvements identified in the System's then current Capital Improvements Program, the City undertook an aggressive program of annual debt issuances on behalf of the System, beginning in Fiscal Year 2016. Because of the combined effect of (i) the City having sufficient bond proceeds available to fund annual System expansions and improvements from Fiscal Year 2012 through Fiscal Year 2016 and (ii) the City's preference to spend available bond proceeds for System expansions and improvements before using cash on hand, the System fund balance was able to grow from approximately \$101 million in Fiscal Year 2012 to approximately \$165 million (unaudited) in Fiscal Year 2016.

Capital Improvements Program

Future capital expenditures to expand and improve the System are managed by the City through a rolling five-year Capital Improvements Program, which is approved annually by City Council as part of the adoption of the City's Budget Ordinance. The current Capital Improvements Program covers the Fiscal Years ending June 30, 20[], through June 30, 20[], and anticipates capital expenditures of approximately \$100,000,000 per year for each of the next five years for total expenditures of approximately \$500,000,000. Sixty percent of the anticipated capital expenditures will be devoted to the Sanitary Sewer System and the remaining 40% will be devoted to the Waterworks System. The expenditures are expected to include engineering, storage tanks, water plant additions, increased sewer capacity, lines, pump stations, easements and land. In addition, expenditures will be targeted to rectify issues identified in the Consent Decree (as defined below).

The City expects to fund the Capital Improvements Program with, among other sources, Revenues of the System, proceeds of Bonds, and State and federal grants. Twenty percent of the annual capital expenditures for the Capital Expenditures Program are anticipated to be funded from System Revenues.

The five-year Capital Improvements Program is reviewed and updated annually to address the needs of the System. The City is in the process of revising the Capital Improvements Program, and will continue to evaluate and revise it if necessary, to ensure all requirements of the Consent Decree are met within the timeframes established thereby, while complying with the rate covenant set forth in the General Ordinance. The City believes a portion of the capital improvements that are or will be mandated by the Consent Decree are currently contemplated in the five-year Capital Improvements Program. See "Environmental Matters – Conclusion."

Environmental Matters

General

Operation of the System is subject to regulation by certain federal, State and local authorities. Federal and State standards and procedures that currently regulate and control operation of the System may change from time to time as a result of continuing legislative, regulatory and judicial action. Therefore, there is no assurance that the facilities comprising the System currently in operation, under construction or contemplated will always remain subject to the regulations currently in effect, or will always be in compliance with future regulations.

An inability to comply with various governmental regulations and standards could result in reduced operating levels or complete shutdown of such facilities not in compliance. Furthermore, compliance with such governmental regulations and standards may substantially increase capital and operating costs.

Permits and Ordinances

The System is in substantial compliance with current regulatory requirements of the United States Environmental Protection Agency (“EPA”) and DHEC, and the requirements and conditions of all permits required to operate the System are in order. The City currently has the following permits in effect:

<u>Permit</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Description</u>
<u>DHEC Wastewater NPDES Permit #SC0020940 (the “NPDES Permit”)</u>	<u>September [], 20[]</u>	<u>September [], 20[]</u>	<u>Authorization to discharge treated effluent in accordance with the National Pollutant Discharge Elimination System (“NPDES”) into the Congaree River</u>
<u>Annual Operating Permit, System #401001</u>	<u>Permitted annually</u>	<u>June 1, 20[]</u>	<u>Authorization to operate a water treatment plant</u>
<u>S.C. Water Resources Commission, Interbasin Transfer Permit 1013-IB</u>	<u>August 29, 2008</u>	<u>August 29, 2028</u>	<u>Authorization to transfer water between river basins in South Carolina</u>

The City has had a Wastewater Services Ordinance in place since March 19, 1974. Subsequent revisions to this ordinance have been made to reflect changes in federal, State and local standards. The City has operated an Industrial Pretreatment Program pursuant to the Federal General Pretreatment Regulations and approved by DHEC since October 1, 1984. The City includes the City of West Columbia under this program pursuant to an inter-jurisdictional agreement executed January 8, 1986. Seven categorical and 13 significant non-categorical industries are currently regulated under this program.

