

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 9, 2025

**NEW ISSUE - BOOK-ENTRY-ONLY**  
**BANK QUALIFIED**

**DAC Bond**

**RATING:**  
**Moody's: "Aa3"**

See "MISCELLANEOUS – Rating" herein.

*In the opinion of Pope Flynn, LLC, Bond Counsel to the District, under existing law, assuming continuing compliance by the District with certain covenants and the accuracy of certain representations, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Such interest is, however, included in the "adjusted financial statement income" of certain corporations that are subject to the corporate alternative minimum tax imposed under Section 55 of the Code. In the opinion of Bonhhhd Counsel, the Series 2025 Bonds and the interest thereon are exempt from all state, county, municipal, school district, and other taxes and assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes. The Series 2025 Bonds have been designated by the District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B)(i) of the Code. See "LEGAL MATTERS" herein for a description of these and other tax considerations.*

**\$10,000,000\***

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA**  
**WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2025**

Dated: Date of Issuance

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

The Georgetown County Water and Sewer District, South Carolina (the "District") is issuing its \$10,000,000\* Water and Sewer System Revenue Bonds, Series 2025 (the "Series 2025 Bonds"), as fully registered bonds in denominations of \$5,000 and integral multiples thereof initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2025 Bonds under a book-entry-only system, as described herein. So long as the Series 2025 Bonds are held in book-entry form, beneficial owners of Series 2025 Bonds will not receive physical delivery of bond certificates. Interest on the Series 2025 Bonds is payable at the interest rates stated on the inside front cover hereof initially on December 1, 2025, and semiannually thereafter on June 1 and December 1 of each year through maturity or prior redemption. The Bank of New York Mellon Trust Company, N.A. is serving as Trustee, Registrar and Paying Agent with respect to the Series 2025 Bonds.

The Series 2025 Bonds are being issued by the District to (1) defray or reimburse the costs of renovating, improving, and equipping all or a portion of the following projects: (i) water main upgrades (Highway 521); (ii) Red Hill water project; (iii) raw water intake improvements; (iv) water plant capacity expansions and upgrades; and (v) other expansion, additions and improvements to the System (collectively, the "Project"); and (2) pay the costs of issuance of the Series 2025 Bonds, including the costs of any credit enhancement premiums therefor. See "INTRODUCTION – Purpose"; also see "PLAN OF FINANCE" herein.

The Series 2025 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity as more fully described herein.

The Series 2025 Bonds are being issued under: the authority of the Constitution and laws of the State of South Carolina, including Chapter 17 of Title 6, Code of Laws of South Carolina 1976, as amended; a bond resolution adopted by the District on July 9, 2015, as amended on August 13, 2015, and a series resolution adopted by the District on March 13, 2025. The Series 2025 Bonds are payable from and secured by a pledge of and lien on the Revenues (as defined herein) after provision has been made for the payment of principal and interest on Prior Lien Bonds (as defined herein) and Operation and Maintenance Expenses (as defined herein) on a parity with any additional Bonds (as defined herein) hereafter issued. See "SECURITY FOR BONDS" herein.

THE SERIES 2025 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR THE LAWS OF THE STATE OF SOUTH CAROLINA, OTHER THAN THOSE PROVISIONS AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE. THE DISTRICT IS NOT OBLIGATED TO PAY ANY OF THE SERIES 2025 BONDS OR THE INTEREST THEREON EXCEPT FROM THE REVENUES AFTER PROVISION HAS BEEN MADE FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE PRIOR LIEN BONDS AND FOR OPERATION AND MAINTENANCE EXPENSES, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT SHALL BE DEEMED TO BE PLEDGED TO THE PAYMENT OF THE SERIES 2025 BONDS. SEE "SECURITY FOR BONDS" HEREIN.

Bids for the purchase of the Series 2025 Bonds will be received until 11:00 a.m. (ET), on Wednesday, April 16, 2025, via *PARITY*®.

The interest rates shown on the inside front cover for the Series 2025 Bonds are the result of a successful bid from \_\_\_\_\_, and such bidder has provided the reoffering information shown therein. The Series 2025 Bonds are offered when, as, and if issued and subject to the approval of legality and of certain other legal matters by Bond Counsel, Pope Flynn, LLC, Columbia, South Carolina. Pope Flynn, LLC is also serving as Disclosure Counsel to the District in connection with the offer and sale of the Series 2025 Bonds. Certain legal matters will be passed on for the District by its counsel, Boykin & Davis, LLC, Columbia, South Carolina. Compass Municipal Advisors, LLC, Columbia, South Carolina serves as Financial Advisor to the District. It is expected that the Series 2025 Bonds will be delivered through the facilities of DTC in New York, New York, on or about May 7, 2025, against payment therefor.

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The District deems this Preliminary Official Statement to be final as of its date for purposes of U.S. Securities and Exchange Commission Rule 15c2-12 (the "Rule 15c2-12"), except for information which may be omitted pursuant to Rule 15c2-12.*

This Official Statement is dated:

\* Preliminary, subject to change.

**\$10,000,000\***  
**GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA**  
**WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2025**

<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>No. †</u>	<u>Due</u> <u>June 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>No. †</u>
2026	\$ 55,000				2036	\$ 635,000			
2027	90,000				2037	660,000			
2028	90,000				2038	690,000			
2029	100,000				2039	715,000			
2030	105,000				2040	745,000			
2031	110,000				2041	780,000			
2032	110,000				2042	815,000			
2033	475,000				2043	850,000			
2034	540,000				2044	890,000			
2035	615,000				2045	930,000			

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2025 CUSIP Global Services. All rights reserved. CUSIP® numbers are set forth herein for the convenience of reference only. CUSIP data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. Neither the District nor their respective agents or counsel assume responsibility for the accuracy of such numbers.

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2025 Bonds identified on the front cover hereof. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Georgetown County Water and Sewer District, South Carolina (the “*District*”). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Except where otherwise indicated, all information contained in this Official Statement has been provided by the District. Information in this Official Statement has been obtained by the District from sources believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

Upon execution and delivery, the Series 2025 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange, and no indenture will be qualified with respect to the Series 2025 Bonds under the Trust Indenture Act of 1939, as amended. Neither the United States Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2025 Bonds for sale, and any representation to the contrary is a criminal offense.

Except for information with respect to The Bank of New York Mellon Trust Company, N.A. (the “*Trustee*”), the Trustee has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2025 Bonds, or (iii) the tax-exempt status of the interest on the Series 2025 Bonds.

Compass Municipal Advisors, LLC (the “*Financial Advisor*”), as financial advisor to the District, has provided the following for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District with respect to the issuance of the Series 2025 Bonds, but does not guarantee the accuracy or completeness of such information. The Financial Advisor has or may have other business relationships with the District from time to time and may be acting in capacities other than as a financial advisor. The participation of the Financial Advisor should not be seen as a recommendation to buy or sell the Series 2025 Bonds, and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

The information in “APPENDIX F – Description of Book-Entry-Only System” herein has been obtained from The Depository Trust Company, and no representation is made by the District as to the completeness or accuracy of such information.

For purposes of compliance with Rule 15c2-12 of the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“*Rule 15c2-12*”), this document, as the same may be supplemented or corrected by the District from time to time, may be treated as a “Preliminary Official Statement” with respect to the Series 2025 Bonds that is deemed final as of the date hereof (or of any such supplement or correction) by the District, except for the omission of no more than the information permitted by Rule 15c2-12.

WHERE INDICATED, CERTAIN INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED FROM SOURCES OTHER THAN RECORDS OF THE DISTRICT AND, WHILE BELIEVED TO BE RELIABLE, IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR ITS WATER AND SEWER SYSTEM.

Reference herein to laws, rules, regulations, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular

document, the full text of which may contain qualifications of and exceptions to statements made therein. Where full texts have not been included as appendices to the Official Statement, they will be furnished upon request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

#### CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "forecast," "project" or similar words. Such forward-looking statements are included in, among other portions of this Official Statement, "FINANCIAL INFORMATION" and "INVESTMENT CONSIDERATIONS" herein.

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

GEORGETOWN COUNTY WATER AND SEWER DISTRICT

4145 Highmarket Street  
Georgetown, SC 29442

MEMBERS OF THE DISTRICT / DISTRICT PERSONNEL

Leona Myers Miller, *Chairman*  
John Sands, *Vice Chairman*  
Comeletia Pyatt, *Secretary*  
Whitney Hills, *Assistant Secretary*  
Skip Corn, *Member*  
Zann Smith, *Member*  
Steve Squires, *Member*

Tommie Kennedy, P.E., *Executive Director*

Zach W. Webb, CPA, *Finance and Administrative Services Director*

COUNSEL TO THE DISTRICT

Boykin & Davis, LLC

BOND COUNSEL AND DISCLOSURE COUNSEL

Pope Flynn, LLC

FINANCIAL ADVISOR

Compass Municipal Advisors, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Greene Finney Cauley, LLP

TRUSTEE, PAYING AGENT, AND REGISTRAR

The Bank of New York Mellon Trust Company, N.A.

