

October 3, 1985

Special Meeting, October 3, 1985

PROCEEDINGS OF COUNCIL

COUNCIL CHAMBER

Special Meeting.

October 3, 1985.

The forty-seventh meeting of the City Council of Charleston was held this date, convening at 5:00 p.m. in City Hall.

Notice of this meeting was sent to the local news media September 27, 1985. A notice of the meeting appeared in SATURDAY, September 28, 1985.

PRESENT

The Honorable Joseph P. Riley, Jr., Mayor, and Councilmembers Gaillard, Kinloch, Richardson, Jefferson, Christopher, Scott, Ford, Ader, Stephens and Cochran --11.

The meeting was opened with prayer by Councilmember Christopher.

The Mayor thanked everyone for their attendance at this Special Meeting of City Council. Prior to beginning the agenda, the Mayor introduced Mr. Wallace Terry, a distinguished journalist, TV-Radio Commentator and as part of a tour throughout the United States a guest speaker at the College of Charleston. The Mayor explained that Mr. Terry had written a book, *Bloods: An Oral History of the Vietnam War by Black Veterans*, which has received national acclaim and has been nominated for a Pulitzer Prize.

The Mayor related further details and experiences of Mr. Terry's career and then read the following proclamation:

PROCLAMATION

WHEREAS, Wallace Terry, an award-winning journalist, producer and commentator, first gained national attention when as a Brown University undergraduate, he received an exclusive interview with Arkansas Governor Orval Faubus during the Little Rock crisis; and

WHEREAS, Mr. Terry has an impressive career history ranging from Editor-in-Chief of the Brown University Daily Herald, the first Black editor of a major university newspaper; Deputy Chief of the Saigon Bureau for Time Magazine during the Vietnam War; and as a radio and television commentator; and

WHEREAS, through his on-the-scene experience during the Vietnam War, Mr. Terry authored the compelling book *Bloods --An Oral History of the Vietnam War by Black Veterans*, which puts into focus the contradictions, ironies and agonies of Vietnam, as well as the contributions made by the Black Veteran during this turbulent, heart-wrenching period in American History; and

WHEREAS, on this day the City of Charleston is honored to have Mr. Terry here for the many contributions he has made toward the better understanding of the Vietnam War and to help us celebrate Charleston's annual Moja Festival;

NOW, THEREFORE, I, Joseph P. Riley, Jr., Mayor of the City of Charleston, do hereby proclaim Thursday, October 3, 1985, as:

WALLACE TERRY DAY

In the City of Charleston and extend our appreciation on behalf of our community's Black Vietnam veterans for accurately revealing their involvement in the war and how it affected them personally as a race.

_____ The Mayor presented the proclamation to Mr. Terry and then presented Mr. Terry to City Council.

Mr. Terry thanked the Mayor, Councilmembers and citizens for their attention and hospitality. Mr. Terry said he was "delighted to be in Charleston, delighted to be in your presence and delighted to be with your distinguished Mayor, who is certainly one of the leading Mayors throughout this nation".

Mr. Terry acknowledged the presence of Dr. George Cogar, Phd., Team Leader of the Vet Center Out Reach Program and Mr. Gordon Harrison, B.A., Counselor at the Vet Center. This program is central to the readjustment of Vietnam veterans. Mr. Terry said, and urged citizens to help and support this effort.

Mr. Terry also noted the presence of his three Charleston relations --Mr. and Mrs. Frank Hamilton and their daughter Ms. Kathy Huff.

Relating segments of his life that led to his book 'Bloods', Mr. Terry stated that if America would only understand what the Vietnam veterans, black and white, shared one with another, it would advance race relations in this country by possibly one or even two hundred years. These men were patriots. Mr. Terry said, and they should be listened to. "There were no atheists and there were no racists on the front lines", he said.

Mr. Terry then presented a copy of his book to Mayor Riley for the City of Charleston, in honor of all of its men and women who served in Vietnam. Whether or not an individual "considers Vietnam a noble cause", Mr. Terry said, "the Americans who went there were noble".

The Mayor stated he wished to give Mr. Terry a gift from the City of Charleston which was more meaningful than "a key to some non-existing building". He explained that the following week the 50th Anniversary production of 'Porgy and Bess' would be opening in Charleston as part of the Moja Arts Festival.

He stated that in 1970 the City of Charleston celebrated its Tricentennial and a highpoint of the year celebration was the performance of 'Porgy and Bess', which was being performed in Charleston for the first time.

Emmett Robinson, a local artist, playwright and director, made a beautiful etching of the 'Porgy and Bess' set. The etching was a limited edition and there were no more copies available. The Mayor said he had vowed that if the etching were ever reprinted, he would have the City purchase some copies to be given as gifts to distinguished visitors to this City.

The Mayor stated that fortunately the etching has been reprinted. It is a limited edition, signed by the artist. He presented a copy of the etching to Mr. Terry noting that this was the first presentation of the etching he had had the honor to present.

Next, the Mayor informed City Council of Assistant Corporation Counsel Robert Clawson's request that a matter on the agenda be taken out of order at this time as he had another meeting to attend. No objection was expressed to Mr. Clawson's request being honored.

Mr. Clawson explained that on this afternoon's agenda there was a bill up for second reading to authorize the Mayor to enter into a Modification of Lease, an Assumption of Lease, Release and Consent, Lessor's Estoppel Certificate and Agreement and Escrow instructions of the lease between and among the City of Charleston, Holiday Inn's, Inc., VMS National Hotel Partners, VMS Charleston Airport Hotel Associates and VMS Realty Partners originally entered into on July 22, 1985, and

subsequently amended for certain property located near the intersection of Interstate 26 and Aviation Avenue and actually fronting on Fain Street in the County of Charleston.

Mr. Clawson pointed out that the bill had been amended by the Legal Department since it received first reading at City Council's August 20, 1985 meeting.

Mr. Clawson directed City Council's attention to the four legal documents relating to a modification of assignment of the City's lease with Holiday Inns covering the Airport Holiday Inn.

Mr. Clawson explained that under the current lease with Holiday Inns, the City is guaranteed an annual rent of \$5,000 with an additional 3% of the room rates and 1% of the food and beverage service. From this lease the City has been receiving approximately \$80,000 a year.

Mr. Clawson also explained that part of the assumption of the lease by VMS will include the City's receiving a much higher minimum rent. Also, at the time of the closing, the City will be paid \$125,000. He added that the closing was scheduled to take place in a few weeks.

Mr. Clawson told City Council that from a legal standpoint, the City's Legal Department was satisfied with the instruments that were being presented this date to City Council. Also, the Real Estate Committee approved the subject assumption of lease.

In Mr. Clawson's opinion, it was in the City's best interest to proceed and allow VMS to assume Holiday Inns' obligation. He stated the property will continue to be managed by Holiday Inns under a management agreement. Based on that he believed the motel will continue to be operated in the well managed way that it has in the past.

In response to a question asked by Councilmember Gaillard, Mr. Clawson stated that in the past Holiday Inns has paid the City at the end of the year on the City's percentage of the gross. Under the new agreement, the City will be receiving the money on a quarterly basis. This will provide the City with a steady stream of income throughout the year. In further response to Councilmember Gaillard's question, Mr. Clawson stated the percentages received by the City on room rates and food service remained the same under the new agreement.