The City is permitted under a stormwater MS4 General Permit for the Metro WWTP stormwater discharges.

EPA and DHEC Actions

In April 2009, the EPA issued a Notice of Violation to the City for effluent limit violations of the City’s NPDES Permit and the Clean Water Act (“CWA”). Thereafter, the EPA requested information from the City under the CWA relating to the compliance status of the Sanitary Sewer System.

On review of the City’s responses to the EPA’s information requests, the EPA identified numerous alleged violations by the City of the CWA, including the frequent occurrence of sanitary sewer overflows from the Sanitary Sewer System over a specified time period (“CWA Violations”). Additionally, the EPA identified additional alleged effluent limit violations of the NPDES permit and violations of NPDES permit requirements related to the City’s implementation of the approved industrial pretreatment program (“NPDES Violations,” and, together with the CWA Violations, “Violations”). By letter dated May 20, 2010, the EPA notified the City that it had referred this matter to

the Civil Enforcement Division of the U.S. Department of Justice, but indicated its preference to negotiate a resolution of this matter.

On September 9, 2013, after a lengthy period of negotiations among the City, the EPA, and DHEC, the EPA and DHEC lodged a Consent Decree (“Consent Decree”) with the U.S. District Court for the District of South Carolina (“District Court”), in which the City agreed to settle allegations by the EPA and DHEC regarding the Violations. The public comment period on the terms of the Consent Decree closed on October 10, 2013. Prior to December 31, 2013, the parties anticipate the Consent Decree and any comments will be presented to the District Court for consideration and entry. The terms of the Consent Decree will be final and enforceable on entry by the District Court.

The terms of the Consent Decree require the City to (i) evaluate the Sanitary Sewer System and, based on that evaluation, implement capital improvements to the Sanitary Sewer System’s infrastructure, and (ii) implement a \$1,000,000 Supplemental Environmental Project (“SEP”) aimed at restoring and reducing flooding along segments of Rocky Branch and Gills Creek. The City anticipates total expenditures of approximately \$750,000,000 will be required over a period of approximately 10 years in order to meet the requirements of the Consent Decree. The City’s five-year Capital Improvements Program, which the City believes is presently responsive to a portion of the capital improvements that are or will be required by the Consent Decree, is being further revised to enable the City to meet all of its obligations under the Consent Decree within the prescribed timeframes. In addition, the City is required to pay a civil penalty in the amount of \$476,400 to resolve the alleged CWA Violations.

In addition to the matters addressed by the Consent Decree, at various times since 2011, the City has received letters from DHEC, dated March 11, 2011, April 20, 2011, June 14, 2011, October 5, 2011, April 6, 2012, August 1, 2012, January 24, 2013 and February 20, 2013 (“DHEC Letters”), identifying a total of 27 alleged violations of the City’s NPDES permit requirements. Almost all of the DHEC Letters recited that the City was not required to provide a written response; however, the City timely responded to all of the DHEC Letters to which it was required to respond, noting that the City was undertaking a program of capital improvements designed, in part, to address the issues cited in that particular DHEC Letter.

On June 25, 2013, the City executed a Consent Order with DHEC (“DHEC Consent Order”), resolving all of the alleged violations described in the March 11, 2011, April 20, 2011 and June 14, 2011 DHEC Letters. The DHEC Consent Order provided for the payment of a \$4,000 civil penalty and submittal of a Corrective Action Plan and schedule for implementation to prevent future fecal coliform violations. Except as described herein, the City does not expect any further DHEC action in connection with the remaining DHEC Letters. The City does not expect its compliance with the Corrective Action Plan to have a materially adverse impact on the financial condition of the System or the City.

[to be updated]

Conclusion

As a result of the final Consent Decree, the City may potentially be required to pay additional civil penalties should it not comply with the terms of the Consent Decree. The City intends to fully comply with the terms of the Consent Decree and undertake the capital improvements required by the Consent Decree. The City does not expect its compliance with the Consent Decree to have a materially adverse impact on the financial condition of the System or the City.

