

RESOLUTION**AUTHORISING THE TEMPORARY BORROWING OF NOT TO EXCEED \$19,500,000 IN ANTICIPATION OF THE ISSUANCE OF COMBINED WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF THE TOWN OF LEXINGTON, SOUTH CAROLINA**

WHEREAS, the Town of Lexington, South Carolina (the “Town”), a municipal corporation and a political subdivision of the State of South Carolina, intends expand its combined waterworks and sewer system (the “System”) by financing the costs to acquire, construct, and equip various capital projects, including the Cromer Road Pump Station and Upgrades to Water Pumping Capacity at the Lake Murray Water Treatment Facility and any additional costs for the resolution of the I-20 System acquisition (collectively, the “Project”); and

WHEREAS, the Town intends to provide permanent financing for the Project through issuance of combined waterworks and sewer system revenue bonds of the Town (the “Project Bonds”), pursuant to Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended (the “Bond Enabling Statute”); and

WHEREAS, the Bonds will be limited obligations of the Town, payable solely from net earnings of the System (the “Revenues”); and

WHEREAS, the Town has previously determined that it was in its best interest to provide interim financing to defray the costs of the Project pending the issuance of Bonds; and

WHEREAS, by Ordinance #2018-33 (the “BAN Ordinance”) enacted October 1, 2018, the Town approved the issuance of not to exceed \$19,500,000 principal amount of Bond Anticipation Notes in one or more series and outstanding from time to time to defray the costs of the Project pending issuance of the Bonds; and

WHEREAS, pending issuance of the Bonds, the Town has previously issued its \$7,000,000 Combined Waterworks and Sewer System Revenue Bond Anticipation Notes, Series 2018 (the “Series 2018 BANs”) to provide temporary financing for apportion of the Project pending issuance of the Bonds; and

WHEREAS, the Town has determined that it is in its best interest to refund its outstanding \$7,000,000 principal amount of Series 2018 BANs, issued pursuant to the BAN Ordinance, through the issuance of one or more new Series of Bond Anticipation Notes pending the issuance of the Bonds and to provide additional funding for the Project; and

WHEREAS, the Town has negotiated with Oppenheimer & Co. Inc. for the purchase of its one or more Series of Bond Anticipation Notes in the aggregate principal amount of not exceeding \$19,500,000 herein authorised;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF LEXINGTON, SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

ARTICLE I DEFINITIONS

Section 1.01 Defined Terms.

The terms defined in this Article (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Resolution shall have the respective meanings specified in this Article. Terms defined in the BAN Ordinance shall have the meaning ascribed to such terms therein.

“Bond” or “Bonds” shall mean the combined waterworks and sewer system revenue bonds of the Town to be issued by the Town to provide permanent financing for the Project.

“Bond Counsel” shall mean Howell Linkous & Nettles, LLC, Charleston, South Carolina.

“Bond Enabling Statute” shall mean Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended.

“Clerk” shall mean the Municipal Clerk of the Town, or in her absence, the acting municipal clerk.

“Financial Advisor” shall mean Municipal Advisors Group of Boston, Inc.

“Mayor” shall mean the Mayor of the Town.

“Note Enabling Act” shall mean Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended.

“Notes” shall mean the bond anticipation notes of the Town authorised to be issued hereunder in the aggregate principal amount of not to exceed \$19,500,000.

“Original Purchaser” shall mean Oppenheimer & Co. Inc.

“Project” shall mean certain upgrades to portions of the System, including funding for the costs of acquisition, construction, and equipping of various capital projects, including the Cromer Road Pump Station and Upgrades to Water Pumping Capacity at the Lake Murray Water Treatment Facility and any additional costs for the resolution of the I-20 System acquisition, and funding for other capital improvements to the System.

“Resolution” means this Resolution, as from time to time amended or supplemented.

“Series 2018 BANs” shall mean the \$7,000,000 Town of Lexington, South Carolina, Waterworks and Sewer System Revenue Bond Anticipation Notes, Series 2018 dated November 29, 2018.

“System” shall mean the Town’s combined waterworks and sewer system.

“Town” shall mean the Town of Lexington, South Carolina, a municipal corporation and a political subdivision organised and existing under the laws of the State of South Carolina.

“Town Council” shall mean the Town Council of the Town of Lexington, South Carolina.

Section 1.02 General Rules of Interpretation.