On motion of Councilmember Ader, the bill authorizing the Mayor to execute the above instruments with Holiday Inns and VMS received second reading. The bill passed second reading on motion of Councilmember Cochran and third reading on motion of Councilmember Scott. On the further motion of Councilmember Christopher, the rules were suspended and the bill was immediately ratified as:

Ratification

Number 1985-122

AN AMENDED ORDINANCE

TO AUTHORIZE THE MAYOR OF THE CITY OF CHARLESTON TO ENTER INTO A MODIFICATION OF LEASE, AN ASSUMPTION OF LEASE, RELEASE AND CONSENT, LESSOR'S ESTOPPEL CERTIFICATE AND AGREEMENT AND ESCROW INSTRUCTIONS OF THE LEASE BETWEEN AND AMONG THE CITY OF CHARLESTON, HOLIDAY INN'S, INC., VMS NATIONAL HOTEL PARTNERS, VMS CHARLESTON AIRPORT HOTEL ASSOCIATES AND VMS REALTY PARTNERS ORIGINALLY ENTERED INTO ON JULY 22, 1965, AND SUBSEQUENTLY AMENDED FOR CERTAIN PROPERTY LOCATED NEAR THE INTERSECTION OF INTERSTATE HIGHWAY 26 AND AVIATION AVENUE AND ACTUALLY FRONTING ON FAIN STREET IN THE COUNTY OF CHARLESTON.

BE IT ORDAINED BY THE MAYOR AND COUNCIL MEMBERS OF CHARLESTON IN CITY COUNCIL ASSEMBLED:

Section 1. The Mayor of the City of Charleston is authorized hereby to enter into a Modification of Lease, an Assumption of Lease, Release and Consent, a Lessor's Estoppel Certificate and a Release and Escrow Instructions all between and among Holiday Inn's, Inc., VMS National Hotel Partners, VMS Charleston Airport Hotel Associates, VMS Realty Partners and the City of Charleston, providing

for the assumption of the existing lease between the City of Charleston and Holiday Inn's, Inc. by VMS National Hotel Partners, VMS Charleston Airport Hotel Associates and VMS Realty Partners for property located near the intersection of Interstate Highway 26 and Aviation Avenue, in Charleston County, and fronting on Fain Street, under the terms and conditions as set forth in the Modification of Lease, Assumption of Lease, Release and Consent, Lessor's Estoppel Certificate and Agreement and Escrow Instructions, which are adopted and incorporated herein as a part this Ordinance as if set forth fully in it.

Section 2. This Ordinance shall become effective upon the receipt of One Hundred Twenty Five Thousand (\$125,000.00) Dollars from Holiday Inn's. Inc.

_____ The Mayor next explained that this special meeting was called for by the following advertisement which appeared in SATURDAY on September 28, 1985:

NOTICE OF SPECIAL MEETING

The public hereby is advised that a special meeting of the City Council of Charleston will be held beginning at 5:00 p.m., Thursday, October 3, 1985, in City Hall for the purpose of holding a public hearing on giving second reading to "An Ordinance Providing for the Issuance and Sale of a Series of Waterworks and Sewer System Revenue Bonds of the City of Charleston in an Amount not Exceeding \$75,000,000" and any other business to come before the meeting.

MARY R. WRIXON

Clerk of Council

The Mayor explained that the issuance of the subject bonds was necessary to make needed repairs and improvements to the existing water and sewer systems, as well as to allow for the expansion of both the water and the sewer systems.

He stated that of itself, the proposed bond issue would not create a rate increase. The rate increases that will be experienced, he said, were the result of an earlier bond issue.

No objection was expressed by the members of City Council to the Mayor calling on Steve Kinard, Manager, Commission of Public Works (CPW), to make a brief presentation on the capital improvements that will be made pursuant to the proposed bond issue, and also to discuss the matter of rate comparisons.

During his lengthy presentation, Mr. Kinard explained in detail the CPW's proposed capital improvements program for its various water and sewer projects. He pointed out that some of the very costly improvements were mandated by the Environmental Protection Agency and explained the nature of these improvements. He explained the improvements that would have to be made to the water plant to allow the plant's permitted capacity to be increased from 17.5 million gallons a day to a capacity in the range of 90-100 million gallons a day. He explained that the plant has a hydraulic capacity of 113.5 million gallons a day but the CPW cannot exceed the permitted capacity. If it does, he said, the CPW is in violation of its permit. He stated the CPW has experienced days when it has been in violation of its permit at the water treatment plant. Those days occurred, he said, in the last few years when extreme cold weather has been experienced when persons left their faucets running and consumption increased from the average of 50-60 million gallons a day to over 70 million gallons a day. On those days, the CPW was unable to meet its peak-day demand. He pointed out this problem affected the North Area, West Ashley, James Island, Berkeley County and Dorchester County, in addition to the City of Charleston. On those days, he stressed, there were areas that are in the CPW system that did not have water.

Mr. Kinard continued by saying that from two standpoints the lack of water was a very serious matter. From a health standpoint, he said, this was a serious problem. Also, he pointed out that the inability to meet peak demands could jeopardize the insurance ratings in all the areas to which the CPW supplies water service.

Mr. Kinard proceeded to review with City Council the waste water system improvements. Among the improvements which he mentioned at this time was the John's Island sewer system, which he described as being the single-largest part of the water capital improvements program and the waste-water capital improvements program, which will be a \$10 million system. He outlined the areas that this system is designed to handle. He also explained that it is designed to take care of the maximum projected growth in those areas for the next thirty years.

Further in his presentation, Mr. Kinard elaborated on the need to increase the capacity at Plum Island. He explained that when a sewer treatment plant reaches 80% of its permitted capacity, there should be a feasibility study going on in terms of what the plant's needs are. When 90% of the permitted capacity is reached, construction should be underway. He stated that DHEC will not permit above 100% of a capacity plant. He added that Plum Island is fast approaching the 90% capacity.

Mr. Kinard elaborated on the CPW's program to meet the needs of areas that have been and will be annexed to the City of Charleston which are beyond the St. Andrews Sewer District, to get the waste water to Plum Island.

At the Mayor's request, Mr. Kinard elaborated on the way the CPW's program will handle the treatment of waste water for Red Top, Peter's Field, Hollywood and Ravenel. Also, he explained that a charge would be made per month per unit in these areas to maintain the system.

The Mayor pointed out that the CPW's program will pave the way to allow better health conditions in the

Red Top and Peter's Field areas, which he described as being among the worse conditions anywhere. He pointed out that the CPW's proposed system will take the sewerage from this area, as well as other areas along the Ashley River and John's Island, to Plum Island which will negate ever needing to build a sewerage treatment plant that will discharge into the Stono River or a sewerage treatment plant on the upper reaches of the Ashley River. From an environmental standpoint, the Mayor believed the proposed system would be a major fete.

Mr. Kinard stated that in talking with all of the pertinent regulatory agencies it appeared unlikely that another waste water treatment plant will ever be permitted to discharge in any river or stream in the main portion of Charleston County. Because of this, he pointed out, it was important to plan for all of the waste water in the area to be consolidated into one large treatment plant located on Plum Island.

Councilmember Ader asked who would be paying for the pipe that will go out to Hollywood and the other areas Mr. Kinard mentioned earlier. Mr. Kinard replied that the federal government is paying 100% of the cost. The Mayor explained that the CPW would be providing the necessary vehicle to treat the sewerage from these areas. Mr. Kinard explained that the CPW will be charging these areas their proportionate share of the cost involved in treating the sewerage coming from these areas.

In further response to questions asked by Councilmember Ader, Mr. Kinard explained that the federally funded project in Peter's Field will include installation of indoor plumbing and providing a water and sewer system which will be owned and operated by the CPW. He estimated three quarters of a million dollars had been allocated by the federal government for the Peter's Field project.

In response to another question asked by Councilmember Ader, Mr. Kinard stated that the Town of Hollywood and the Town of Ravenel were also in the process of trying to receive federal funds to install their waste water system. He again stressed that there was no way these areas would ever be able to get a sewer system if they did not discharge at Plum Island.