Fringe Benefits, Retirement and Health Insurance and Other Post-Employment Benefits

[to be updated]

All eligible full-time City employees are required to participate in a pension plan. All firemen and law enforcement officers must belong to the South Carolina Police Officers’ Retirement System (“PORS”). All other eligible employees must belong to the South Carolina Retirement System (“Retirement System”) and are covered by its pension plan. The Retirement System is a cost-sharing, multiple-employer, defined benefit pension plan. The Retirement System provides both retirement and death benefits on an employee and employer contribution basis.

With respect to PORS and the Retirement System, member employees currently contribute 7.0% of their annual compensation. Under recently enacted legislation, Act No. 278 of 2012 (“Act 278”), Retirement System contribution rates will increase from 6.5% to 8.0% in 0.5% increments annually from July 1, 2012 (the first of which such increase is already in effect), to July 1, 2014. Also under Act 278, the City’s Retirement System employer contribution rate (exclusive of contributions to an optional incidental death program, in which the City does not participate) is 10.45% beginning July 1, 2012, and will increase to 10.75% effective July 1, 2014. Act 278 modifies the required employee contribution with respect to PORS to 7.84% beginning July 1, 2013 and 8.41% beginning July 1, 2014. Finally, under Act 278, the City’s PORS employer contribution rate (exclusive of contributions to optional incidental death and accidental death programs, in which the City does not participate) increased to 11.9% effective July 1, 2012, and will increase to 12.44% effective July 1, 2013, and 13.01% effective July 1, 2014. Total employer retirement contributions to the Retirement System paid on behalf of all City employees totaled \$9,171,700 for the fiscal year ended June 30, 2012, and \$10,108,520 (unaudited) for the fiscal year ended June 30, 2013.

The City pays all required contributions for fringe benefits and insurance as they come due and there are no liabilities for underfunding of such benefits.

The City provides post-employment health care benefits to eligible employees who retire from the City. Eligibility for post-employment health care benefits is based on the employee’s hire date. Employees hired on or after July 1, 2009, are eligible after 25 years of service for police/fire and 28 years of service for all other employees. Employees hired prior to July 1, 2009, are eligible after 25 years (20 years if age 55) of service for police/fire and 28 (20 years if age 60) years of service for all other employees. At June 30, 2011, 698 retirees met those requirements.

In June 2004, the Governmental Accounting Standards Board (“GASB”) approved the final set of accounting standards applicable to Other Post-Employment Benefits (“OPEB”), which are non-pension benefits provided after a person leaves employment. The standards are explained in GASB Statement Nos. 43 and 45. These accounting standards were implemented and took effect with respect to the City’s financial statements during the fiscal year ended June 30, 2006. In anticipation of that effective date, the City engaged the services of an actuarial firm to make a determination of the City’s OPEB liability that would be recognized for the fiscal year ended June 30, 2006. Independent actuarial studies have been performed for June 30, 2006, June 30, 2009, and June 30, 2011.

A report was issued by Towers Watson dated November 2012 (“2012 Report”) that identified an Unfunded Actuarial Liability of \$104,195,581 on July 1, 2012. The Annual Required Contribution (“ARC”) was determined to be \$7,826,383 per year. The City is not currently funding the ARC in the amount suggested in the 2012 Report. Since June 30, 2006 the City has paid current OPEB charges on a pay-as-you-go basis and deposited \$45,803,720. The deposits are made to a segregated account (“OPEB Account”). The amounts in the OPEB Account are set aside and designated to offset the City’s OPEB liability. Amounts in the OPEB Account, however, may be accessed with the approval of the City Council and may be used for general purposes of the City. In April 2013, the City transferred \$7,000,000 from the OPEB Account to an Economic Development Fund and loaned the \$7,000,000 to the Columbia Development Corporation (“CDC”) to purchase and renovate an historic structure in downtown Columbia known as the “Palmetto Compress and Warehouse Company Building” (“Palmetto Compress Building”). After giving effect to the transfer and loan, approximately \$38,803,720 remained on deposit in the OPEB Account. The City intends for the CDC to sell the Palmetto Compress Building and repay the City, which will in turn deposit the sale proceeds in the OPEB Account.