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## OFFICIAL STATEMENT

**\$10,000,000\***

### **GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2025**

#### INTRODUCTION

This Official Statement of the Georgetown County Water and Sewer District, South Carolina (the “*District*”), which includes the cover page, inside cover page, and the appendices hereto, provides information relating to the District and its \$10,000,000\* Water and Sewer System Revenue Bonds, Series 2025 (the “*Series 2025 Bonds*”). The District is a special purpose district of the State of South Carolina (the “*State*”), created and established as a body politic and corporate pursuant to Act No. 733 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1967 (“*Act No. 733*”), as subsequently amended (collectively, the “*Acts*”). See “THE DISTRICT – Creation and Establishment” herein. By the terms of the Acts, the District is authorized to own, operate, and maintain its water and sewer system (together, the “*System*”). The District provides water and sewer service to the unincorporated areas of Georgetown County, South Carolina (the “*County*”).

The Series 2025 Bonds, the Parity Bonds (as defined herein) and any Additional Bonds (as defined herein) are referred to herein as the “*Bonds*.” Included in this Official Statement are brief descriptions of the Series 2025 Bonds and the security therefor, the Prior Lien Bonds (as defined herein) and the security therefor, the District and its System, and the resolutions pursuant to which the Series 2025 Bonds are authorized and issued by the District. Also included is certain financial information relating to the System. For a more complete description of the terms and conditions of the Series 2025 Bonds, reference is made to the Bond Resolution (as defined below) and the Series Resolution (as defined below), copies of which are included in their entirety as “APPENDIX B – Copies of Bond Resolution & Series Resolution” attached hereto.

#### **Authorization**

The Series 2025 Bonds are issued pursuant to the Constitution and laws of the State, including particularly Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended (the “*Enabling Act*”), a bond resolution adopted by the District on July 9, 2015, as amended on August 13, 2015 (the “*Bond Resolution*”), and a series resolution adopted by the District on March 13, 2025 (the “*Series Resolution*”).

#### **Purpose**

The Series 2025 Bonds are being issued by the District to (1) defray or reimburse the costs of renovating, improving, and equipping all or a portion of the following projects: (i) water main upgrades (Highway 521); (ii) Red Hill water project; (iii) raw water intake improvements; (iv) water plant capacity expansions and upgrades; and (v) other expansion, additions and improvements to the System (collectively, the “*Project*”); and (2) pay the costs of issuance of the Series 2025 Bonds, including the costs of any credit enhancement premiums therefor. See “PLAN OF FINANCE” herein.

#### **THE SERIES 2025 BONDS**

#### **Form and Denomination**

The Series 2025 Bonds will be dated the date of issuance thereof, and will bear interest at the rates per annum set forth on the inside front cover page of this Official Statement, payable on June 1 and December 1 of each year (the “*Bond Payment Dates*”) beginning December 1, 2025. The Series 2025 Bonds will mature on June 1 in the years and in the principal amounts set forth on the inside front cover of this Official Statement. The Series 2025 Bonds will be issued in fully registered form without coupons, in denominations of \$5,000 (or integral multiples thereof), not exceeding the principal amount of the Series 2025 Bonds maturing in each year, and principal of and interest on the Series 2025 Bonds will be payable to the registered owner as of the Record Date (as defined herein) as set forth on the registration books of the District maintained at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the

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\* Preliminary, subject to change.

“Trustee”). As part of its duties as Trustee, The Bank of New York Mellon Trust Company, N.A. will also act as paying agent (the “Paying Agent”) and registrar (the “Registrar”) with respect to the Series 2025 Bonds.

The Series 2025 Bonds initially will be held in a book-entry-only system administered by The Depository Trust Company, New York, New York (“DTC”), whose nominee, Cede & Co., will be the initial registered owner of the Series 2025 Bonds. See “APPENDIX F – Description of Book-Entry-Only System.” Principal of and redemption premium, if any, and interest on, the Series 2025 Bonds held in book-entry form shall be payable as described herein in “– Book-Entry-Only System” below.

## Redemption

*Optional Redemption.* The Series 2025 Bonds maturing on or prior to June 1, 2034, are not subject to redemption prior to maturity. The Series 2025 Bonds maturing after June 1, 2034, are subject to redemption prior to maturity, at the option of the District on and after June 1, 2034, in whole or in part at any time, upon 30-days’ notice, in such manner as will be determined by the District, and by lot (or by such DTC procedure as is customary if the book-entry-only system is still in effect) within a maturity at par, plus accrued interest to the redemption date.

*[Mandatory Sinking Fund Redemption.* The Series 2025 Bonds maturing on \_\_\_\_\_ 1, 20\_\_ are subject to mandatory sinking fund redemption prior to their maturity at a redemption price equal to 100% of the principal amount thereof being redeemed, plus accrued interest, on \_\_\_\_\_ 1 of the following years and in the following amounts:

<u>Year</u>	<u>Amount</u>
-------------	---------------

\*

\* Final Maturity.

At its option, to be exercised on or before the 45th day next preceding such scheduled maturity redemption date, the District, may (a) receive a credit with respect to its scheduled mandatory redemption obligation for any Series 2025 Bonds subject to scheduled mandatory redemption which are delivered to the Trustee for cancellation and not theretofore applied as a credit against a scheduled mandatory redemption obligation or (b) receive a credit with respect to its scheduled mandatory redemption obligation for any Series 2025 Bonds which prior to said date have been redeemed (otherwise than through scheduled mandatory redemption) and canceled by the Trustee and not theretofore applied as a credit against said scheduled mandatory redemption obligation. Each Series 2025 Bond so delivered or previously redeemed shall be credited by the Trustee, at the principal amount thereof to the obligation of the District on such scheduled mandatory redemption date and the principal amount of the Series 2025 Bonds to be redeemed by operation of such scheduled mandatory redemption on such date shall be accordingly reduced.]

*Notice of Redemption.* The Trustee or the Registrar, as the case may be, shall send notice of redemption of any Series 2025 Bonds, in the name of the District, by registered or certified mail, not less than 20 days and not more than 60 days prior to the date fixed for redemption to DTC or its nominee, or if DTC or its nominee is no longer the registered owner of the Series 2025 Bonds, to the registered owners (the “Owners”) of the Series 2025 Bonds or portions thereof to be redeemed as shown on the books of registration and transfer (the “Register”) of the District by first-class mail.

*Selection of Series 2025 Bonds for Redemption.* If less than all of the Series 2025 Bonds are called for redemption, the District will select the maturity or maturities of the Series 2025 Bonds to be redeemed. If less than all of the Series 2025 Bonds of any maturity are to be redeemed, the Series 2025 Bonds shall be selected (1) by DTC pursuant to its rules and procedures, or (2) if a book-entry system is no longer in effect, by lot by the Registrar. If the Series 2025 Bonds are to be redeemed in part, they may be redeemed only in integral multiples of \$5,000. If a portion of the Series 2025 Bonds is called for redemption, a new Series 2025 Bond in the principal amount equal to the unredeemed portion thereof shall be issued to the Owner thereof upon surrender thereof.

*Effect of Call for Redemption.* If notice is properly given and if moneys for the payment of the Series 2025 Bonds at the then-applicable redemption price or together with the then-applicable redemption premium, if any, and the



interest to accrue to the redemption date on such Series 2025 Bonds are held for the purpose of such payment by the Trustee, the Series 2025 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date, and interest on such Series 2025 Bonds or portions thereof shall cease to accrue from such date.

### **Registration, Transfers and Exchanges**

*Series 2025 Bonds Subject to the Book-Entry-Only System.* The District has arranged for the Register to be maintained by the bond registrar of the Series 2025 Bonds. For as long as DTC acts as Securities Depository (as defined herein) for the Series 2025 Bonds, the registration, transfer and exchange of ownership interests in the Series 2025 Bonds shall be accomplished by book entries made by DTC and the Direct Participants (as defined herein) and, where applicable, the Indirect Participants (as defined herein), as described in “– Book-Entry-Only System” below.

### **Book-Entry-Only System**

*Book-Entry-Only System.* The District has arranged for the Series 2025 Bonds to be issued as fully registered bonds, registered in the name of Cede & Co., as nominee of DTC, which will initially act as securities depository (the “*Securities Depository*”) for the Series 2025 Bonds. One fully registered Series 2025 Bond certificate for each maturity of Series 2025 Bonds will be issued and deposited with DTC; purchasers will not receive certificates representing the ownership interest in the Series 2025 Bonds purchased by them. For as long as DTC acts as the Security Depository for the Series 2025 Bonds, the registration, transfer, and exchange of ownership interests in the Series 2025 Bonds shall be accomplished by book entries made by DTC and the Direct Participants and, where applicable, the Indirect Participants, as described in “APPENDIX F – Description of Book-Entry-Only System” attached hereto.

*Discontinuance of Book-Entry-Only System.* In the event that the District determines that it is in the best interest of the District not to continue the book-entry system of transfer or that the interest of the Beneficial Owners of the Series 2025 Bonds may be adversely affected if the book-entry system of transfers is continued, then the District will notify the Securities Depository and the Trustee of such determination and the Securities Depository will immediately notify the Participants of the availability, through the Securities Depository, of physical Series 2025 Bonds. In such event, the District will execute, and the Trustee will authenticate, register and deliver physical Series 2025 Bonds as requested by the Securities Depository or any Participant or Beneficial Owner of Series 2025 Bonds in appropriate authorized denominations in exchange for the Series 2025 Bonds registered in the name of the Securities Depository Nominee. The Securities Depository may determine to discontinue providing its services as such with respect to the Series 2025 Bonds at any time by giving notice to the District and the Trustee and discharging its responsibilities with respect thereto under applicable laws or the District may determine that the Securities Depository is incapable of discharging its duties as such and may so notify the Securities Depository. In either such event, the District will either engage the services of another Securities Depository or deliver physical Series 2025 Bonds in the manner described above.