(a) Articles, Sections, and Paragraphs mentioned by number are the respective Articles, Sections, and Paragraphs of this Resolution so numbered.

(b) Except as otherwise expressly provided or unless the context otherwise requires, words importing persons include, firms, associations, and corporations and the masculine includes the feminine and the neuter.

(c) Words importing the redemption or redeeming or calling for redemption of the Notes do not include or connote the payment of such Notes at their stated maturity or the purchase of such Notes.

(d) Words importing the singular number includes the plural number and vice versa.

**ARTICLE II
AUTHORISATION AND ISSUANCE OF BONDS**

Section 2.01 Constitutional and Statutory Authorisation of Notes.

The Town Council is authorised and empowered by Subsection 10 of Section 14 of Article X of the South Carolina Constitution and by the Note Enabling Act, to borrow pursuant to the provisions thereof in anticipation of the receipt of the proceeds of the Bonds.

Section 2.02 Issuance of Notes.

Pursuant to the constitutional and statutory authorisation cited above, in order to obtain funds to pay all or a portion of the principal and interest due on the Series 2018 BANs on November 1, 2019 and to fund additional Project costs, and thereby provide interim financing of the Project pending the issuance of the Bonds, the Town shall borrow not to exceed \$19,500,000 to be evidenced by bond anticipation notes in the principal amount of not to exceed \$19,500,000 (the “Notes”), in one or more Series, dated the date of their delivery and maturing no later than one year from the date of their issuance as determined by the Town Administrator, on the advice of the Financial Advisor and Bond Counsel. The actual principal amount of the Notes shall be designated by the Town Administrator; provided the actual aggregate principal amount shall not exceed \$19,500,000.

Section 2.03 Form of Notes; Other Matters Regarding Issuance of Notes.

(a) Form of Notes. The Notes shall be issued in substantially the form attached hereto as Exhibit A, with any necessary changes or appropriate variations, omissions, and insertions as are

incidental to the series, numbers, denominations, and registration and transfer provisions as are otherwise permitted or required by law or by the BAN Ordinance or this Resolution.

(b) All other terms and conditions relating to the Notes shall be as determined and permitted under Section 4 of the BAN Ordinance which is incorporated herein by reference.

ARTICLE III COVENANTS

Section 3.01 Security for the Notes.

For the payment of the Notes, there are hereby pledged the proceeds derived from the sale of the Bonds issued pursuant to the Bond Enabling Statute. The proceeds, when received by the Town, shall be applied first to the payment of principal and interest on the Notes.

Section 3.02 Agreement to Issue Bonds.

The Town Council covenant and agree, pursuant to Section 11-17-60 of the Code of Laws of South Carolina 1976, to issue and sell the Bonds, in an amount sufficient to retire the Notes, prior to the maturity of the Notes or to issue refunding bond anticipation notes in such a sufficient amount.

Section 3.03 Performance of Covenants; Authority of the Town.

The Town Council covenant that they will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Note Enabling Act, in this Resolution, in the Notes executed and delivered hereunder, and in all proceedings pertaining thereto. The Town Council covenant that they are duly authorised under the Constitution and laws of the State of South Carolina to issue the Notes authorised hereby, to adopt this Resolution, and to pledge the proceeds of the Bonds hereby pledged in the manner and to the extent herein set forth; that all action on their part for the issuance of the Notes and the adoption of this Resolution has been duly and effectively taken; and that the Notes in the hands of the holders thereof is and will be a valid and enforceable obligation of the Town according to the import thereof.

ARTICLE IV APPLICATION OF NOTE PROCEEDS

Section 4.01 Application of Note Proceeds.

All proceeds of the Notes shall be applied to the payment of all or a portion of the principal and interest due on the Series 2018 BANs on November 1, 2019 and to fund additional Project costs, and issuance costs of the Notes, as set forth in a certificate signed by the Assistant Town Administrator or the Finance Director.

Section 4.02 Purchaser Not Liable for Proper Application of Proceeds.

No purchaser or holder of the Notes shall be liable for the proper application of the proceeds thereof.

**ARTICLE V
MISCELLANEOUS**

Section 5.01 Execution of Closing Documents and Certificates.