Councilmember Ford stated he approved the CPW's proposed improvements and expansion plans because he believed they were necessary. His concern was the impact of the three-year increases. He asked why the needed rate increases could not be spread over a longer period of time such as five or ten years. He asked Mr. Kinard if extending the needed rate increases over a longer period of time were possible. Mr. Kinard replied by explaining that the capitalized interest costs on this \$75 million bond project for two years was almost \$13 million. He explained that this allowed the rate to be phased in over two years rather than having the large increase in one year. The only way to extend the rate increases over a ten-year period, he said, was to capitalize interest for portions of it becoming due during the ten-year period. He and the Mayor pointed out that extending the rate increases over a ten- year period, because of the cost of the capitalized interest, would destroy the marketability of the bond issue. Ultimately this would cause the water and waste water rates to rise even higher since deferring interest causes interest costs to accumulate.

Mr. Kinard further explained that this is a three year plan --in other words, it provides for gradual rate increases. The waste water rate is split: 20%, 20%, and 20%; the water rate is split: 17%, 17% and 13%. This translates, he said, into a rate increase on November 1, 1984; a further increase on November 1, 1985; and, a projected increase on November 1, 1986. He emphasized that these rate increases were approved by the Board and were approved in the over-all financing package that City Council approved last year.

In response to questions asked by Councilmember Stephens, Mr. Kinard indicated on a map the location of various pump stations.

Mr. Kinard answered questions asked by Councilmember Cochran concerning the way the West Ashley study ties in with the over-all waste water expansion project. He pointed out that the CPW controls only half of the West Ashley system; the other half is controlled by the St. Andrews Public Service District. He proceeded to give an extensive and detailed review of the proposed Capital Improvements Program, 1985-1987 and the Water and Wastewater Rate Comparisons, 1985-1987. A copy of this information in written form was distributed to the members of City Council.

Councilmember Cochran expressed support for this afternoon's public hearing. He stated that it seemed to him it would have been more meaningful if City Council had had an indication as to where the St. Andrews PSD's pump stations are located. He concluded his remarks by agreeing with the 30-year study and the proposed expansion project.

Councilmember Cochran asked Mr. Kinard to comment on a statement made several years ago that the City was laying pipe side by side with the St. Andrews PSD's pipe. Mr. Kinard stated that right now that is not happening. He stated that several years ago it did happen and he elaborated on the agreement that was reached in the late 1960's or early 1970's to avoid this duplication.

Councilmember Scott asked what kind of development was proposed on the peninsula. Mr. Kinard replied by briefly outlining the \$2.5 million rehab program for the peninsula, which, he added has already commenced. He also explained briefly the inflow problems the CPW is experiencing with the existing sewer system. Mr. Kinard reminded City Council that the sewer system in the peninsula city, as well as in some of the areas west of the Ashley, was installed in the 1920's and the 1930's and had not been properly maintained. He added that the CPW did not take over the system until the 1960's. He addressed the need to upgrade the system, especially because of all of the construction going on in the peninsula.

At Councilmember Jefferson's request, Mr. Kinard commented on the Milford Street pump station and explained that the CPW was in Phase I of its plans to improve its system in The Neck area.

Councilmember Kinloch asked if his understanding was correct that most of the money from the proposed bond issue was going for capital improvements. Mr. Kinard replied that all of the money from the bond issue was going for capital improvements. Also, he explained that the only way to expand the system was to issue bonds.

Councilmember Kinloch asked what would happen if the City did not authorize the proposed \$75 million bond issue. Mr. Kinard answered by saying there is a \$21,350,000 note issue which City Council approved last year, which note will become due November 1, 1985. He pointed out that one of two things could be done if the City did not authorize the issuance of the \$75 million bonds. One alternative would be to refinance the note, which could cause certain problems to arise, one of which being the possibility of it causing a credit rating problem. The other alternative would be to issue bonds to pay off the note.

Mr. Kinard called attention to the growth taking place in Charleston, North Charleston, Berkeley County and Dorchester County. This growth created needs which the CPW had to meet.

Councilmember Kinloch complained that every time increases occur, it is the poor and the working class who suffer. He believed there should be some type of relief for persons who are experiencing problems trying to pay high water and sewer bills.

Mr. Kinard responded to Councilmember Kinloch's concern by saying in the early 1980's the CPW adopted a "conservation credit" to help persons who have a minimum water bill. The CPW has 15,000 "conservation credit" accounts. He explained that the effect of the proposed rate increase on the persons who qualify under the "conservation credit" program and who currently pay a water bill of \$6.64 per quarter will be an increase of \$.01 (one cent) per day, or \$.38 (thirty-eight cents) per month. He stated that the average homeowner uses 2,500 to 3,300 cubic feet of water. Under the proposed new rate, these persons will experience a \$1.15 per month rate increase in their water bills.

Councilmember Gaillard asked Mr. Kinard what effect the proposed bond issue would have on the bond rating. Mr. Kinard replied that he had not heard from the underwriters but expected to hear from them within the next day or two. A member of the CPW bond attorney's staff told of a meeting with the underwriters and he expressed confidence the meeting had been successful.

Mr. Kinard stated the single-most important thing

that allowed the CPW to keep its bond rating was the CPW's adoption of the three-year rate increase. He pointed out that a one point drop in the bond rating would cost in the vicinity of \$220,000 per year in additional interest.

In response to a question asked by Councilmember Gaillard, Mr. Kinard expressed the belief that the CPW will be able to maintain the same credit rating with the proposed bond issue as it had with its last bond issue.

Also, in response to Councilmember Gaillard's further questions, Mr. Kinard explained that because of the complexity of what the CPW is proposing to do, it hired consultants and used the services of underwriters and bond attorneys to help with developing the rates and bonds. He also told of the comprehensive planning study that had been done for the CPW.

He assured City Council that all of the proposed improvements were based on comprehensive analysis of the distribution system as well as a study which was made to determine what the CPW needed to do to be able to get the wastewater to Plum Island.

Councilmember Gaillard asked if the capital improvements plan outlined by Mr. Kinard this afternoon had been recommended by the consultants. Mr. Kinard replied in the affirmative. He stated the plan had also been reviewed by him, his staff, the engineering staff, the CPW Board, and others. Everyone who reviewed the capital improvement plan recommended its adoption.

Councilmember Ader asked numerous questions. In response to her questions, Mr. Kinard stated that the CPW's annual water and wastewater income is approximately \$17 million. He answered another question asked by Councilmember Ader by saying that the CPW's current policy is to run wastewater lines to the property line of newly annexed property. The developer's responsibility is to install all of the lines within his development to the CPW's specifications. The Mayor added that

several years ago the policy was that the CPW would actually install the sewer system in the subdivision. It was determined that that was too expensive. In 1976 the policy was changed to where the CPW will bring the sewer line to the property line and the developer installs the sewer line inside the property. The Mayor added that the CPW installs the water system in the subdivision for every house. The developer's only cost in connection with the installation of the water system is the "tap" fee per lot.

Councilmember Ader asked if it were feasible for the CPW to work up an impact report with respect to annexed property. Mr. Kinard replied in the affirmative. He called attention to the CPW's impact fee schedule and its service fee schedule and then explained in detail the work that had gone into compiling these schedules. He explained that the schedule was prepared after contacting approximately thirty (30) cities along the seaboard on how they are handling growth and meeting the needs rising out of that growth. In many cases, he said, the cities that were interviewed turned the question around and asked how the CPW is handling this problem.

Mr. Kinard explained that the CPW's proposal effective January 1, 1986 is to charge developers on wastewater inside and outside of the city an impact fee of \$100 per unit. The developer will still have to put his water lines in, if he is outside of the City. The CPW will continue to install water lines inside the City. Also, the developer will be required to pay tap fees, and in addition he will have to pay a service fee per water connection. Based on 1986 projections, he estimated the CPW will receive approximately \$750,000 from these water charges and approximately \$500,000 from the wastewater charges. In response to Councilmember Ader's questions, Mr. Kinard stated this would be additional income from which the CPW had never received in the past and which the CPW had not figured in on anything the CPW had done.