Upon the discontinuance of the book-entry system, Series 2025 Bonds shall be evidenced by bond certificates issued in the name of the Owners thereof as set forth on the Register, and Series 2025 Bonds shall be transferable only upon the registration books by the Owner thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or his duly authorized attorney with such signature guaranteed. Upon the transfer of any Series 2025 Bond, the District shall execute and thereupon the Registrar shall authenticate and deliver to the transferee a new fully registered Series 2025 Bond or Series 2025 Bonds, registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Series 2025 Bond.

## **PLAN OF FINANCE**

### **The Project**

The Project consists of the following:

- (i) Water main upgrades (Highway 521): Extension of an 18” trunk line that is intended to improve flow and pressure to the County’s industrial park as well as other potential developments;
- (ii) Red Hill water project: Building an elevated storage facility and installing a trunk line to connect two adjacent water systems owned by the District. Upon completion, this project will close out the Red

Hill consent order issued by South Carolina Department of Environmental Services (“DES”) (see “THE SYSTEM – Environmental/Regulatory Matters” herein);

- (iii) Raw water intake improvements: Installation of a second raw water intake for the Waccamaw Plant (as defined herein). This intake will be able to supply up to 12 million gallons per day (“MGD”);
- (iv) Water plant capacity expansions and upgrades: Improvements to expand capacity in the District’s Waccamaw Plant from 8 MGD to 10 MGD; and
- (v) Other expansion, additions and improvements to the System: Installations, replacements, or repairs to the System to add to or improve the District’s overall ability to effectively serve the community.

A portion of the costs of the Project will also be paid with the proceeds of a \$10 million grant that the District has received from the South Carolina Rural Infrastructure Authority’s South Carolina Infrastructure Improvement Program. The District expects to pay the balance of the costs of the Project with the proceeds of the Series 2025 Bonds.

### Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the sale of the Series 2025 Bonds:

	<u>Total</u>
Sources:	
Par Amount of Series 2025 Bonds	
Plus: [Net] Original Issue Premium (Discount)	
Uses:	
Deposit to 2025 Project Fund	
Costs of Issuance <sup>1</sup>	
Total Uses	

<sup>1</sup>Includes underwriter’s discount, printing costs, and expenses of Bond Counsel, Disclosure Counsel, Local Counsel, Financial Advisor, rating agency fees, accounting fees, and other miscellaneous costs.

## SECURITY FOR THE BONDS

### Pledge of Revenues

All Bonds, including the Series 2025 Bonds, are limited obligations of the District, solely secured by and payable from the Revenues (as defined herein) of the System after provision has been made for the payment of principal and interest on the Prior Lien Bonds and Operation and Maintenance Expenses (as defined herein). The pledge and lien securing the Bonds shall at all times and in all respects be on a parity with the pledges and liens made to secure the Series 2025 Bonds, the Parity Bonds and any Additional Bonds, but shall be and remain superior to pledges and liens made to secure any Junior Lien Bonds (as defined in Appendix B), other bonds or other obligations payable from the revenues of the System. The District has agreed in the Bond Resolution to issue no additional obligations prior to or on a parity with the Prior Lien Bonds. For a further review of the priority of the Prior Lien Bonds over the Bonds, see “APPENDIX B – Copies of Bond Resolution & Series Resolution” attached hereto.

As defined in the Bond Resolution, “Revenues” or “Revenues of the System” means (1) all receipts and revenues (except customers’ deposits) derived from the operation of the System including, without limiting the foregoing, service fees, connection fees, tap fees, availability fees impact fees, and proceeds of front-foot assessments imposed pursuant to Section 6-11-1230 of the Code of Laws of South Carolina 1976, as amended, or any successor provision; (2) all proceeds from the sale or other disposition of any property owned directly or beneficially by the District in connection with the operation of the System; (3) all interest and other income received directly or indirectly from the investment of any monies or accounts relating to the System; excluding, however, investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service, and specifically excluding (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of Bonds; and (4) all other

unencumbered money to which the System may become entitled from any source whatsoever, but specifically excluding government grants and aids-to-construction.

As defined in the Bond Resolution, “*Operation and Maintenance Expenses*” means all expenses incurred in connection with the administration and ordinary operation of the System, including without limitation such expenses as may reasonably be necessary to preserve the System in good repair and working order, the fees and charges of the Trustee and the custodian or trustee of any fund, the cost of audits required hereunder, and the premiums for all insurance and fidelity bonds required hereunder, but excluding (1) any depreciation and amortization expenses; (2) unfunded pension or other post-employment benefit liabilities that do not result in any actual disposition of cash; and (3) other non-cash expenses resulting from adoption of any new accounting pronouncement or as required by any accounting standards body.

The Prior Lien Bonds of the District that are currently outstanding are as follows: (1) \$4,050,571 Water and Sewer System Revenue Bond, Series 2011A (State Drinking Water Revolving Fund, Loan Number X3-051-10-2220004-01); (2) \$2,238,682 Water and Sewer System Revenue Bond, Series 2011B (State Drinking Water Revolving Fund, Loan Number X3-050-10-2220004-02); (3) \$4,170,000 Water and Sewer System Revenue Bond, Series 2012A; and (4) \$4,034,500 Water and Sewer System Revenue Bond, Series 2012B (the “*Series 2012B Bond*” and collectively, the “*Prior Lien Bonds*”). The District has outstanding the following Series of Bonds that were issued pursuant to the Bond Resolution, each issued on a parity and subordinate and junior in all respects to the Prior Lien Bonds (collectively, the “*Parity Bonds*”): (1) \$21,050,000 Water and Sewer System Revenue Refunding Bonds, Series 2015 (the “*Series 2015 Bonds*”); and (2) \$3,104,820 Water and Sewer System Revenue Parity Bond, Series 2020 (State Drinking Water Revolving Fund, Loan Number X3-088-20-2220010-01). See “FINANCIAL INFORMATION – Outstanding Indebtedness and Other Obligations of the System” for the maturity dates and outstanding principal amounts of the Prior Lien Bonds and the Parity Bonds.

#### **Limited Obligation**

THE SERIES 2025 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR THE LAWS OF THE STATE OF SOUTH CAROLINA, OTHER THAN THOSE PROVISIONS AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE. THE DISTRICT IS NOT OBLIGATED TO PAY ANY OF THE SERIES 2025 BONDS OR THE INTEREST THEREON SAVE AND EXCEPT FROM THE REVENUES AFTER PROVISION HAS BEEN MADE FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE PRIOR LIEN BONDS AND FOR OPERATION AND MAINTENANCE EXPENSES, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT SHALL BE DEEMED TO BE PLEDGED TO THE PAYMENT OF THE SERIES 2025 BONDS.

#### **Rate Covenant**

Under the Bond Resolution, the District covenanted and agreed to operate the System in an efficient and economical manner and establish, levy, maintain, revise and collect such fees, rentals, rates and other charges in connection therewith as may be necessary or proper. The District also covenants and agrees to maintain Revenues in an amount which shall at all times be sufficient:

- (1) to provide for the payment of the Operation and Maintenance Expenses;
- (2) to pay the principal of and interest on the Prior Lien Bonds, when due;
- (3) to provide for the punctual payment of the principal of and interest on all Bonds that may from time to time be Outstanding;
- (4) to maintain each Debt Service Fund and thus provide for the punctual payment of the principal of and interest on the Bonds;

(5) to maintain each required Debt Service Reserve Fund, if any, the manner described by the Bond Resolution for a Series of Bonds;

(6) 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;

(7) to pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under the provisions of the Bond Resolution;

(8) to provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time be outstanding; and

(9) to discharge all obligations imposed by the Enabling Act and the Bond Resolution.

The District also covenants and agrees in the Bond Resolution that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the System which will yield annual Net Earnings (as defined and described herein) in the current Fiscal Year (as defined in the Bond Resolution), equal to at least the sum of 100% of the annual debt service on the Prior Lien Bonds and any Junior Lien Bonds, 120% of the Annual Principal and Interest Requirement (as defined in the Bond Resolution) for all Bonds Outstanding in such Fiscal Year.

For purposes of the above mentioned rate covenant and the additional bonds test (as described in “– Additional Bonds” below), the term “*Net Earnings*” is generally defined as the Revenues of the System, less Operation and Maintenance Expenses. Net Earnings shall: (1) be further adjusted to include (a) revenues derived from service fees (including connection and tap fees, availability fees, and meter purchases) and (b) investment income not restricted to a purpose inconsistent with the payment of operating expenses or debt service; (2) be adjusted to exclude (a) gains on the sale or other disposition of investments or fixed or capital assets, which do not result from the ordinary course of business, (b) investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service including (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of borrowing by the District in connection with the System, (c) any amounts received by way of government grants and aids-to-construction, and (d) revenues derived from the operation of Special Facilities (as defined in the Bond Resolution) to the extent the same have been pledged to secure the payment of Special Facilities bonds; and (3) add back (a) losses on the sale or other disposition of investments or fixed or capital assets which do not result from the ordinary course of business, (b) amounts paid as interest on Bonds, (c) any financing expenses, underwriting discounts, call premiums, gains or losses on the extinguishment of debt due to the refinancing of the same, and other related or incidental non-recurring expenses resulting from the issuance or refinancing of Bonds, and (d) expenses resulting directly from the operation of Special Facilities to the extent that the revenues derived therefrom have been pledged to secure, and used for, the payment of Special Facilities bonds.