The Mayor, the Clerk, the Town Administrator, the Assistant Town Administrator, and the Finance Director are fully authorised and empowered to take any further action and to execute and deliver such closing documents, including any escrow deposit agreements or similar documents, as may be necessary and proper in order to complete the borrowing herein authorised and the action of the officers or any one or more of them in executing and delivering any documents, in the form as he or they shall approve, is hereby fully authorised.

Section 5.02 Mayor Pro Tempore May Act in Mayor's Absence; Acting Clerk may Act in Clerk's Absence.

In the absence of the Mayor, the Mayor Pro Tempore of the Town Council, or such other person or persons as the Mayor shall designate, is fully authorised to exercise all powers vested in the Mayor under this Resolution. In the absence of the Clerk, the acting or assistant Clerk is fully authorised to exercise all powers and take all actions vested in the Clerk under this Resolution.

Section 5.03 Benefits of Resolution Limited to the Town and Holders of the Notes.

With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Notes is intended or should be construed to confer upon or give to any person other than the Town and the holders of the Notes, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Town and the holders from time to time of the Notes as herein and therein provided.

Section 5.04 Resolution Binding Upon Successors or Assigns of the Town.

All the terms, provisions, conditions, covenants, warranties, and agreements contained in this Resolution shall be binding upon the successors and assigns of the Town and shall inure to the benefit of the holders of the Notes.

Section 5.05 No Personal Liability.

No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Town contained in this Resolution or the Notes, against any member of the Town

Council, any officer or employee of the Town, as such, in his or her individual capacity, past, present, or future.

Section 5.06 Effect of Saturdays, Sundays, and Legal Holidays.

Whenever this resolution requires any action to be taken on a Saturday, Sunday, or legal or public holiday or bank holiday in the State of South Carolina, the action shall be taken on the first secular day occurring thereafter. Whenever in this Resolution the time within which any action is required to be taken or within which any right will be lapse or expire shall terminate on a Saturday, Sunday, or legal or public holiday or bank holiday in the State of South Carolina, the time shall continue to run until midnight on the next succeeding secular day.

Section 5.07 Law and Place of Enforcement of the Resolution.

This Resolution shall be construed and interpreted in accordance with the laws of the State of South Carolina and all suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in said State.

Section 5.08 Effect of Article and Section Headings and Table of Contents.

The headings or title of the several Articles and Sections hereof, and any Table of Contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation, or effect of this Resolution.

Section 5.09 Savings Provision.

If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 5.10 Repealing Clause.

All resolutions or parts thereof inconsistent herewith shall be, and the same are hereby, repealed to the extents of the inconsistencies.

Section 5.11 Effective Date.

This Resolution shall be effective immediately upon its adoption.

DONE IN MEETING DULY ASSEMBLED this 7th day of October, A.D. 2019.

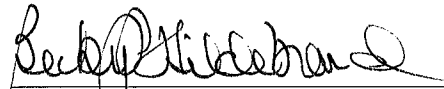
(SEAL)

TOWN OF LEXINGTON, SOUTH CAROLINA

A handwritten signature in black ink, appearing to be "J. S. S.", written over a horizontal line.

Mayor

Town of Lexington, South Carolina

A handwritten signature in black ink, appearing to be "Rebecca H. ...", written over a horizontal line.

Municipal Clerk

Town of Lexington, South Carolina

EXHIBIT A

**STATE OF SOUTH CAROLINA
TOWN OF LEXINGTON
COMBINED WATERWORKS AND SEWER SYSTEM
REVENUE BOND ANTICIPATION NOTE
SERIES 2019**

No. R-1

MATURITY DATE
_____, 2020

ORIGINAL DATE OF ISSUE
_____, 2019

CUSIP: _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ MILLION _____ AND NO/100 DOLLARS (\$_____.00)

TOWN OF LEXINGTON, SOUTH CAROLINA (the “Issuer”), a municipal corporation and a political subdivision of the State of South Carolina, FOR VALUE RECEIVED promises to pay, but only from the sources as hereinafter described, to the Registered Owner set forth above, or registered assigns, the Principal Amount set forth above, on the Maturity Date set forth above, together with interest from the date hereof on such Principal Amount at the rate of ____ and __/100 per centum (____%) per annum, payable on _____, 2020.