Mr. Kinard, in response to questions asked by Councilmember Ader, elaborated on the "minimum bill" accounts. He and the Mayor explained that frequently an elderly person or an elderly couple qualify for the minimum rate and consequently have a very small bill.

Councilmember Ader asked if the CPW has a fund or account in which the CPW sets aside funds each year to take care of future growth. Mr. Kinard replied in the affirmative. He explained that because of averaging of rates in 1984 and 1985, the CPW was able to accumulate \$5 million in an account to utilize for capital improvements. He added that the CPW's capital improvements program has been reduced by that \$5 million. It has also been reduced by \$5 million because of bonds that were issued last year to purchase the Berkeley County water system.

Mr. Kinard further stated that the CPW has a fund --the Land Escrow Account --in which there is approximately \$5.5 million. These monies have been accumulating from the sale of various CPW parcels of property and help to maintain the CPW's credit rating.

In response to a question asked by Councilmember Ader, Mr. Kinard stated the CPW owns approximately 2,000 acres of land, of which approximately 1200 acres is developable. He also explained that the CPW is in the process of selling some of that land. He stated that the CPW sells property occasionally to keep rates down. He proceeded to mention some of the tracts of land which over the years the CPW has sold. He then pointed out that even with the proposed rate increases, the CPW's rates are cheaper than other cities in the State of a size comparable to Charleston's.

Councilmember Ader expressed concern over the cost of the proposed monthly billing. Mr. Kinard stated that converting from quarterly to monthly billing would cost approximately \$500,000, which equates to approximately \$.75 per month being added to each water bill. He explained that the water and wastewater bills now are in the \$50-\$60 range per quarter. The CPW is evaluating whether or not it would be feasible to charge the extra cost so that persons would get a monthly bill to help them allocate the expenditures in their normal monthly budget process.

Councilmember Ader then suggested that the CPW look into a system similar to the power company's whereby a set rate is billed each month for eleven months and adjustments higher or lower are billed the twelfth month.

The Mayor answered a question asked by Councilmember Ader by saying that the CPW had not made a policy yet on the monthly billing idea. He pointed out that an advantage to monthly billing is that if there is a malfunction or a leak on one's property, there is a chance of detecting it soon after it occurs.

Councilmember Christopher expressed his continued concern over the effect the proposed rate increases would have on his constituents. He asked Mr. Kinard to elaborate on this. Mr. Kinard did so by reviewing in detail the information that had been distributed to the Councilmembers concerning "Water and Wastewater Rate Comparisons 1985-1987" prepared by the CPW.

In response to Councilmember Christopher's questions, the Mayor explained that the effect of the rate increases over the next three years would not be 100% more than the amount that was paid before the rate increases commenced. He stated the effect would be more in the neighborhood of 50%. He pointed out that this figure was determined by averaging out the water increases as well as the wastewater increases.

Councilmember Cochran reverted to Mr. Kinard's earlier statement concerning impact fees. He asked if impact fees are prevalent throughout the country. Mr. Kinard stated that the town of Mt. Pleasant is the only local government that has an impact fee. Councilmember Cochran was of the opinion that going to an impact fees system was an excellent move. Mr. Kinard concurred. He stated that the CPW's finance committee presently has this matter under consideration.

Councilmember Stephens reverted to Mr. Kinard's earlier statement concerning the CPW's efforts to avoid duplication of lines with the St. Andrews Public Service District. He asked if at the present time there were no plans for each the CPW and the St. Andrews PSD to have a line on the old Crogan tract. Mr. Kinard explained in great detail the fact that the CPW had installed a line through this property and the St. Andrews PSD planned to install a 10 or 12 inch line on this property. The Mayor stated that the City had not encouraged the St. Andrews PSD to do this because it believed the sharing system which has existed between the City and the St. Andrews PSD should have been continued in this instance.

In response to questions asked by Councilmember Ford, Mr. Kinard stated that basically the only control City Council has over the CPW's actions is the actual issuance of the bonds. By state statute, he added, the CPW has the authority to set its rates and to operate the water and wastewater systems. The Mayor re-affirmed Mr. Kinard's statement that the City cannot set rate increases; only the CPW can do that.

Councilmember Ford asked if his understanding was correct that by voting in favor of the CPW's proposed capital improvements, he was not voting for the rate increases that had been discussed during this meeting. Mr. Kinard replied that Councilmember Ford's understanding was correct and that City Council would only be voting on the bond issue. He added that if City Council did not approve the bond issue this evening, the CPW would have to go back and re-evaluate the revenue requirements to see exactly what the rate increases should be.

Councilmember Ford sought for clarification on the question of whether or not City Council had been responsible for the rate increases that went into effect in 1984. Mr. Kinard answered by saying that last year City Council approved the bond issue with the full program which the CPW presented which would be accomplished if the City issued the bonds.

Councilmember Ford stated he now understood that without City Council's approval, the CPW has the authority to determine whether or not there should be monthly water bills which cost an additional \$500,000 as well as to sell property.

Councilmember Ford did not believe the public knows the extent of the CPW's authority and believes that City Council sets water and sewer rates and sells CPW property.

Councilmember Ford recalled that the CPW had been criticized recently because of the way it sold some of its land and the price that it received from the sale of that land. Also, he recalled that Mr. Kinard had told City Council this evening that CPW owns very desirable and valuable land north of the City of Charleston. He asked, if this was the case, why it was necessary to increase water and sewer rates.

Councilmember Ford objected to some of the data that was furnished in the CPW's study on Water and Wastewater Rate Comparisons 1985-1987 since, in his opinion, for example, it was not possible to compare the salaries and the cost of living between the City of Charleston and Atlanta, Georgia.

Councilmember Ford agreed that the proposed capital improvements are needed. He was concerned, however, that it was going to be difficult for the Councilmembers to explain to the public their reasons for appearing to reward the CPW by approving the issuance of bonds that will allow the CPW's capital improvements program to be implemented, when it appeared that just recently the CPW gave away approximately \$6 million to a developer in a land transaction. He asked Mr. Kinard to tell the CPW Board not to "give away" any more land and to sell it for its worth.

In response to Councilmember Ford's further questions, Mr. Kinard confirmed that the rate increases were because of the bonds. He pointed out that someone had to pay for the \$75 million bond issue.

Councilmember Ader then asked Mr. Kinard if the CPW ever foresaw a time after it implemented the series of proposed rate increases when the rates would decrease or level off or when it would live within its income. Mr. Kinard replied that the CPW is living within its income. The increase in rates, he explained, was for capital expansions. Also, he explained that the CPW was expanding its system to provide service for the greater metropolitan area as it grows.

Councilmember Jefferson stated that she lives in an area where there are many low income families. She asked if the CPW would continue to be receptive to these families problems as it has in the past. Mr. Kinard replied in the affirmative.

Councilmember Christopher asked when payment of the bonds is satisfied was there any possibility the CPW's rates would come down. Mr. Kinard replied that the CPW was looking at 30-year revenue bonds. He did not see any possibility of decreasing rates unless the City stops growing and there is no need for additional capital improvements.

Using a map, Mr. Kinard next outlined the CPW's plans for improving its water system. He outlined the route planned for the new water lines. One of the CPW's principal goals, he stated, was to insure that the City of Charleston always has water.

No further questions were asked by the Councilmembers. The Mayor invited members of the public to be heard.

An unidentified gentleman commented that a developers' fee should be implemented to help reduce the water rates.

North Charleston Councilmember Richard Ganaway felt Mr. Kinard's presentation had been very thorough. He pointed out that the situation still "boiled down" to the fact that there would be rate increases. He pointed out that the average per capita income in North Charleston is only \$5,000 as compared to \$6,000 in the City of Charleston. His concern was for the poor and low income families in North Charleston. Also, his concern was whether the proposed rate increases were warranted, and whether there were any other sources of income that could off-set the proposed rate increases. He understood the CPW proposed to install a larger water line in the City of North Charleston that will increase the water pressure. He pointed out that while the City of North Charleston does not

have a Commissioner of Public Works, per se, its citizens pay the CPW a rate that is substantially higher than City of Charleston citizens pay.