Liability Insurance

Subject to specific immunity set forth in the South Carolina Tort Claims Act, the City, like other local governments, is liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate for torts. There are no limits in actual damages for recoveries under 42 U.S.C. § 1983. No punitive or exemplary damages are permitted under the South Carolina Tort Claims Act or the Federal Civil Rights Act. The City currently self insures against tort liability under the South Carolina Tort Claims Act.

INTEREST RATE SWAPS AND OTHER OBLIGATIONS

In September 2007, the City entered into an ISDA Master Agreement and an accompanying schedule (collectively, “Master Agreement”) with JPMorgan Chase Bank, N.A. (in such capacity, “Counterparty”), to

establish the general terms under which various interest rate swap and other derivative transactions may be entered between such parties.

The Series 2009 Swap

On September 20, 2007, and pursuant to the written confirmation to the Master Agreement dated such date between the City and the Counterparty, the City entered into a “fixed payor” interest rate swap agreement with the Counterparty (“Series 2009 Swap”) to enable the City to synthetically hedge a portion of its variable rate interest exposure relative to the Bonds during the term of the Series 2009 Swap. The Series 2009 Swap obligates the City to pay the Counterparty a fixed rate, based on a notional amount equal to the initial par amount of the 2009 Bonds, as reduced based on mandatory sinking fund redemptions scheduled therefor. The goal of the Series 2009 Swap is to reduce the City’s variable rate exposure under the 2009 Bonds and convert much of its variable rate exposure during the term of the Series 2009 Swap to a hedged fixed rate (subject to applicable basis risks associated with the actual correlation of such variable rate index with the actual variable rate of such Bonds). The Series 2009 Swap will expire in accordance with its terms (unless earlier terminated) on February 1, 2038, which is a date coterminous with the final maturity date of the 2009 Bonds.

Under certain circumstances, some of which may be beyond the control of the City, the Series 2009 Swap is subject to termination prior to the scheduled termination date, including on the occurrence of certain events of default. Such events of default include without limitation (i) failure to pay or deliver any payment required to be made under the Master Agreement, (ii) breach of Master Agreement, (iii) credit support default, (iv) misrepresentation, (v) default under a specified derivative transaction, (vi) cross default, (vii) bankruptcy and (viii) merger of party or any guarantor of such party without assumption of such party’s obligations by the resulting entity.

In addition to the foregoing, the Counterparty has the right, but is not required, to terminate the Series 2009 Swap in the event that the rating of the long-term unsecured debt (without credit or structural enhancement) of the City is withdrawn, suspended for more than 30 days or reduced below “[]” by Standard & Poor’s or “[]” by Moody’s. Correspondingly, the City has the right, but is not required, to terminate the Series 2009 Swap in the event that the rating of the long-term unsecured debt (without credit or structural enhancement) of the Counterparty is withdrawn, suspended for more than 30 days or reduced below “BBB” by Standard & Poor’s or “B[]2” by Moody’s.

In the event of an early termination of the Series 2009 Swap, the City may owe a termination payment to the Counterparty or, conversely, the Counterparty may owe a termination payment to the City. Such a termination payment generally would be based on the market value of the Series 2009 Swap on the date of termination. For example, if the Series 2009 Swap was terminated, the City’s termination payment to the Counterparty, based on mid-market rates, as of [], 2016, would have been approximately \$[]. Any such amount that may be owed in the future by the City with respect to the Series 2009 Swap may be substantial, and could adversely affect the City’s ability to pay debt service on the Bonds. Such termination payments are secured by a pledge of Net Revenues junior and subordinate to the pledge of Net Revenues securing the Bonds and all parity debt.