### **Additional Bonds**

Under the conditions described in the Bond Resolution, and without the approval or consent of the Owners, the District can occur additional Bonds secured by pledge of and a lien on the Revenues and issued on a parity with the Parity Bonds and the Series 2025 Bonds (“*Additional Bonds*”); however, any such Additional Bonds shall be subordinate in all respects to the Prior Lien Bonds. For more information regarding the issuance of Additional Bonds, see “APPENDIX B – Copies of Bond Resolution & Series Resolution,” particularly Article IV of the Bond Resolution.

The District may issue from time to time Additional Bonds on a parity with the pledge of and lien securing the Series 2025 Bonds and Parity Bonds for the purposes of: (1) obtaining funds for the expansion and improvement of the System and enabling the District to recoup expenditures for the same, including interest on the Bonds during construction as may be permitted pursuant to the Enabling Act; (2) providing funds for the payment of any bond anticipation note or notes that may have been issued in anticipation of the issuance and sale of Bonds; (3) refunding Bonds or other obligations issued to provide land or facilities which are or are to become a part of the System or which are or were payable in whole or in part from Revenues of the System; (4) funding any Debt Service Reserve Funds (including the purchase of a surety bond, insurance policy, line of credit or letter of credit as required under the Bond

Resolution) or restoring the value of the cash and securities in any Debt Service Reserve Funds to an amount equal to the applicable Reserve Requirement; (5) paying the costs of issuance of Bonds, including any credit enhancement for any Series of Bonds; and (6) funding capitalized interest on Bonds.

Subject to the District's compliance with other provisions of the Bond Resolution, the District may issue Additional Bonds on a parity with the Series 2025 Bonds if, Net Earnings during either (1) the Fiscal Year immediately preceding the Fiscal Year in which such Series of Bonds are to be issued or (2) a period of 12 consecutive months of the 24 months immediately preceding the month in which such Series of Bonds are to be issued, adjusted to reflect (a) any rate increases currently adopted and to be in effect prior to or coincident with the issuance of such Bonds and determined pro forma as though such rate increases had been in continuous effect during such Fiscal Year, or designated twelve consecutive month period, (b) amounts, less sums charged to defray operational and maintenance costs, expected to be received, in the first twelve month period following the completion of any project being financed from long-term contracts which extend for the life of such proposed Series of Bonds and which will be executed prior to the issuance of such proposed Series of Bonds, and (c) amounts equal to demonstrable decreases in Operation and Maintenance Expenses expected to occur in the first 12-month period following the completion of any project being financed from the proceeds of the proposed Series of Bonds, shall be not less than 120% of the maximum Combined Annual Principal and Interest Requirements (as defined in the Bond Resolution).

For the purpose of refunding any Bonds, the District, in lieu of satisfying the requirements of the preceding paragraph, may issue refunding Bonds if the annual combined principal and interest requirements of the refunding Bonds do not exceed annual combined principal and interest requirements of the refunded Bonds for any Fiscal Year until a time subsequent to the last maturity of Bonds not refunded and which remain Outstanding following the issuance of the refunding Bonds. See "APPENDIX B - Copies of Bond Resolution & Series Resolution" attached hereto.

### **Junior Lien Bonds; Special Facilities Bonds; Lease Financing**

The Bond Resolution provides that the District may at any time, and without limitation and free of all conditions, issue Junior Lien Bonds, Special Facilities bonds and lease financings on the terms and conditions set forth therein. See "APPENDIX B - Copies of Bond Resolution & Series Resolution" attached hereto. The District has no Junior Lien Bonds or Special Facilities bonds outstanding and does not have any present intent to issue any series of Junior Lien Bonds or Special Facilities bonds. In accordance with the District's leasing policy, see "THE DISTRICT – Policies – *Lease Policy*" herein, the District has no current lease expenses and has no present intent to issue any lease financing.

### **Funds and Accounts Held Under Resolution**

*Generally.* The Bond Resolution establishes several separate funds and accounts for the custody and application of Bond proceeds, Revenues, and certain other funds.

The District will cause all Revenues to be deposited into the Gross Revenue Fund (as described below) as such Revenues are received by the District. Under the Bond Resolution, there shall be transferred from the Gross Revenue Fund to other funds and accounts, including funds and accounts to be used for payment of operations and maintenance expenses for the System, debt service on the Bonds, and for payment of other contractual obligations related to the System.

*Gross Revenue Fund.* The Gross Revenue Fund, which shall be kept under the complete control and custody of the District, shall be maintained so as to reflect accurately the Revenues of the System. All Revenues, except customer deposits and other restricted monies, shall be deposited in the Gross Revenue Fund and the District shall establish, from an accounting standpoint, proper records of receipts and disbursements for the Gross Revenue Fund.

Transfers from the Gross Revenue Fund shall be made monthly, on or before the 15th day of each month, or as otherwise provided in the Bond Resolution in the following order of priority: (1) to the Operation and Maintenance Fund to provide the costs of operating and maintaining the System for the ensuing month; (2) to the payments required for the Prior Lien Bonds under the authorizing resolutions therefor; (3) to the Debt Service Funds the aggregate amount of principal and interest to become due on such respective Series of Bonds on such next ensuing Bond Payment Date; (4) after valuing the amount of money and securities on deposit in any Debt Service Reserve Fund, the amount necessary to make the amount of money and securities then on deposit therein equal to the respective Reserve Requirement (within 12

months succeeding any determination that such fund is underfunded); (5) to the payment of interest on amounts advanced by the provider of any surety bond, insurance policy, line of credit or letter of credit as contemplated by the provisions of the Bond Resolution; (6) to the Depreciation and Capital Replacement Fund, Contingency Fund and Rate Stabilization Fund (as such terms are described below) the sums which have been currently determined by the District to be the estimated requirements therefor under the provisions of the Bond Resolution; (7) to the payment of any Junior Lien Bonds; and (8) to the payment of any other lawful purpose, as determined from time to time by the District.

*Operation and Maintenance Fund.* The Operation and Maintenance Fund is intended to provide for the payment of Operation and Maintenance Expenses. Withdrawals from this fund are made by the District in accordance, as nearly as may be practicable, with the Annual Budget (as defined herein) then in effect.

*Debt Service Fund.* The Bond Resolution requires the establishment of a Debt Service Fund for each Series of Bonds. Each Debt Service Fund is intended to provide for the timely payment of the principal of and interest on the respective Series of Bonds as the same respectively fall due. Not later than the business day immediately preceding a Bond Payment Date, there shall be deposited into the respective Debt Service Fund the aggregate amount of principal and interest due and owing on such Series of Bonds for such Bond Payment Date. The 2025 Debt Service Fund shall be established by the Trustee on or before the closing of the Series 2025 Bonds.

*Debt Service Reserve Fund.* The Bond Resolution provides for the establishment, if required, of a Debt Service Reserve Fund for any Series of Bond Outstanding. Each such Debt Service Reserve Fund shall be maintained in an amount equal to the respective Reserve Requirements for series of Bonds then Outstanding. Monies in the Debt Service Reserve Fund representing the Reserve Requirement for any Series of Bonds shall be used only (1) to prevent a default in the payment of the principal of or interest on the applicable Series of Bonds, (2) to pay the principal of, interest on and redemption premium of the Bonds of the applicable Series of Bonds in the event such Bonds shall be redeemed, (3) to effect the partial redemption of the applicable Series of Bonds, or (4) to effect the retirement of Bonds through purchase under conditions established in the Bond Resolution. No 2025 Debt Service Reserve Fund is contemplated to be established in connection with the Series 2025 Bonds.

*Depreciation and Capital Replacement Fund.* The Depreciation and Capital Replacement Fund shall be maintained in an amount to be established not less frequently than annually by the District on the advice of the Executive Director in order to provide a reasonable reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions of the System. Monies in this fund shall be used solely for these purposes, but shall be transferred to the respective Debt Service Fund whenever necessary in order to prevent defaults on any Bonds after monies in the Debt Service Fund and the Debt Service Reserve Fund have been applied to that purpose.

*Contingency Fund.* The Contingency Fund has been established in order to build up a reserve for contingencies. The Contingency Fund shall be maintained in the complete custody and control of the District.

*Rate Stabilization Fund.* The Rate Stabilization Fund has been established for the purpose of minimizing or leveling rate increases. Not later than the 15th day of each month, the District shall deposit into the Rate Stabilization Fund the amount, if any, budgeted for deposit into the Rate Stabilization Fund for the then-current month as set forth in the current Annual Budget or the amount otherwise determined by the District to be credited to the Rate Stabilization Fund for such month. Each month the District shall transfer from the Rate Stabilization Fund to the Gross Revenue Fund the amount budgeted for transfer into the Gross Revenue Fund for the then-current month as set forth in the current Annual Budget or in the amount otherwise determined by the District to be deposited into the Gross Revenue Fund for the month. The Rate Stabilization Fund shall be maintained in the complete custody and control of the District. Withdrawals from this fund shall be made by or on order of an Authorized Officer.