Mr. Ganaway concluded his remarks by urging City Council to make sure that all possibilities for funding the proposed CPW improvements are explored to prevent any hardships on any of either municipality's citizens.

Durward B. Stinson asked that City Council cancel the proposed bond issue as well as the impending water and sewer rates. He distributed samples of water conservation fixtures and expressed the belief that water conservation technology is the alternative to high increases in water and sewer rates. With the technology that is now available, he believed water usage and use of the sewer system can be reduced in a very short time by from 30% to 50%. He stated this technology is being used around the country.

Mr. Stinson distributed samples of water devices. One faucet, he pointed out, gives the same water pressure per square inch that one gets off one's water line now. However, instead of using 8 gallons of water per minute, it uses no more than 2.2 gallons per minute. The same applied to a shower head that he brought with him, he said.

Mr. Stinson proceeded to say that technology has advanced to such a stage that toilets are manufactured to use no more than 3.5 gallons of water per flush. He compared this amount of water usage to the older toilets which use 5 to 8 gallons per flush. He stated that many States, California being one, are requiring that toilets which use more than 3.5 gallons of water per flush cannot be placed in homes.

He strongly believed that using modern technology could result in considerable saving on water usage. He explained that conserving on water usage would result in great savings because there would be less need for water to be treated at the portable water plant and less portable water to be pumped; smaller water lines would be needed; less sewerage would be pumped to the plant, and, therefore, the pumps which would be working less would last longer; and, there would be less sewerage treated at the plant.

Use of water saving devices, Mr. Stinson said, could result in a \$200 to \$400 savings per year per household on water, sewer and energy costs. He pointed out that reducing water usage would result in less hot water being used and this would reduce energy costs.

Mr. Stinson told City Council there was a company that was prepared to supply this area with 50,000 shower heads and 100,000 aerated water savers for water faucets. He explained the company's interest in seeing this country turn away from its wasteful practices.

Mr. Stinson elaborated on other ways water usage can be saved. He mentioned plumbing code requirements so that in new construction involving hotels and apartment houses the size of water lines and the number of outlets are reduced.

Another alternative of water use, Mr. Stinson said, is water recycling. Calling attention to a publication on water conservation, he said there are grants available for repairing, replacing and upgrading treatment plants.

At the conclusion of his presentation, Mr. Stinson answered questions asked by Councilmember Gaillard. Councilmember Gaillard stated he did not disagree with everything Mr. Stinson had said concerning conservation. On the other hand, he felt Mr. Stinson was asking City Council to do something which he thought was "totally irresponsible". Councilmember Gaillard pointed out that had City Council 50 or 60 years ago failed to have a bond issue to build the present system, the community would not have the water and sewer system it now has. He felt unless City Council looks to the future and issues the proposed bonds, future generations will not have a water and sewer system. He pointed out the only way City Council can insure that future generations will be provided adequate water and sewer service is to have a forward looking policy to accomplish things like this.

Mr. Stinson disagreed with Councilmember Gaillard and said there are cities in this country that have adopted alternative conservation procedures which have not only curtailed usage and met the needs, but also have allowed for needed growth. Mr. Stinson felt there is a need for more planning to provide for eventualities such as earthquakes. He felt the one or two main water and sewer lines are insufficient and noted that the electric company and the telephone company have alternative lines to meet the demand on occasions when one line fails.

Councilmember Cochran agreed with Mr. Stinson's remarks concerning the need to conserve. He pointed out that City Council does not have the power to issue an edict requiring all of the citizens of Charleston to use the water saving devices Mr. Stinson mentioned. Since City Council could not implement Mr. Stinson's suggestions, Councilmember Cochran did not believe there was any way City Council could accommodate Mr. Stinson on this issue.

The Mayor then recognized Mr. Mazyck an East Side resident who questioned the purpose of this public hearing since it appeared the City had no control over the CPW's actions. In response to Mr. Mazyck's questions, the Mayor explained that the City has the right to approve or disapprove the issuance of CPW bonds.

Mr. Victor Lipe, President, Ashley Towne Landing Neighborhood Council, asked Mr. Kinard if the proposed 60% sewer rate increase was based on 1984 rates or was 20% added each year to the previous year's rate. Mr. Kinard replied that the rate was based entirely on the 1984 rates.

Mr. Lipe asked for clarification on some of Mr. Kinard's earlier statements. In response to Mr. Lipe's questions, Mr. Kinard stated that some of the money received from the rate increases will be used to pay off the \$75 million bond issue.

No one else indicated a desire to address City Council during the public hearing. The Mayor declared the public hearing concluded.

During City Council's deliberation on the bill, Councilmember Christopher repeated his concern over the effect of the proposed rate increase. The Mayor responded to questions asked by Councilmember Christopher by explaining that one of the three increases is already in effect. He explained that two years from now when the last increase is in effect, a person who in 1984 had a quarterly bill of \$25 (or an annual bill of \$100) will be paying an additional \$40.63 per year (or \$3.38 per month, or about \$0.10 per day). He pointed out that the mentioned \$25 bill included water and sewer, each of which had a different rate of increase. He elaborated on the fact that it would be incorrect to figure the effect of the increase in rates would result in a doubling of the current water and sewer bill.

Councilmember Cochran believed some of the Councilmembers' confusion on the effect of the proposed three-year rate increase was that they had not realized the three increases would be based on the rate immediately prior to the first increase going into effect.

Councilmember Ader asked if the prospectus had already been distributed for this bond issue. The Mayor and Mr. Kinard replied in the affirmative. Councilmember Ader asked that the members of City Council be furnished copies of it.

Councilmember Ader then stated she remained very much disturbed over the fact that she did not feel the CPW had given the public enough information on ways to economize.

The Mayor noted that among those present this afternoon were members of the CPW Board. He stated that Mr. Kinard with the great interest of the CPW Board over the years was working on a further plan of conservation and have publicized it. Mr. Kinard elaborated on this point by explaining that once a year brochures on ways to save water have been mailed out. Every year the brochures have been sent out, the brochures have mentioned some of the water saving devices mentioned earlier by Mr. Stinson. In response to Councilmember Ader's questions, he stated the

brochures have gone out with a water bill once a year. In the brochures consumers were also told what to do in case of an emergency such as how to store water and where to store it.

Councilmember Ader pointed out that the power company has a customer service person who at a customer's request will go to the customer's home and offer suggestions on improvements that can be made to conserve on energy. She asked if the CPW provides a similar service. Mr. Kinard replied in the affirmative. Councilmember Ader felt that some persons who are paying double and triple water bills and finding a difficult time paying these bills are unaware they have a problem which the CPW can help them resolve.

Mr. Kinard explained that when a meter reader notices something is wrong, he or she leaves a notice on the customer's door or makes an effort to tell the customer, if the customer is at home, that the customer has a problem. After further comments on this service which the CPW provides, Councilmember Gaillard moved that second reading be given to the bill authorizing the issuance and sale of the subject \$75,000,000 Waterworks and Sewer System Revenue Bonds. The bill passed second reading on motion of Councilmember Richardson and third reading on motion of Councilmember Jefferson. On the further motion of Councilmember Richardson, the rules were suspended and the bill was immediately ratified as:

Ratification

Number 1985-123

AN ORDINANCE

PROVIDING FOR THE ISSUANCE AND SALE OF A SERIES OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CHARLESTON TO BE DESIGNATED SERIES 1985 IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) AND OTHER MATTERS RELATING THERETO.