In addition, a partial termination of the Series 2009 Swap could occur to the extent that any Bonds are redeemed pursuant to an optional redemption. If such an optional redemption occurs, a termination payment related to the portion of the Series 2009 Swap terminated may be owed to either the City or the Counterparty, depending on market conditions at that time. Moreover, the Series 2009 Swap can be terminated on mutual agreement of the Counterparty and the City. There is no guarantee the Series 2009 Swap will be outstanding for its stated term.

The payment obligations of the City under the Series 2009 Swap will not alter or affect the obligation of the City to pay or make payments with respect to the principal of, redemption price of and interest on the 2009 Bonds. The Counterparty has no obligation to make payments directly to the holders of the 2009 Bonds. The holders of the 2009 Bonds have no contractual or other rights or claims against the Counterparty for payment of the 2009 Bonds. The Series 2009 Swap does not provide a source of security or other credit for the 2009 Bonds.

Additional Derivative Agreements

In addition to the Series 2009 Swap, the City may in the future enter into one or more additional interest rate swap or other derivative transactions, whether pursuant to the Master Agreement or otherwise and whether with the Counterparty or one or more other swap counterparties, to the extent not prohibited by the Ordinance. The extent or effect of any such additional transactions cannot be known as of the date of this Official Statement.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the 2016 Bonds on an event of default under the Ordinance are in many respects dependent on judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code and the Ordinance, the 2016 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2016 Bonds (including Co-Bond Counsel's approving opinions) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits enacted before or after such delivery.

LEGAL MATTERS

Litigation

Except as set forth below, no litigation, to the knowledge of the City, is threatened in any court to restrain or enjoin the issuance or delivery of the 2016 Bonds or the collection, payment or receipt of the moneys pledged or to be pledged to pay the principal of, premium, if any, and interest on the 2016 Bonds or, in any way contesting or affecting the validity of the 2016 Bonds, the General Ordinance or the Supplemental Ordinance, the power to collect, pay or receive the moneys with which to pay the 2016 Bonds or the organization or the powers of the City, including the power to operate the System and to collect revenues therefrom.

2011 Lawsuit

On October 10, 2011, a lawsuit was filed against the City, captioned, Joseph S. Azar, individually and as Class Representative v. City of Columbia, C/A No. 2011-CP-40-6705. The Complaint was amended on October 13, 2011, to add another plaintiff, Frank J. Cumberland, Jr., and, on February 6, 2012, to add Michael A. Letts, as an additional plaintiff, and to make additional allegations.

In the lawsuit, the plaintiffs challenge the City's ability to transfer water and sewer service charges and user fees from its water and sewer fund to other funds, including the City's general fund, and the use thereof for purposes other than the operation and maintenance of, or improvement to, the System. The plaintiffs are seeking the re-transfer or refund of a portion of such water and sewer service charges and user fees (which may affect multiple prior fiscal years) that the City allegedly impermissibly used or transferred, attorneys' fees, and injunctive relief to stop the future use or transfer of water and sewer service charges and user fees for such allegedly impermissible purposes. In addition, the plaintiffs previously petitioned the court for class certification, which the court denied in its order filed June 26, 2012.

The parties filed cross-motions for summary judgment. By order filed September 27, 2013, the circuit court granted the City's Motion for Summary Judgment and denied the plaintiffs' Motion for Summary Judgment, thereby upholding the City's use of its water and sewer revenues as lawful. The City cannot predict whether the plaintiffs will appeal the court's order or whether such appeal will be successful but, if appealed, the City intends to vigorously defend the lawsuit. The City cannot predict the final outcome of the appeal or whether a recovery, if any, by the plaintiffs would include the re-transfer or refund of past water and sewer service charges or user fees, the prohibition of future transfers of water and sewer service charges or user fees to other funds, including the City's general fund, interest, attorney's fees or other penalties or costs. However, the City believes that an adverse determination in the lawsuit would not materially adversely affect the City's general financial condition or its ability to pay principal and interest of the 2016 Bonds. [to be updated]

United States Bankruptcy Code

The undertakings of the City should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. § 901, et seq., as amended ("Bankruptcy Code"), 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; 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.