## **Events of Default**

Each of the following events is declared an Event of Default under the terms of the Bond Resolution: (1) payment of the principal of any of the Prior Lien Bonds or Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption; (2) payment of any installment of interest on any Bonds, including the Series 2025 Bonds, shall not be made when the same becomes due and payable; (3) payment of any installment of either interest or principal on any Junior Lien Bonds shall not be made when the same becomes due and payable; (4) the District shall for any reason be rendered incapable of fulfilling its obligations under the Bond Resolution; (5) an order or decree shall be entered with the consent or acquiescence of the District appointing a receiver,

or receivers, of the System, or of the revenues thereof, or any proceedings shall be instituted with the consent or acquiescence of the District for the purpose of affecting a composition between the District and its creditors whose claims relate to the System, or for the purpose of adjusting claims of such creditors, pursuant to any federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the District, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof, or if such proceeding having been instituted without the consent or acquiescence of the District, shall not be withdrawn or any orders entered shall not be vacated, discharged, or stayed on appeal within 60 days after the institution of such proceedings or the entry of such orders; (6) the District shall fail to operate the System in an efficient and businesslike fashion so as to materially impair the operations of the System or shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in the Bond Resolution, and such default as to efficient operation or otherwise shall continue for 30 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the District by the Trustee or any Bondholder, provided that in the case of default in this subparagraph, if the default be such that it cannot be corrected within the said 30 day period, it shall not constitute an event of default if corrective action is instituted by the District within said 30 day period and diligently pursued until the default is corrected; and (7) the occurrence of an event of default on the part of the District under any reimbursement agreement between the District and a provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) of the Bond Resolution.

## THE DISTRICT

### Creation and Establishment

The District was created under the Acts as a special purpose district of perpetual succession. The purpose of the District is to acquire, construct, and operate a water and sewer system. The territory of the District includes the entirety of the County, except for the areas served by Town of Andrews (“*Andrews*”), the City of Georgetown (“*Georgetown*”), Rural Community Water District of Georgetown County (“*Georgetown Rural Water*”), Brown’s Ferry Water Company (“*Brown’s Ferry*”), and Blue Granite Water Company, Inc. (“*Blue Granite*”). See “THE SYSTEM– Service Area” herein. The System provides water service to approximately 24,085 customers and provides sewer service to approximately 19,946 customers.

Pursuant to Title 6, Chapter 11, Article 3 of the Code of Laws of South Carolina 1976, as amended, and an ordinance dated January 11, 2000 (the “*Hagley Ordinance*”), the County Council of Georgetown County (the “*County Council*”), the governing body of the County, authorized the consolidation of the Hagley Water, Sewer and Fire Authority, as originally created pursuant to Act No. 285 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1971 (“*Hagley*”), into the District. Per the terms of the consolidation documents, the District assumed all powers enjoyed by Hagley. See “Legislation Affecting the District and Special Purpose Districts Generally – *Alteration of Boundaries*.”

### Governance of the District

The governing body of the District consists of seven members (each a “*Member*” and collectively the “*Members*”). Under Act No. 733, Members are appointed by the Governor of the State upon a recommendation of the legislative delegation for the County and serve for a term of six years.

Act No. 387 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1975 (“*Act No. 387*”) amended Act No. 733 by adding two additional Members. While Act No. 387 was approved by the South Carolina General Assembly, it is subject to challenge under the South Carolina Constitution in that it may violate the Home Rule amendments<sup>1</sup> to the South Carolina Constitution (“*Home Rule*”) as impermissible single-county legislation and may further violate the constitutional prohibition against “special” legislation. However, the Hagley Ordinance effectively ratified the provisions of Act No. 387 and therefore, the District is now duly, validly, and legally governed by its seven Members.

The present Members, their occupations, number of years of service, and expiration of their current terms are as follows:

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<sup>1</sup> The Home Rule amendments to the South Carolina Constitution were ratified on March 7, 1973.

<u>Name</u>	<u>Occupation</u>	<u>Number of Years</u>	<u>Expiration of Term</u>
Leona Myers Miller, <i>Chairman</i>	Teacher	3	August, 2027
John Sands, <i>Vice Chairman</i>	Retired Teacher	1	August, 2029
Comeletia Pyatt, <i>Secretary</i>	Private School Executive Director	3	August, 2027
Whitney Hills, Assistant Secretary	Real Estate Agent	3	August, 2029
Skip Corn	Real Estate Agent	3	August, 2025
Zann Smith	Builder Supply Sales Manager	2	August, 2027
Steve Squires	Farmer	1	August, 2029

*Executive Director.* Mr. Tommie Kennedy, P.E., is the Executive Director of the District. Mr. Kennedy’s primary role is to oversee all day-to-day operations of the District to ensure that the District’s mission and vision are accomplished while maintaining our values. He has worked for the District in various capacities since 2006. He became the Executive Director in February 2024. Mr. Kennedy is a licensed professional engineer and holds a Bachelor of Science degree in engineering from Clemson University and a Master of Business Administration from Limestone University.

*Finance Director.* Mr. Zach W. Webb, CPA, is the Finance and Administrative Services Director for the District. Mr. Webb oversees the Customer Service, Billing, IT, and Finance departments and has been with the District since 2019. Prior to joining the District, Mr. Webb worked for a private accounting firm. Mr. Webb holds a Bachelor of Science degree in business management from Clemson University and a Master of Science in accountancy from the College of Charleston.

## **Employees**

As of March 1, 2025, the District has 84 full time positions approved and 82 full time employees. The employees are not unionized and there is currently no movement to unionize known to the District. The Executive Director of the District is of the opinion that employee relations are very good.

## **Retirement Plan**

*South Carolina Retirement System.* District employees participate in the South Carolina Governmental Employees’ Retirement System (“*SCRS*”), a cost-sharing, multiple employer public employee retirement program administered by the South Carolina Public Employee Benefit Authority (“*PEBA*”). Actuarial determinations are made by the administrator for the SCRS and State statutes determine the benefits and the level of contributions required by both employees and employers.

State law currently provides for an employer contribution of 18.56% of covered payroll, and no further increases have been enacted at this time. Legislation in 2017 reduced the unfunded amortization schedule from 30 years to 20 years and reduced the projected annual rate of return on investments from 7.50% to 7.25%. A new projected annual rate of return of 7.00% was set in 2021. The projected annual rate of return must reset every four years thereafter, and will reset in 2025 for the purposes of the SCRS July 1, 2025 actuarial valuation. For Fiscal Year 2024<sup>1</sup>, employer contributions for SCRS were 18.56%. These amounts include contributions of 0.15% for SCRS-covered employees for incidental and accidental death benefits. SCRS employee-members are required to contribute 9.0% of their annual covered salaries. For Fiscal Year 2024, the District made 100% of its required SCRS contribution, which totaled \$926,244.

A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS is publicly available on their website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or by submitting a request to South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

*GASB 68.* The District has implemented GASB Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27” and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68” (collectively, the “*Statements*”).

<sup>1</sup> References herein to a specific Fiscal Year refer to the Fiscal Year of the District ended or ending, as applicable, on June 30 of the year indicated.



The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments that participate in single-employer or cost-sharing multiple employer plans are now required to recognize a net pension liability for their single-employer plan or other proportionate share of the net pension liability of cost-sharing multiple employer plans. Respecting the District, the Statements require the District to recognize a net pension liability, deferred outflows of resources and deferred inflows of resources for the District's participation in the SCRS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and present more extensive note disclosures.

For the reporting period ended June 30, 2024, PEBA reported the District's proportionate share of the collective net pension liability for SCRS to be 0.036010%. This resulted in the District reporting a total net pension liability of \$8,708,000 for SCRS.

### **Fringe Benefits**

The District participates in the State of South Carolina Health Plan (the "*State Health Plan*") for medical and dental coverage. The State Health Plan offers plans to meet individual needs. Health, dental, vision, disability, and life insurance are available for eligible participants. The District pays 100% of health and basic dental costs for all full time regular employees and a portion of the health insurance for dependents. Total employer contributions to the State Health Plan on behalf of the employees of the District amounted to \$930,779 for Fiscal Year 2024.

In addition to the insurance benefits detailed above, the District provides a supplemental benefit to all active regular employees who participate in the South Carolina Deferred Compensation Program and contribute to the program through pre-tax deferred contribution. The monthly amount per employee for Fiscal Year 2024 was \$65 per month, resulting in a total payment of \$53,730. This amount is reviewed and approved annually by the District.

The District has paid all required contributions for fringe benefits and insurance as they come due and there are no liabilities for underfunding of such benefits. The annual budgeting process determines available funds for these fringe benefits during the next Fiscal Year. Employees have executed a written acknowledgment which states that such benefits may be decreased, increased, or eliminated, depending upon the District's ability to provide such benefits. The statement confirms that benefits during their service or retirement with the District may change or be eliminated according to the financial health of the entity.

### **Other Post-Employment Benefits**

The District administers a single employer defined benefit other postemployment benefits plan (the "*OPEB Plan*"). This plan provides healthcare insurance for eligible retirees and their spouses under the Medicare-eligible age through the District's group health insurance plan which covers both active and retired members. The Members of the District have the authority to establish and amend the benefit terms of the OPEB Plan. As of June 30, 2023 (the measurement year for Fiscal Year 2024), there were 97 covered participants, 20 of whom were retirees and 77 of whom were active employees. Contribution requirements are set by the District, and the District annually contributes premiums, as follows:

Eligible Retirees Hired Prior to January 1, 2009:

<u>Minimum Retirement Age</u>	<u>Years of Service at Retirement</u>	<u>Percentage Funded by the District</u>
58	10-14	50%
58	15-19	75%
58	20 or more	100%

Eligible Retirees Hired After January 1, 2009:

<u>Minimum Retirement Age</u>	<u>Years of Service at Retirement</u>	<u>Percentage Funded by the District</u>
60	15-24	50%
60	25 or more	100%

GASB Statement No. 75 ("*GASB 75*") was issued by the Government Accounting Standards Board in June 2015. The primary objective of GASB 75 was to improve accounting and financial reporting by state and local governments for

other post-employment benefits (“OPEB”). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Pursuant to GASB 75, the District reported a net OPEB liability and OPEB expense on its financial statements, along with the related deferred outflows and inflows of resources. The net OPEB liability is determined by an independent actuary and is analogous to the actuarial accrued liability that was previously disclosed in the notes to the audited financial statements. The actuarial accrued liability recognized by the District for Fiscal Year 2024, as measured as of June 30, 2023, was \$7,623,756.