(SERIES ORDINANCE)

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Headings Not Controlling\

STATE OF SOUTH CAROLINA

WHEREAS, the City Council of the City of Charleston, South Carolina ("City Council") has made general provision for the issuance of water and sewer system revenue bonds (the "Bonds") of the City of Charleston, South Carolina (the "City") through the means of an ordinance adopted October 24, 1984, bearing Ratification No. 1984-149, entitled "An Ordinance Providing For The Issuance And Sale Of Waterworks And Sewer System Revenue Bonds Of The City Of Charleston, South Carolina, And Other Matters Relating Thereto" (the "Bond Ordinance"); and

WHEREAS, it is provided in and by the Bond Ordinance that, upon adoption of a "Series Ordinance" there may be issued one or more series of Bonds for the purpose of providing funds for improvements and extensions to the waterworks and sewer system of the City (the "System") or to pay and redeem any outstanding bond anticipation notes of the City issued in anticipation of the issuance of Bonds or to refund bonds payable from the revenues of the System; and

WHEREAS, on November 14, 1984, the City issued its \$21,350,000 Waterworks and Sewer System Bond Anticipation Notes, Series 1984 (the "Series 1984 Notes") in order to provide funds for the acquisition and construction of improvements and extensions to the System, which Notes mature on November 1, 1985, and are secured by, among other things, the covenant of the City to issue Bonds to provide the necessary funds to pay the Series 1984 Notes at the maturity thereof; and

WHEREAS, it is necessary to provide for the issuance of Bonds in order to provide for the payment of the Series 1984 Notes; and

WHEREAS, it has been determined that approximately \$75,000,000 should be raised in order to provide funds for the acquisition and construction of certain improvements to the System (the "Project"); and

WHEREAS, by reason of the foregoing, it has been determined to adopt this ordinance as a "Series Ordinance" in accordance with the terms and provisions of the Bond Ordinance; and

WHEREAS, the aggregate principal amount of not exceeding \$75,000,000 of Series 1985 Bonds to be issued hereunder are to be in the form of fully registered Bonds in the denomination of \$5,000 or any multiple thereof and, together with the Certificate of Authentication, Assignment and certificate of approving opinion to appear thereon, are to be in substantially the following form with necessary and appropriate variations, omissions and insertions as permitted or required by the Bond Ordinance, this ordinance, or by the resolution of the Commissioners authorized herein, to wit:

(FORM OF BOND)

(FACE OF BOND)

CITY OF CHARLESTON, SOUTH CAROLINA,

WATERWORKS AND SEWER SYSTEM REVENUE BOND, SERIES 1985

No. _____

Interest Rate Maturity Date Issue Date CUS:P

January 1, _____ October 1, 1985

Registered Holder:

Principal Amount: _____ DOLLARS (\$ _____)

The CITY OF CHARLESTON, SOUTH CAROLINA (the "City") acknowledges itself indebted and for value received hereby promises to pay, solely from the sources and as hereinafter provided, to the Registered Holder named above or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Bond be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, upon presentation and surrender of this Bond at the corporate trust office of THE SOUTH CAROLINA NATIONAL BANK (the "Trustee") in the City of Columbia, South Carolina, and to pay interest on such principal amount at the annual interest Rate stated above (calculated on the basis of a 360-day year of twelve (12) 30-day months), until the obligation of the City with respect to the payment of such principal amount shall be discharged.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the CITY OF CHARLESTON, SOUTH CAROLINA, has caused this Bond to be signed by the facsimile signature of its Mayor and the manual signature of its Director of Administrative Services, its corporate seal to be reproduced hereon and the same to be attested by the facsimile signature of the Clerk of the City Council of the City of Charleston, South Carolina.

CITY OF CHARLESTON, SOUTH CAROLINA

By _____

Mayor

(SEAL)

and

By _____

Director of Administrative Services

Attest:

By _____

Clerk, City Council of the City of Charleston, South Carolina

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the Series described in the within mentioned Ordinance.

By: THE SOUTH CAROLINA NATIONAL BANK, TRUSTEE

Authorized Officer

Date:

(BACK OF BOND)

CITY OF CHARLESTON, SOUTH CAROLINA,

WATERWORKS AND SEWER SYSTEM REVENUE BOND, SERIES 1985

Each of the Series 1985 Bonds will bear interest from the later of October 1, 1985, or the date to which interest has been paid immediately preceding the authentication date thereof, unless the authentication date thereof is a January 1 or July 1, in which event, each such Bond will bear interest from the earlier of such authentication date or the date to which interest has last been paid; provided that if the City shall fail to pay interest on January 1, 1986, then each such Bond will bear interest from October 1, 1985. Interest on this Bond is payable on January 1 and July 1 of each year beginning January 1, 1986, at which time interest for three (3) months will be due. The interest so payable on any January 1 or July 1 will be paid to the person in whose name this Bond is registered at the close of business on the December 15 or June 15 immediately preceding such January 1 or July 1 (the "Record Date").

Interest hereon shall be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Bond is registered on the Record Date at the address shown on the registration books. The principal of, redemption premium, if any, and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of a Series of Bonds in the aggregate principal amount of _____ Dollars (\$_____) of like tenor, except as to number, rate of interest, date of maturity and redemption provisions, issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina (the "State"), including particularly Chapter 17, Title 6, inclusive, Code of Laws of South Carolina 1976, as amended, an ordinance (the "Bond Ordinance") duly adopted by the City Council of the City of Charleston, South Carolina ("City Council") on October 24, 1984, an ordinance (the "Series Ordinance") duly adopted by City Council on October _____, 1985 (the Bond Ordinance and the Series Ordinance are hereinafter collectively referred to as the "Ordinances") and a

resolution duly adopted by the Commissioners of Public Works of the City of Charleston (the "Commissioners") for the purpose of retiring certain bond anticipation notes of the City and for the purpose of obtaining funds to defray the cost of constructing improvements to the waterworks and sewer system of the City (the "System").

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances. Certified copies of the Ordinances are on file in the office of the Trustee and in the office of the Clerk of Court for Charleston County, South Carolina.

Both the principal of and interest on this Bond, as the same shall become due, are payable solely from the revenues derived from the operation of the System. This Bond shall not in any event constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the Constitution or statutes of the State. The City is not obligated to pay this Bond, or the interest hereon, save and except from revenues derived from the operation of the System.

The Series 1985 Bonds are on a parity in all respects with the outstanding \$74,190,000 City of Charleston, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 1984.

The Bond Ordinance authorizes the issuance of additional bonds on a parity with the Bonds of this Series which, when issued in accordance with the provisions of the Bond Ordinance, will rank equally and be on a parity therewith.

The City has covenanted to continuously operate and maintain the System and fix and maintain such rates for the services and facilities furnished by the System as shall at all times be sufficient (a) to provide for the payment of the expenses of the administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order, (b) to provide for the punctual payment of the principal of and interest on the Bonds and all Junior Lien Bonds, (c) to maintain the Debt Service Fund and thus provide for the punctual payment of the principal of and interest on the Bonds, (d) to maintain the Debt Service Reserve Fund in the manner therein prescribed, (e) to build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order, and (f) to discharge all obligations imposed by the Enabling Act and the Ordinance.

For the payment of the principal of and interest on this Bond and the Series of which it forms a part, there are hereby irrevocably pledged that portion of the Gross Revenues which remain after paying the cost of the operation and maintenance of the System; and a lien upon such Gross Revenue has been granted thereon to the Holders of the Bonds. The Bond Ordinance provides that, in addition to other remedies, upon a default in payment of, principal of or interest on any Bond, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall declare all Bonds Outstanding immediately due and payable.