Other Legal Matters

Certain legal matters incident to the authorization, issuance and sale of the 2016 Bonds are subject to the approval of the legality of issuance thereof by McNair Law Firm, P.A., Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, as Co-Bond Counsel. The proposed forms of the opinions of Co-Bond Counsel to be delivered when the 2016 Bonds are issued are set forth in Appendix D hereto. Certain matters will be passed on for the Underwriters by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and The Starkes Law Firm, P.A., Columbia, South Carolina, as Co-Underwriters' Counsel. Certain legal matters will be passed on behalf of the City by the City Attorney, Teresa A. Knox, Esquire.

From time to time, Parker Poe Adams & Bernstein LLP serves as Bond Counsel to the City and, from time to time, one or both Parker Poe Adams & Bernstein LLP, The Starkes Law Firm, P.A. and McNair Law Firm, P.A. have represented one or both of the Underwriters as counsel in financing transactions unrelated to the sale of the 2016 Bonds. Neither the City nor either Underwriter has conditioned the future employment of any of these firms in connection with any proposed financing issues for the City or either Underwriter on the successful execution and delivery of the 2016 Bonds.

TAX EXEMPTION AND OTHER TAX MATTERS

Internal Revenue Code of 1986

In the opinion of McNair Law Firm, P.A., Columbia, South Carolina, as Co-Bond Counsel ("McNair"), to be delivered on the date of issuance of the 2016 Bonds, under existing laws, regulations, rulings and judicial decisions and assuming the City's continued compliance with certain covenants described below, interest on the 2016 Bonds is excludable from gross income of the recipients thereof for federal income tax purposes.

The Internal Revenue Code of 1986, as amended ("Code"), including the Treasury Regulations promulgated thereunder, includes provisions that relate to tax-exempt obligations, such as the 2016 Bonds, including, among other things, permitted uses and investment of the proceeds of the 2016 Bonds and the rebate of certain net arbitrage earnings from the investment of such proceeds to the United States Treasury. Noncompliance with these requirements may result in interest on the 2016 Bonds becoming subject to federal income taxation retroactive to the respective issuance dates thereof. The City has covenanted to comply with the requirements of the Code to the extent required to maintain the exclusion of interest on the 2016 Bonds from gross income for federal tax purposes. Failure of the City to comply with the covenant could cause the interest on the 2016 Bonds to be taxable retroactively to the date of issuance.

The Code imposes an alternative minimum tax on a taxpayer's alternative minimum taxable income. Interest on the 2016 Bonds is not an item of tax preference for purposes of the individual and corporate alternative minimum tax. However, interest on the 2016 Bonds will be includable in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax imposed on corporations.

Although McNair is of the opinion that interest on the 2016 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the 2016 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. Prospective purchasers of the 2016 Bonds should be aware that ownership of the 2016 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrifts and other financial institutions, property and casualty insurance companies, certain recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies

and taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2016 Bonds. McNair will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2016 Bonds should consult their tax advisors as to collateral federal income tax consequences.

McNair has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or event occurring (or not occurring) after the issuance date of the 2016 Bonds may affect the tax status of interest on the 2016 Bonds. In rendering its opinion, McNair will rely on certificates and representations of the City with respect to certain material facts solely within the City's knowledge relating to the investment and use of the proceeds of the 2016 Bonds and compliance by the City with certain covenants.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2016 Bonds to be subject, directly or indirectly, to federal or State income taxation, or otherwise prevent the holders thereof from realizing the full current benefit of the tax-exempt status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2016 Bonds and could also affect, perhaps significantly, the market price for, or marketability of, the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which McNair expresses no opinion.