## Liability and Property Insurance

The Constitution and statutes of the State, as interpreted by the General Assembly in promulgating the South Carolina Tort Claims Act (S.C. Code Ann. §§ 15-78-10 *et seq.*, the “*Tort Claims Act*”), provide, generally, that it is the public policy of the State that, while historically governmental entities have been exempt from tort liability, total immunity is not in the public interest, nor is unlimited liability. The Tort Claims Act waives sovereign immunity of governmental bodies for tort liability while also providing specific, enumerated exceptions in certain circumstances; generally, a claim of immunity from liability for damages for negligent or intentional tortious actions must be raised by affirmative defense. The Tort Claims Act also imposes limits on the amount of damages which may be received from a governmental entity by one person, or for one accident (\$300,000 per incident/person and \$600,000 per occurrence/aggregate), and provides that no punitive damages may be recovered.<sup>1</sup> Immunity is provided for a number of discretionary governmental acts, and is not waived for certain other actions.<sup>2</sup> In addition, the District may not be able to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983, alleging deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of federal antitrust laws by the District in the exercise of its delegated powers. Moreover, the District may be subject to certain state claims under the South Carolina Whistleblower Act, S.C. Code Ann. § 8-27-10 through -50 (Supp. 2009), and under any other acts in which an express waiver of sovereign immunity is granted.

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of its assets; errors and omissions; injuries to employees and natural disasters. All of these risks are covered by a commercial insurance policy issued by the South Carolina Insurance Fund, which issues policies and pays claims for covered losses. The policy coverage limit for damage, theft, natural disasters, or destruction of assets; building content and equipment; motor vehicles totals \$86,122,252. The limit for general tort liability and auto liability is \$1,000,000 per occurrence. The policy also covers workers compensation claims at industry standard levels. The District believes it is adequately insured.

## Policies

*Cash Reserve Policy.* The Members initially implemented a cash reserve policy in August 2014. This policy was amended and restated in January 2025 to include additional guidelines for the rural line extension fund, utilities relocation fund, and economic development grant matching fund. The policy was designed to memorialize the existing practice of funding cash reserves. The policy sets minimums and goals for each cash account, such as setting the minimum balance in the operating account to 90 days (or 25%) of the budgeted operating costs for the subsequent Fiscal Year. The policy also sets a target of 50% funding of annual depreciation, less debt service, and contingency funding at 5% of budgeted costs for the subsequent Fiscal Year.

*Lease Policy.* During Fiscal Year 2012, the District implemented a policy wherein all service vehicles shall be purchased instead of leased.

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<sup>1</sup> S244 of 2025, which has been passed by the South Carolina Senate and submitted to the South Carolina House of Representatives, amends the Tort Claims Act to increase the caps for damages from \$300,000 to \$500,000 for a single individual and from \$600,000 to \$1 million for an occurrence. The bill also redefines occurrence under the Tort Claims Act to mean an unfolding sequence of events following a single act of negligence, including continuous or repeated exposure to substantially the same harmful conditions. Multiple events occurring without a break in the chain of events shall be considered one occurrence.

<sup>2</sup> S.C. Code Ann. Section 15-78-40 (1976, as amended). Tort liability of State, agency, political subdivision, or governmental entity, generally. The State, an agency, a political subdivision, and a governmental entity are liable for their torts in the same manner and to the same extent as a private individual under like circumstances, subject to the limitations upon liability and damages, and exemptions from liability and damages, contained herein.

*Debt Management Policy.* The District implemented a debt management policy in July 2015. The purpose of the policy is to assist the District in planning, issuing and managing debt obligations by providing clear directions as to the steps, substance, and outcomes desired. In addition, greater stability over the long-term will be generated by the use of constant guidelines for issuing debt.

## **Accounting Practices**

The District's staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the System are protected from loss or unauthorized use and to ensure that adequate accounting data are compiled to allow for preparation of financial statements of the District in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities.

The District's staff drafts financial reports and reconciles its bank accounts on a monthly basis. The monthly reports are then compiled by staff and submitted to the District's independent certified public accountant for auditing purposes. The annual financial statements are audited in conformity with accounting principles generally accepted in the United States of America as required by the Section 6-11-1650 of the Code of Laws of South Carolina 1976, as amended. Under the Bond Resolution, District covenanted provide the annual financial statements and required supplemental information no later than 180 days after the end of its Fiscal Year, a period which is earlier than the District's covenants described in "MISCELLANEOUS – Continuing Disclosure" herein. Bondholders should not rely on the Bond Resolution in basing expectations on the timing of annual disclosures.

The financial statements of the System for Fiscal Years 2022 through 2024 were audited by Greene Finney Cauley, LLP, Mauldin, South Carolina, as further described in "MISCELLANEOUS – Independent Certified Public Accountants" herein and a copy of the financial statements for Fiscal Year 2024 are attached hereto as "APPENDIX A – Audited Financial Statements for the District for the Fiscal Year Ended June 30, 2024."

## **Legislation Affecting the District and Special Purpose Districts Generally**

As a special purpose district created under State law, the District, its service area and its boundaries may be subject to annexation, alteration, or dissolution as provided below. Further, other recent legislative enactments described below may directly affect the operations of special purpose districts, like the District. As of the date hereof, the District is unaware of any plans regarding: (1) any annexation into its service territory; (2) the reduction of its service area; or (3) the dissolution of its existence.

### *Annexation*

#### Procedure

State law provides that the boundaries of a special purpose district, such as the District, may be altered in the Annexation Plan (as defined herein) in connection with the annexation of area within a special purpose district by an adjacent municipality. When all or part of a special purpose district is annexed into a municipality, Sections 5-3-300 through 5-3-315 of the Code of Laws of South Carolina 1976, as amended, provide that:

1. At the time of annexation, or at any time thereafter, the municipality may elect at its sole option to provide the service formerly provided by the special purpose district within the annexed area. The transfer of service rights must be made pursuant to an Annexation Plan (as defined herein below).
2. Until the municipality, upon reasonable written notice, elects to displace the special purpose district's service, the affected district must be allowed to continue providing service within the special purpose district's annexed area.
3. Annexation does not divest the special purpose district of any property; however, subject to the provisions of item (4) below, real or tangible personal property located within the area annexed must be transferred to the municipality pursuant to an Annexation Plan.

4. In any case in which the municipality annexes less than the total service area of the special purpose district, the special purpose district may, at its sole discretion, retain ownership and control of any asset, within or without the annexed area, used by or intended to be used by residents within the special purpose district's unannexed area or used or intended to be used to provide service to residents in the unannexed area of the special purpose district.

5. Upon annexation of less than the total area of the district, the district's boundaries must be modified, if at all, pursuant to an Annexation Plan. Such Annexation Plan must specify the new boundaries of the special purpose district.

#### Annexation Plan

The Annexation Plan is required to balance the equities and the interests of the residents and taxpayers of the annexed area and of the area of the special purpose district not subject to annexation. If the municipality and the special purpose district cannot agree on an Annexation Plan within 90 days following a favorable annexation referendum, the special purpose district and the municipality must appoint a committee to formulate an Annexation Plan. Within 60 days thereafter, such committee must formulate an "*Annexation Plan*."

The Annexation Plan may take into account any of the equities and interests involved, provided it complies with the following:

1. The Annexation Plan may provide for certain service contracts to be entered into between the municipality and the district. The municipality has the right, in its sole discretion, to determine whether the municipality will provide service to the area annexed directly or by contract with the special purpose district. At the option of the special purpose district, the Annexation Plan may provide for service contracts by which the municipality will provide service to residents of unannexed areas of the special purpose district.

2. In any case in which less than the total service area of the special purpose district is annexed by the municipality, the Annexation Plan must:

a. protect the special purpose district's ability to serve the residents of the district's unannexed area economically and efficiently and protect the special purpose district's ability to continue to expand or otherwise make service available throughout its unannexed area;

b. protect the ability of the municipality to serve residents of the annexed area of the district economically and efficiently; and

c. protect the rights of the special purpose district's bondholders.