THIS NOTE is being issued pursuant to the authorisation of Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, and an ordinance enacted by the Town Council of the Issuer (the “Ordinance”) in anticipation of the receipt of the proceeds of combined waterworks and sewer system revenue bonds of the Issuer (the “Bonds”) authorised to be issued pursuant to Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, for the purpose of refunding the Town’s Combined Waterworks and Sewer System Revenue Bond Anticipation Notes, Series 2018, which were issued to provide funds for the Town’s Waterworks and Sewer System and to provide additional funds for the Town’s Waterworks and Sewer System, pending the issuance of Combined Waterworks and Sewer System Revenue Bonds by the Town. All capitalised terms not defined herein are defined in the Ordinance.

The Town Council of the Issuer (the “Town Council”) covenant and agree, pursuant to Section 11-17-60 of the Code of Laws of South Carolina 1976, as amended, to issue and sell the Bonds, in an amount sufficient to retire this Note, prior to the maturity hereof or to issue renewal or refunding bond anticipation notes in such a sufficient amount. The Town Council agree that they will issue no further bond anticipation notes in anticipation of the Bonds except in accordance with terms of the Ordinance.

[**THIS NOTE** is not subject to redemption by the Issuer prior to the Maturity Date.]

THE ORDINANCE contains provisions defining terms; sets forth the terms and conditions upon which the covenants, agreements, and other obligations of the Issuer made therein may be

discharged at or prior to the maturity of this note with provisions for the payment thereof in the manner set forth in the Ordinance; and sets forth the terms and conditions under which the Ordinance may be amended or modified with or without the consent of the Registered Owner of this note. Reference is hereby made to the Ordinance, to all provisions of which any Registered Owner of this note by the acceptance hereof thereby assents.

[**THIS NOTE** has been designated by the Issuer as a “Qualified Tax-Exempt Obligation” (“Bank Qualified”) pursuant to the provisions of Section 265(b)(3)(B)(ii) of the Internal Revenue Code of 1986, as amended.]

THE PRINCIPAL AND INTEREST on this Note, when due, shall be payable at the corporate trust office of U.S. Bank National Association (the “Paying Agent”), in Columbia, South Carolina. This Note may be transferred only upon assignment duly executed by the Registered Owner. So long as any amount remains outstanding hereunder, there may be only one Registered Owner of this Note at any time. Any purported assignment in contravention of the foregoing requirements shall be, as to the Issuer, absolutely null and void. The person in whose name this Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on the Note shall be made only to or upon the order of the Registered Owner or his legal representative. All payments made in this manner shall be valid and effective to satisfy and discharge the liability of the Issuer upon this Note to the extent of the sum or sums so paid. No person other than the Registered Owner shall have any right to receive payments, pursue remedies, enforce obligations, or exercise or enjoy any other rights under this Note against the Issuer. Notwithstanding the foregoing, nothing herein shall limit the rights of a person having a beneficial interest in this Note as against a person (including the Registered Owner) other than the Issuer, as in the case where the Registered Owner is a trustee or nominee for two or more beneficial owners of an interest in this Note.

THIS NOTE shall not be entitled to any benefit under the Ordinance or become valid or obligatory for any purpose until it shall have been authenticated by the execution of the Certificate of Authentication which appears hereon by the manual signature of an authorised officer of the authenticating agent.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and Laws of the State of South Carolina to exist, to happen, and to be performed, precedent to or in the issuance of this Note, exist, have happened, and have been done and performed in regular and due time, form, and manner, and the amount of this Note and the issue of which it is a part does not exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the Town of Lexington, South Carolina, has caused this Note to be executed in its name by the Mayor of the Town of Lexington under the Seal of the Town of Lexington, South Carolina, to be impressed hereon, and attested by the Municipal Clerk of the Town Council, all on the Original Date of Issue set forth above.

TOWN OF LEXINGTON, SOUTH CAROLINA

(SEAL)

Mayor

ATTEST:

Municipal Clerk

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue designated herein and issued under the provisions of the within-mentioned Ordinance.

U.S. BANK NATIONAL ASSOCIATION,
as Authenticating Agent

Date of Authentication: _____

By _____
Authorised Officer

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

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

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

UNIF GIFT MIN ACT - _____
(Cust)

Custodian _____
(Minor)

under Uniform Gifts to Minors Act _____
(State)

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

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto _____ (Social Security No. or Other Identifying Number of Assignee _____) the within note, and does hereby irrevocably constitute and appoint _____ to transfer the said note on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____

Signature of Owner: _____

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar programme.

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