Original Issue Discount
[to be updated]

Original Issue Premium
[to be updated]

State Tax Law Matters

McNair is of the opinion that under present laws of the State, interest on the 2016 Bonds will be excluded from South Carolina taxation, except estate, transfer and certain franchise taxes. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes on every bank engaged in business in the State a fee or franchise tax computed at the rate of 4½% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that the term "entire net income" include income derived from any source whatsoever, including interest on obligations of any state and any political subdivision thereof. Interest on the 2016 Bonds will be included in such computations.

FINANCIAL ADVISOR

Stifel | Merchant Capital Division, Columbia, South Carolina, has served as Financial Advisor to the City in connection with the offer and sale of the 2016 Bonds. As such, it has participated in the preparation of and review of the various financing documents related to the 2016 Bonds. The Financial Advisor will be paid from the proceeds of the 2016 Bonds.

CONTINUING DISCLOSURE

[to be updated]

MISCELLANEOUS

Ratings

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), have assigned the 2016 Bonds their municipal bond ratings of "[I]" and "[I]" respectively. Such ratings reflect only the views of Moody's and S&P and an explanation of the significance of such ratings may be obtained from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and for S&P at: Standard & Poor's Corporation, 55 Water Street, 38th Floor, New York, New York 10041. The City has furnished to Moody's and S&P certain information and materials respecting the City and the 2016 Bonds. Generally, Moody's and S&P 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 Moody's or S&P, if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Bonds.

Underwriting

The 2016 Bonds are being purchased for reoffering by the Underwriters. The Underwriters have agreed, subject to certain conditions, to purchase the 2016 Bonds at a purchase price of \$[] (which reflects \$[.00 [plus][less] [aggregate] original issue [premium][discount] of \$[] less Underwriters' Discount of \$[]).

The Underwriters may offer and sell the 2016 Bonds to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

Concluding Statement

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the 2016 Bonds and the determinations of the City Council relating thereto are qualified in their entirety by reference to the definitive forms of the 2016 Bonds and the Ordinance and to such 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 the Official Statement and in the appendices hereto has been obtained from sources other than the City that are believed to be reliable but is not guaranteed as to accuracy or completeness.

The agreement between the City and the holders of the 2016 Bonds is fully set forth in the Ordinance and neither any advertisement for the 2016 Bonds nor this Official Statement is to be construed as constituting an agreement with the holders of the 2016 Bonds.

Anyone having questions should direct them to Jeffery M. Palen, Chief Financial Officer, City of Columbia, 1136 Washington Street – Fourth Floor, Columbia, South Carolina 29201, and telephone (803) 545-4093.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

The delivery of this Official Statement and its use in connection with the sale of the 2016 Bonds has been duly authorized by the City.

CITY OF COLUMBIA, SOUTH
CAROLINA

Stephen K. Benjamin, Mayor

APPENDIX A

PORTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2016

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF COLUMBIA

[to be provided]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

[to be provided]

APPENDIX D
FORMS OF OPINIONS OF CO-BOND COUNSEL

[to be provided]

APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (“Disclosure Agreement”), dated as of _____, is executed and delivered by the City of Columbia, South Carolina (“Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (“Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (defined below) of the Bonds (defined below) and in order to provide 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 (“Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer 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 Issuer or anyone on the Issuer’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.

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 (defined below). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“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 Repositories.

“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.

“Audited Financial Statements” means the financial statements (if any) of the Issuer 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) 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, Voluntary Report,

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, Voluntary Report, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the Repositories under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Finance Director or his designee, or such other person as the Issuer 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.

“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 Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’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 (if any), 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 established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means an event listed in Sections 4(a) of this Disclosure Agreement.

“Official Statement” means that Official Statement prepared by the Issuer in connection with its \$_____ Waterworks and Sewer System Revenue Bonds, Series _____ as listed on Appendix A.

“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 Issuer 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 30 days prior to 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 February 1 after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, _____. 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 Issuer 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 Issuer 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 that a Notice Event as described in Section 4(a)(12) has occurred and to immediately send a 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 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Notice Event described in Section 4(a)(12) shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a 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.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certificate, 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 Issuer 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 Issuer 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;”
 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 Issuer 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. “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;” and
9. “other financial/operating data.”