3. To carry out the requirements of sub item (a) of item (2) above, the Annexation Plan will require the municipality to assume contractually the obligation to pay debt service on an amount of the district's bonded indebtedness or other obligations including lease purchase obligations adequate to offset the district's loss of net service revenue or tax revenue from the area annexed, in accordance with the following:

a. specifically included within this amount must be revenues, if any, projected under the provisions of any governmentally approved plan promulgated pursuant to federal pollution control legislation;

b. as the special purpose district retires bonded indebtedness existing at the time of annexation, the municipality's payment obligation under this provision must be reduced by the proportion which the principal amount of the indebtedness retired bears to the total principal amount of bonded indebtedness of the district at the time of annexation;

c. as used herein, net service revenue means revenue from fees, charges, and all other sources, attributable to service provided in the area annexed, less the actual cost of operating and maintaining the system or facilities needed to serve that area; however, debt service or other payments required to

finance capital assets may not be considered to be part of such operating and maintenance expenses. Tax revenue means taxes collected from property owners within the annexed area; and

4. In no event may any provision be incorporated in any plan which will impair the rights of bondholders.

If either the municipality or the special purpose district objects to the Annexation Plan created by the committee, it may appeal, within 30 days of receipt of the Annexation Plan, to the court of common pleas for the county in which the annexed area lies. The court may modify the plan forwarded by the committee only upon finding an error of law, abuse of discretion, or arbitrary or capricious action by the committee. The fact that a plan has not been finalized may not in any way alter or delay the effective date of annexation; however, the special purpose district retains the right to operate its existing system, collect revenues, and collect taxes from or within the area annexed until such time as the municipality and the special purpose district agree on a plan or a plan is presented to the municipality and the special purpose district as described above. In the event a plan is appealed to the courts, the court of common pleas for the county in which the annexed area or any part thereof lies may enter such orders under its general equitable powers as are necessary to protect the rights of parties pending final resolution of any appeal.

#### Effect

In no event under any plan or otherwise may the obligation between the special purpose district and its general obligation bondholders be disturbed. If adequate provision is not made for the levy of taxes or for the payment of the principal and interest on such general obligation bonds, it is the statutory duty of the auditor of the county to levy, and of the treasurer of the county to collect, an *ad valorem* property tax, without limit as to rate or amount, upon all taxable property within the special purpose district as it was constituted on the dates those bonds were issued sufficient to pay principal of and interest on the bonds as they become due. Only bondholders or their agents may proceed at law or equity to enforce this requirement.

*Limitations on Impacts of Annexation Under Federal Law.* Notwithstanding the State law described above, under Title 7, Section 1926(b) of the United States Code of Laws (“*Section 1926(b)*”) the territory and service areas of local government utilities and certain other types of organizations that are indebted to the United States Department of Agriculture, Rural Development (“*Rural Development*”) are protected from diminishment and curtailment through the annexation of such territory, or similar actions, by municipalities. Under interpretations of Section 1926(b) by the United States Court of Appeals for the Fourth Circuit, these protections apply only to the extent that the protected utility “is physically capable of serving the area in dispute.” See *Chesapeake Ranch Water Co. v. Bd. of Comm'rs of Calvert Cnty.*, 401 F.3d 274, 281 (4th Cir. 2005) herein.

Of the Prior Lien Bonds, the Series 2012B Bond was sold to Rural Development. The Series 2012B Bond matures in 2052. On account of the Series 2012B Bond, so long as this indebtedness remains outstanding the District believes that its boundaries are protected from diminishment or curtailment by surrounding municipalities under the provisions of Section 1926(b).

*Alteration of Boundaries.* Pursuant to Sections 6-11-410 through 6-11-650 of the Code of Laws of South Carolina 1976, as amended, the governing bodies of the several counties of the State are authorized to enlarge and diminish the boundaries of special purpose districts located within their respective boundaries and to consolidate two or more special purpose districts located within their respective boundaries (e.g. see the Hagley Ordinance described in “- Creation and Establishment” herein). The county governing bodies are authorized to take such action without the consent of the special purpose districts so affected. However, prior to such action, a public hearing must be held. Should the boundaries of the District be diminished or enlarged, or should the District be consolidated with one or more of the other special purpose districts located in the County or an adjoining county, its obligations would become obligations of the altered district or successor district, as applicable, pursuant to Section 6-11-620 of the Code of Laws of South Carolina 1976, as amended. In the case of a consolidation, the governing bodies of the consolidating districts, upon the submission of a petition, may request that their respective indebtedness continue to be secured solely by taxes levied within their respective pre-consolidation boundaries.

*Dissolution of the District.* A procedure for dissolving special purpose districts was adopted by the state legislature in 1998. This procedure requires that prior to circulation of a petition for dissolution (which must be signed by 40% of the qualified electors in the District), a successor service provider must agree to provide all services and also

be responsible to fully pay or defease all outstanding bonds of the District. If a petition obtains the requisite number of signatures, a referendum then must be held at which two-thirds of the qualified electors voting must approve the dissolution.

## THE SYSTEM

### Service Area

*Generally.* The District’s territory includes the entirety of the County, except for the areas served by Andrews (water and sewer), Georgetown (water and sewer), Georgetown Rural Water (water-only), Brown’s Ferry (water-only), and Blue Granite (sewer-only). By the terms of Act No. 676 of the Acts and Joint Resolutions of the General Assembly for the year 1969 (“*Act No. 676*”), the provisions of which amended Act No. 733, the service area of the District was further defined and broken into two separate subdistricts, Waccamaw Water and Sewer Subdistrict (“*Waccamaw*”) and Bethel Water and Sewer Subdistrict (“*Bethel*”). While Act No. 676 created Waccamaw and Bethel and further authorized the creation of bodies to govern them, neither Waccamaw nor Bethel are currently operational and the District’s entire service area is governed by the Members.

The provisions of Act No. 733 and Act No. 676 authorize the District to serve within the County. Aside from the general authorization to “enter into contracts of long duration for the sale of water with . . . municipal corporations or public bodies or agencies,” no specific authorization to provide service outside of the County has been granted under the Act. The District currently provides limited water and sewer service to portions of Horry and Williamsburg Counties by contracts with the Grand Strand Water and Sewer Authority, South Carolina (“*Grand Strand*”) and Williamsburg County, South Carolina (“*Williamsburg*”), respectively. See “– Water Unit – *Major Water Contracts – Grand Strand Water and Sewer Authority Agreement*; and *Williamsburg County Agreement*” below. Article VIII, Section 13 of the South Carolina Constitution provides that political subdivisions of the State (like the District and Grand Strand, as well as the District and Williamsburg) may agree with one another for “the joint administration of any function and exercise of powers . . . .” Acting pursuant to such authorization and absent a judicial declaration to the contrary, the District intends to provide service to all of its current customers, including those located outside of the County.

A map showing the location of the County within South Carolina and regional maps of both the water service area of the District and the sewer service area of the District, as prepared by the District, are shown on “APPENDIX G – Maps of the District and Georgetown County”.

### Water Unit

*Generally.* The Enabling Act provides that the District is authorized to own, operate and maintain a water distribution, storage and treatment within its service area. Water service within the District’s service area is broken into two distinct areas: (1) the Waccamaw Neck portion of the System (the “*Waccamaw System*”), serving the area east of the Waccamaw River and includes the tourist areas of Murrells Inlet, Litchfield Beach and Pawleys Island; and (2) the western portion of the System (the “*Western System*”), serving the area west of the Waccamaw River which largely consists of rural areas with farming, industry, and some residential development.

Because of the rural nature of the Western System, this section is further broken into the following sub-service areas: the Kilsock System, the Wedgefield System, the Red Hill System, the Plantersville System, and the Carvers Bay System. All of these subsystems are shown in the service map of the District in “APPENDIX G – Maps of the District and Georgetown County”. Due to the size of the District’s service area and limitations for providing service across the Waccamaw River, all of the portions of the System described above operate as stand-alone systems with limited interconnections among their various components.

*Treatment.* The District maintains two water treatment facilities: (1) the Waccamaw Neck Water Treatment Plant (the “*Waccamaw Plant*”); and (2) the Robert E. Barker Water Treatment Plant (the “*Barker Plant*”).

The Waccamaw Plant was built in 1996 and serves the Waccamaw System (see “– Service Area – *Generally*” above), which includes Murrells Inlet and Pawleys Island. The Waccamaw Plant has a permitted capacity of 8 MGD and uses a conventional sedimentation basin and eight filter beds. As part of the Project, the Waccamaw Plant is being updated to expand capacity to 10 MGD. See “PLAN OF FINANCE – The Project” herein. The Waccamaw Plant has a clearwell storage capacity of 4 million gallons. The primary water source for the Waccamaw Plant is the Waccamaw

River. See “– *Water Sources*” for a discussion of the permitted withdrawal capacity under the South Carolina Surface Water Withdrawal, Permitting Use, and Reporting Act.

The Barker Plant went into operations July 2011 and serves the Western System, specifically the Kilsock portion of the System (see “– *Service Area – Generally*” above). The Barker Plant consists of one groundwater well with an output of 0.750 MGD and a 2.5 million gallon-clear well.

*Water Assets.* The District’s distribution system consists of over 824 miles of water lines ranging in size from 2-inches to 20-inches in diameter. Transmission mains deliver water from the water treatment facilities and the wells to the distribution system. Storage is provided by 13 elevated tanks. As of June 30, 2024, the District’s water unit served 22,521 residential customers and 1,640 commercial customers. The District maintains in excess of 2,273 fire hydrants.

*Water Sources.* As noted above in “– *Treatment*,” the primary water source for the Waccamaw System is the Waccamaw River with a withdrawal point located in close proximity to the Waccamaw Plant. The District holds a Surface Water Withdrawal Permit from DES authorizing the District to withdraw a maximum of 372 million gallons per month from the Waccamaw River (and the Willbrook Canal). The permit is scheduled for expiration on April 2, 2043. The Waccamaw System is further supported served by two non-potable water wells (to aid in water treatment), five aquifer storage recovery (ASR) wells, three standby wells and two backup wells with a total output of 3.5 MGD.