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

This Bond is transferable, as provided in the Bond Ordinance, only upon the registration books of the City kept for that purpose by the Holder hereof in person or by his duly authorized attorney, upon (a) surrender of this Bond and an assignment with a written instrument of transfer satisfactory to the Trustee or the other Registrar, as the case may be, duly executed by the Holder hereof or his duly authorized attorney and (b) payment of the charges, if any, prescribed in the Bond Ordinance. Thereupon a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City, the Trustee and the Registrar 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 price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the City or the Trustee or Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

The Series 1985 Bonds Maturing on January 1, 199_____, and thereafter are subject to redemption prior to maturity, at the option of the City, on and after January 1, 199_____, in whole at any time or in part, on any January 1 or July 1, upon thirty (30) days' notice, at the respective redemption prices set forth below, expressed as a percentage of the principal amount of such Series 1985 Bonds to be so redeemed, plus interest accrued to the redemption date:

Period During Which Redeemed

(both dates inclusive) Redemption Price

The Series 1985 Bonds maturing on January 1, 200_____, are subject to mandatory sinking fund redemption commencing January 1, 19_____, and will be redeemed (to the extent not previously redeemed), at one hundred percent (100%) of the principal amount, plus interest accrued to the redemption date, on January 1 of each of the following years in the respective principal amounts for each year specified below:

Year	Amount	Year	Amount
------	--------	------	--------

The Series 1985 Bonds maturing on January 1, 20_____, are subject to mandatory sinking fund redemption commencing January 1, 20_____, and will be redeemed (to the extent not previously redeemed), at one hundred percent (100%) of the principal amount, plus interest accrued to the redemption date, on January 1 of each of the following years in the respective principal amounts for each year specified below:

Year	Amount	Year	Amount
------	--------	------	--------

The amount of the mandatory sinking fund redemption prescribed above shall be reduced to the extent Series 1985 Bonds have been purchased by the City or redeemed by the City pursuant to the optional redemption provisions set forth above, in such manner as the City shall direct, or, absent such direction, on a pro rata basis.

If less than all of the Series 1985 Bonds are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected not less than forty-five (45) days prior to the date fixed for redemption by the Trustee by lot. Bonds in a denomination of more than \$5,000 may be redeemed in part from time to time in one or more units of \$5,000 in the manner provided in the Bond Ordinance.

If any of the Series 1985 Bonds, or portions thereof, are called for redemption, the Trustee will give notice to the Paying Agent and Holders of any such Bonds to be redeemed, in the name of the City, of the redemption of such Bonds, or portions thereof, which notice will specify the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 1985 Bonds are to be redeemed, the numbers of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice will also specify the respective portions of the principal amount thereof to be redeemed. Such notice will also specify the respective portions of the principal amount thereof to be redeemed. Such notice will be given by mailing a copy of the redemption notice by first class mail at least thirty (30) days prior to the date fixed for redemption to the appropriate Paying Agent or Agents and the Holder of each Bond to be redeemed, at the address shown on the registration books; provided,

however, that failure to give such notice by mail, or any defect in the notice mailed to the Holder of any Series 1985 Bond, shall not affect the validity of the proceedings for the redemption of any other Bond. Provided funds for their redemption are on deposit with the Paying Agent, all Bonds so called for redemption will cease to bear interest on the specified redemption date.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by such Constitution or statutes.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby

sells, assigns and transfers unto _____ (please print or type name and address of Transferee and Social Security or other identifying number of Transferee) the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

_____ Signature Guaranteed:

_____ LEGAL OPINION

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the complete legal opinion of Sinkler Gibbs & Simons, Charleston, South Carolina, the original of which was manually executed, dated and issued as of the date of delivery of and payment for the bonds, and a copy of which is on file with the Trustee.

CITY OF CHARLESTON,

SOUTH CAROLINA

By _____

Mayor

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHARLESTON, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

ARTICLE I

DEFINITIONS AND AUTHORITY

SECTION 1.01. Definitions.

(a) Except as provided in subsection (b) below, all terms which are defined in Section 1.01 of the Bond Ordinance shall have the same meanings in this 1985 Series Ordinance as such terms are prescribed to have in the Bond Ordinance.

(b) As used in this 1985 Series Ordinance, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Series 1985 Bonds" shall mean the Bonds of the City of the Series authorized by this 1985 Series Ordinance and designated "City of Charleston, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 1985".

"Series 1984 Notes" shall mean the outstanding \$21,350,000 City of Charleston, South Carolina, Waterworks and Sewer System Bond Anticipation Notes, Series 1984.

"1985 Series Ordinance" shall mean this Ordinance.

"1985 Series Resolution" shall mean the resolution adopted by the Commissioners in accordance with the authorizations herein contained.

SECTION 1.02. Authority For This 1985 Series Ordinance. This 1985 Series Ordinance is adopted pursuant to the provisions of the Bond Ordinance.

ARTICLE II

AUTHORIZATION AND TERMS OF THE SERIES 1985 BONDS

SECTION 2.01. Determination of the Useful Life of the System. In accordance with the requirements of Section 6-17-60 of the Enabling Act, the period of usefulness of the System is hereby determined to be not less than forty (40) years.

SECTION 2.02. Principal Amount; Designation of Series. Pursuant to the provisions of the Bond Ordinance, a Series of Bonds of the City entitled to the benefits, protection and security of the provisions of the Bond Ordinance is hereby authorized in the aggregate principal amount of not exceeding \$75,000,000. The Series of Bonds so authorized shall be designated "City of Charleston, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 1985". The Series 1985 Bonds shall be issued in fully registered form without coupons and in substantially the form set forth in the recitals hereof.

SECTION 2.03. Purposes. The Series 1985 Bonds are authorized for the purpose of obtaining funds to (a) provide for the payment of the Series 1984 Notes and (b) defray the costs of the Project.

SECTION 2.04. Date; Interest Rate; Maturity; Redemption and Sale. The Date of Issue of the Series 1985 Bonds shall be October 1, 1985. The Series 1985 Bonds shall bear interest from the Date of Issue, payable on January 1, 1986, representing three (3) months' interest, and thereafter on each Bond Payment Date until payment of the principal thereof. The maturity schedule setting forth the date of the maturities of the Series 1985 Bonds (which maturities shall not exceed thirty (30) years) and amounts payable on such dates, the rates of interest borne by the Series 1985 Bonds and the amount of Bonds which shall be term Bonds and Serial Bonds shall be fixed by the 1985 Series Resolution and approved by the Mayor. The Series 1985 Bonds shall be subject to optional and/or mandatory redemption at such times, and on such terms and conditions, as shall be established by the Commissioners in the 1985 Series Resolution and approved by the Mayor. The Series 1985 Bonds shall be sold to underwriters selected by the Commissioners under terms and conditions approved by the Commissioners and the Mayor.

SECTION 2.05. Authentication; Payment of Interest.

(a) Each of the Series 1985 Bonds shall be authenticated on such date as it shall be delivered and shall bear interest from the later of October 1, 1985, or the date to which interest has been paid immediately preceding the authentication date thereof, unless the authentication date thereof is a Bond Payment Date, in which event, each such Bond shall bear interest from the earlier of such authentication date, or the date to which interest has been paid; provided that if the City shall fail to pay interest on January 1, 1986, then each such Bond shall bear interest from October 1, 1985.

(b) The interest on all Series 1985 Bonds shall be paid by check or draft mailed from the office of the Trustee to the person in whose name the Bond is registered at the close of business on the Record Date.

SECTION 2.06. Denomination; Numbering. The Series 1985 Bonds shall be issued in the denomination of \$5,000 or any multiple thereof, not exceeding the principal amount of the Series

1985 Bonds maturing in such year. Each Series 1985 Bond shall be numbered by the Registrar in such a fashion as to reflect the fact that it is one of the Series 1985 Bonds, and to identify the owner thereof on the books kept by the Registrar.

SECTION 2.07. Maintenance of Offices for Payment Transfer, and Exchange of Bonds. As long as any Series 1985 Bond remains Outstanding, the City shall maintain a Paying Agent and a Registrar therefor. Unless otherwise directed by the Commissioners, the Trustee shall act as Registrar and Paying Agent. Bonds shall be presented for payment and for registration of transfers and exchanges, and notices and demands to or upon the Trustee and the City in respect of the Bonds may be served, at the corporate trust office of the Registrar.