(viii) provide the Issuer 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 Issuer 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 and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement as follows:

- (1) The financial statements of the Issuer for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or if not in conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (2) Financial and operating data for the most recently completed fiscal year which shall consist of the operating data generally consistent with the information contained in the following tables in the Official Statement:

- (a) Under the caption “FINANCIAL FACTORS”: (i) Five-Year Summary and

(ii) Historical Debt Service Coverage of the System; and

(b) Under the caption “THE CITY AND THE SYSTEM”: (i) Ten Largest Customers, (ii) Number of Billed Customers on Waterworks System, (iii) Number Billed Customers on Sanitary Sewer System, (iv) Water Rates, (v) Sewer Rates, (vi) Comparison of Water Rates in the Columbia MSA, and (vii) Capital Improvements Undertaken;

provided, however, that the City shall be excused from updating financial or operating data which it is required to (but cannot) obtain from other governmental entities.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

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 Issuer 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 Issuer will clearly identify each such document so incorporated by reference.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, 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;
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 Issuer shall, in a timely manner not in excess of ten 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 Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer 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 Issuer 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 Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (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 Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer 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 Issuer 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. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer 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 Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer 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 Reports.

(a) The Issuer 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 Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer 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 will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer 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 Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer 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-2.

(c) The parties hereto acknowledge that the Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer 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 Issuer or DAC, the Issuer 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 Issuer shall remain liable 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 Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer 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 in this Disclosure Agreement.

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 Issuer 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 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 Disclosure Dissemination Agent shall have no responsibility for the Issuer'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 Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer 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 Issuer.

(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 Issuer 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 Issuer 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 Issuer 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 Issuer. No such amendment shall become effective if the Issuer 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 Issuer, 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 South Carolina (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.

[Signature page follows]

The Disclosure Dissemination Agent and the Issuer 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: _____
Title: _____

City of Columbia, South Carolina, as Issuer

By: _____
Name: _____
Title: _____

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

Number of pages of attached material event notice: _____

_____ 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;" and
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: _____

Employer: Digital Assurance Certification, L.L.C.

390 N. Orange Avenue

Suite 1750

Orlando, FL 32801

407-515-1100

**EXHIBIT C-1
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

Number of pages of attached material event notice: _____

_____ 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;" and
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: _____

Employer: Digital Assurance Certification, L.L.C.

390 N. Orange Avenue

Suite 1750

Orlando, FL 32801

407-515-1100

**EXHIBIT C-1
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

Number of pages of attached material event notice: _____

_____ 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;" and
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: _____

Employer: Digital Assurance Certification, L.L.C.

390 N. Orange Avenue

Suite 1750

Orlando, FL 32801

407-515-1100

Comparison Details	
Title	pdfDocs compareDocs Comparison Results
Date & Time	7/7/2016 12:53:11 PM
Comparison Time	4.49 seconds
compareDocs version	v4.2.0.25

Sources	
Original Document	[#1257113] [v6] Eleventh Supplemental Ordinance (Columbia 2016 W/S)
Modified Document	[#1257113] [v7] Eleventh Supplemental Ordinance (Columbia 2016 W/S)

Comparison Statistics	
Insertions	463
Deletions	3
Changes	11
Moves	0
TOTAL CHANGES	477

Word Rendering Set Markup Options	
Name	Standard
<u>Insertions</u>	
Deletions	
<u>Moves</u> / Moves	
Inserted cells	
Deleted cells	
Merged cells	
Formatting	Color only.
Changed lines	Mark left border.
Comments color	By Author.
Balloons	False

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after Saving	General	Always
Report Type	Word	Formatting
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	True
Show Track Changes Toolbar	Word	False
Show Reviewing Pane	Word	False
Update Automatic Links at Open	Word	False
Summary Report	Word	End
Include Change Detail Report	Word	Separate
Document View	Word	Print
Remove Personal Information	Word	False
Flatten Field Codes	Word	True