ARTICLE III

EXECUTION; NO RECOURSE

SECTION 3.01. Execution of the Series 1985 Bonds. The Series 1985 Bonds shall be executed and authenticated in accordance with the applicable provisions of the Bond Ordinance.

SECTION 3.02. No Recourse on the Series 1985 Bonds. All covenants, stipulations, promises, agreements and obligations of the City contained in the Bond Ordinance or in this 1985 Series Ordinance shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not those of any officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Series 1985 Bonds or for any claim based thereon or on the Bond Ordinance or in this 1985 Series Ordinance, either jointly or severally, against any officer or employee of the City or any person executing the Bonds.

ARTICLE IV

AUTHORIZATION TO COMMISSIONERS

SECTION 4.01. Authorization.

(a) The Commissioners are hereby authorized and empowered to adopt a Series Resolution relating to the issuance of Series 1985 Bonds to be called the "1985 Series Resolution".

(b) The 1985 Series Resolution shall express the approval of the Commissioners to the issuance of the Series 1985 Bonds and agree to abide by all of the terms, provisions and agreements set forth in the Bond Ordinance and in the 1985 Series Ordinance. In addition, the 1985 Series Resolution shall specify and determine:

- (1) The precise principal amount of the Series 1985 Bonds;
- (2) The specific purposes for which the proceeds of the Series 1985 Bonds will be used;
- (3) The manner of numbering and lettering, and the denomination or denominations of the Series 1985 Bonds;
- (4) The date or dates of maturity and the amounts thereof and the issue date of the Series 1985 Bonds;
- (5) The interest rate or rates, or the manner of determining such rate or rates, of the Series 1985 Bonds;
- (6) The time for the payment of interest on the Series 1985 Bonds and the Record Date;
- (7) The redemption price or redemption prices and the redemption date or redemption dates and other terms of redemption (if any) applicable to any of the Series 1985 Bonds for such payments;
- (8) The Registrar for the Series 1985 Bonds if other than the Trustee;

(9) The portion of the Series 1985 which are to be serial bonds and the portion which are to be term bonds, if any, including the amount and date of each mandatory redemption or sinking fund installment, if any, required by the 1985 Series Resolution to be paid for the retirement of any Series 1985 Bonds;

(10) Any other applicable redemption requirement for the Series 1985 Bonds and the method of satisfying the same;

(11) The manner in which the Series 1985 Bonds are to be sold and provisions for the sale thereof;

(12) The provision to be made for the applicable Reserve Requirement;

(13) The disposition of the proceeds of the sale of the Series 1985 Bonds and the manner of their application; and

(14) The form of the Escrow Agreement, if any, to be made to insure payment of the principal of and interest on the outstanding bond anticipation notes being refunded and the name of the institution named by the Commissioners to act as Escrow Agent under any such Escrow Agreement.

ARTICLE V

APPLICATION OF THE SERIES 1985 BOND PROCEEDS

SECTION 5.01. Creation of 1985 Construction Fund. There is hereby created a fund to be known as the "1985 Construction Fund". There shall be paid into the 1985 Construction Fund the sums prescribed by Section 5.02(e) hereof. The 1985 Construction Fund shall be held, maintained and controlled by the Commissioners.

SECTION 5.02. Use and Disposition of Bond Proceeds. On or upon the delivery of the Series 1985 Bonds and receipt of the proceeds thereof, such proceeds and other available funds shall be disposed of as follows:

(a) Any sum received by way of accrued interest shall be deposited in the Debt Service Fund.

(b) That sum prescribed by the 1985 Series Resolution shall be deposited in the Debt Service Fund. It shall be invested and reinvested as prescribed by Section 7.04 of the Bond Ordinance.

(c) That sum required for the Reserve Requirement shall be deposited in the Debt Service Reserve Fund and shall be invested and disposed of as prescribed by Section 7.05 of the Bond Ordinance.

(d) So much as shall be required therefor after utilizing all moneys and securities applicable thereto shall be deposited in a special trust fund which the Commissioners shall establish on or before the delivery of the Series 1985 Bonds, in order to effect the payment, when due, of the Series 1984 Notes. Such trust shall be evidenced by a written trust agreement executed by the paying agent for the Series 1984 Notes or the financial institution appointed to act as Escrow Agent by the Commissioners, and by the Commissioners. The trust agreement shall prescribe the investments to be made for the trusts which may include State and Local Government Series investments issued by the United States Department of Treasury.

(e) The remaining moneys shall be deposited in the 1985 Construction Fund.

SECTION 5.03. Investment of 1985 Construction Fund. Moneys in the 1985 Construction Fund shall be invested and reinvested in Authorized Investments. All earnings shall be added to and become a part of the 1985 Construction Fund. Withdrawal from the 1985 Construction Fund shall be made upon written order of the Commissioners. Any amounts remaining in the Construction Fund following completion of the acquisition and construction of the Project shall be deposited in the Depreciation and Contingent Fund.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Severability. If any one or more of the covenants or agreements provided in this 1985 Series Ordinance on the part of the City or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 1985 Series Ordinance.

SECTION 6.02. Table of Contents and Section Headings Not Controlling. The Table of Contents and the Headings of the several Articles and Sections of this 1985 Series Ordinance have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 1985 Series Ordinance.

DONE, RATIFIED AND ADOPTED THIS 3rd day of October, 1985.

(SEAL)

_____ Mayor, City of Charleston,

South Carolina

Attest: _____

Clerk, City Council of the

City of Charleston, South Carolina

First Reading: September 24, 1985

Second Reading: October 3, 1985

_____ The Mayor next explained that there existed a vacancy on the Board of Adjustment. The member who resigned from that Board, the Mayor said, was an engineer as well as a West Ashley resident.

He told of his efforts to find an engineer as well as a West Ashley resident to fill the vacancy. He explained that because of the vacancy on the Board, the Board at time suffered because four members are needed to approve adjustments, and the Chairman does not make motions or vote except in the case of a tie. He stated he was prepared to make a recommendation to City Council of a very fine engineer, who resides in the City West of the Ashley, and who would be willing to serve. If the appointment were approved this evening, the Mayor said, it would mean that the new member could attend the Board's next meeting. Delaying the appointment until City Council's next regular meeting, the Mayor added, would mean that there would be one more meeting of the Board of Adjustment that would go without a full complement.

No objection was expressed to the Mayor recommending an appointment to the Board of Adjustment. The Mayor then stated his proposal was that Mr. Robert K. Rowe, a resident of Wespawnee and a registered and practicing engineer, be appointed to the City's Board of Adjustment. Councilmember Richardson moved for adoption of the Mayor's proposal. Councilmember Ader seconded the motion. The motion carried.

Next, Councilmember Ford asked the Mayor to brief City Council on the City's application for a UDAG grant for the Waterfront Park project.

The Mayor explained that the UDAG application process is a very complex one. Quite often, he said, it takes two rounds to get a UDAG funded because the federal agency wants additional information which is not yet available. He added in some instances the City had received UDAGs only after the second round.

In the case recently of the federal agency not acting favorably on the City's application for a UDAG for the Waterfront Park, the Mayor explained, that this resulted from the fact that the agency needed additional information and some fine tuning had to be made to the application. He stated the application remained on target.

The application has not been rejected. The UDAG staff, in fact, thinks it is a very fine application, the Mayor said, adding that the City remained very much encouraged that it will be awarded a UDAG for the Waterfront Park project.

In response to a question asked by Councilmember Ford, the Mayor stated that the over-all cost of the project will be approximately \$60 million. Forty-four million dollars of which will come from private funds and sixteen million dollars will consist of public funds, including UDAG funds and revenue bonds for the parking garage.

There being no further business, the meeting was adjourned on motion of Councilmember Jefferson.

MARY R. WRIXON

Clerk of Council