The primary source of water in the Western System is 14 groundwater wells and includes the Barker Plant with a total output of 5.082 MGD for the entire Western System. Of the fourteen wells serving the Western System: (1) the Kilsock System consists of seven wells with a total output of 2.15 MGD, along with four elevated tanks with a total of 0.750 million gallon (“MG”) storage capacity; (2) the Wedgefield System maintains a well with an output of 0.385 MGD and also includes of a 0.150 MG elevated storage tank; (3) the Red Hill System consists of a well with an output of 0.187 MG per day, and also includes 0.075 MG service pneumatics tank; (4) the Plantersville System consists of a one active well, one backup well with a total capacity of 0.560 MGD, and a 0.075MG elevated storage tank; and (5) the Carvers Bay System consists of three wells with a total capacity of 1.8 MGD and two elevated storage tanks with a total capacity of 0.250 MG.

#### *Major Water Contracts*

##### Grand Strand Water and Sewer Authority Agreement

On November 24, 1999, as subsequently amended on January 24, 2000, the District and Grand Strand entered into an agreement for the provisions of bulk water and sewer services (the “*Grand Strand Agreement*”). Under the Grand Strand Agreement, the parties agreed to provide net water and/or sewer service (off-setting balances against use) at each provider’s established wholesale rates and charges. Water service is metered at the respective service area boundary (as agreed between the parties) and sewer service is not metered, but usage is calculated based on the basis of metered water amounts. During Fiscal Year 2024, the District purchased a net total of 127 million gallons of water under the terms of the Grand Strand Agreement at a cost of \$435,965.

In addition, and as contemplated in “– *Service Area*” above, the District and Grand Strand have entered into other service area agreements, allocating service rights based on service efficiency and other factors.

##### Williamsburg County Agreement

On March 10, 2016, the District and Williamsburg entered into an agreement for the provisions of bulk water supply services (the “*Williamsburg Agreement*”). Under the Williamsburg Agreement, both parties acknowledge the existence of water assets around the county line. Particularly, Williamsburg owns and maintains water lines on the western side of SC Highway 41, which is capable of serving District customers in the County. The District owns and maintains water lines in and around County Line Road and Choppee Road, which is capable of serving Williamsburg customers. Subject to each party being responsible for connecting any necessary connection infrastructure, each party agrees read meters and bill each customer in their respective county the sum of \$1.15 per 1,000 gallons for all water used. At this time, the District serves no Williamsburg customers, and Williamsburg serves five District customers, which generated Fiscal Year 2024 revenues of \$1,400.71 and expenses of \$300.11 for the District. The Williamsburg Agreement may be terminated by either party upon 30 days’ written notice.

### MPW Agreement

On August 1, 2016, MPW Industrial Water Services, Inc. (“MPW”) entered into an agreement for the purchase of water and wastewater services at contract rates. The contract with MPW expires in 2036. Under this contract, MPW agreed (1) to purchase a maximum of 110,000 gallons of water per day from the District, (2) to purchase a maximum of 110,000 gallons of sewer per day from the District, (3) that the maximum instantaneous water demand is limited to 1,000 gallons per minute, and (4) that the maximum flow rate for wastewater services is limited to 400 gallons per minute. In 2016, MPW paid the District the sum of \$186,819 as a capital charge to reserve the 110,000 gallons of water and wastewater delivered by the District. In addition, the District charges MPW a base charge of \$529.13 per month (both water and wastewater services). MPW is required to meet a minimum daily consumption rate of 25,000 gallons. MPW currently pays the District \$1.58 per 1,000 gallons of water delivered up to the maximum amount, and \$2.24 per 1,000 gallons of wastewater treated up to the maximum amount. Surcharges are assessed for all volumes in excess of contractual maximums. The rates paid for water and wastewater services are subject to review and modification each year. In Fiscal Year 2024, MPW purchased approximately 33,500,000 gallons of water from the District at a cost of \$50,955.

### SEFA Group, Inc Agreement

On August 1, 2014, SEFA Group, Inc. (“SEFA”) entered into an agreement for the purchase of treated water at contract rates. Under this contract, SEFA agreed (1) to purchase a maximum of 80,000 gallons of water per day from the District and (2) that the maximum instantaneous demand is limited to 100 gallons per minute. In 2014, SEFA paid the District the sum of \$97,013 as a capital charge to reserve the 80,000 gallons of water delivered by the District. SEFA is required to meet a minimum daily consumption rate of 25,000 gallons. The rates paid for water purchased are subject to review and modification each year and SEFA currently pays the District \$1.58 per 1,000 gallons of water delivered up to the maximum amount. Surcharges are assessed for all volumes in excess of contractual maximums. Surcharge billing is applied for all water received over the maximum amount. The contract with SEFA expires in October 2029. In Fiscal Year 2024, SEFA purchased approximately 15,958,500 gallons of water from the District at a cost of \$25,646.

### AG South Carolina, LLC Agreement

On August 1, 2006, AG South Carolina, LLC, a subsidiary of American Gypsum Company (“AG”), entered into an agreement with the District for the purchase of treated water at contract rates. Under this contract, AG agreed (1) to purchase a maximum of 450,000 gallons of water per day from the District and (2) that the maximum instantaneous demand is limited to 320 gallons per minute. In 2007, AG paid the District the sum of \$472,638 as a capital charge to reserve the 450,000 gallons of water delivered by the District. The rates paid for water purchased are subject to review and modification each year and AG currently pays the District \$1.58 per 1,000 gallons of water delivered up to the maximum amount. Regardless of usage, AG pays a minimum monthly charge of \$11,850. Surcharges are assessed for all volumes in excess of contractual maximums. The contract with AG expires in August 2026. During Fiscal Year 2024, AG purchased approximately 12,348,000 gallons of water from the District at a cost of \$139,500.

*Usage.* The following table shows the System’s total annual and daily average potable water flows, peak daily flows and peak monthly flows for Fiscal Years 2020 through 2024. Such amounts reflect gallons treated or pumped by the District and not actual gallons sold to customers.

<u>Year</u>	<u>Total Annual Demand (MG)</u>	<u>Daily Average Demand (MG)</u>	<u>Peak Daily Demand (MG)</u>	<u>Peak Monthly Demand (MG)</u>
2020	2,147.854	5.929	7.272	238.449
2021	2,202.977	6.036	8.018	248.548
2022	2,178.748	6.211	9.706	239.817
2023	2,152.518	6.160	9.772	238.974
2024	2,310.960	6.331	10.432	245.356



*Number of Water Customers.* The table below shows the number of water customers of the System for each year shown.

<u>Year</u>	<u>Number of Customers</u>	<u>Increase</u>	<u>Percentage of Increase (%)</u>
2020	22,296	346	1.6%
2021	23,009	713	3.2
2022	23,389	380	1.7
2023	23,601	212	0.9
2024	24,085	484	2.1

*Number of Customers - Total.* The table below provides information relating to the combined number of water and sewer customers of the System for each year shown.

<u>Year</u>	<u>Number of Customers</u>	<u>Increase</u>	<u>Percentage of Increase (%)</u>
2020	24,355	433	1.8%
2021	25,000	645	2.6
2022	25,505	505	2.0
2023	25,864	359	1.4
2024	26,232	368	1.4

*Major Water Users.* The ten largest water users of the System for the 2024 Fiscal Year, the total charges paid by each, and their percentage of the District’s total water revenues are shown below:

<u>Customer Name</u>	<u>Type of Business</u>	<u>Water Charges</u>	<u>% of Revenues</u>
AG*	Manufacturing	\$139,500	2.62%
MPW	Manufacturing	50,955	0.96
SEFA	Manufacturing	25,646	0.48
Santee Cooper	Utility	29,819	0.56
Peninsula at Inlet Point	HOA	28,014	0.53
Waterleaf Apartment	Apartment	24,320	0.46
CCC Carwash, LLC	Carwash	21,140	0.40
Tidelands Health	Healthcare	16,137	0.30
Georgetown Memorial	Healthcare	14,799	0.28
3-V Chemical Corporation	Manufacturing	10,816	0.20

\* Often, AG does not utilize enough water volume to incur costs above the monthly minimum, which is based upon minimum usage of 250,000 gallons per month. See “- AG South Carolina, LLC Agreement” above.

## **Sewer Unit**

*Generally.* The District is authorized by the Acts to own, operate and maintain a wastewater collection, disposal and treatment system within its service area.

*Treatment.* The District owns, operates, and maintains four wastewater treatment facilities, which include (1) the Murrells Inlet Wastewater Treatment Plant (the “*Murrells Inlet Plant*”); (2) the Pawleys Island Wastewater Treatment Plant (the “*Pawleys Island Plant*”); (3) the Debordieu Wastewater Treatment Plant (the “*Debordieu Plant*”); and (4) the North Santee Wastewater Treatment Plant (the “*North Santee Plant*”). Additionally, under the terms of the West Georgetown County Regional Wastewater Treatment System Service Agreement, as further described below in “- Major Sewer Contracts – *West Georgetown County Regional Wastewater Treatment System Service Agreement*,” the District owns 33.7% of the treatment capacity in the West Georgetown Wastewater Treatment Plant (the “*Regional Wastewater Plant*”) owned and operated by Georgetown.

The Murrells Inlet Plant was built in 1988 and accepts wastewater from the Murrells Inlet area of the District’s service area. The Murrells Inlet Plant has a permitted capacity of 2.0 MGD, with average daily flows of 1.25 MGD. The Murrells Inlet Plant is an activated sludge plant with effluent outfall to the Waccamaw River. There are no current plans for expansion.

The Pawleys Island Plant was built in 1988 and serves all of the Waccamaw Neck area except the Debordieu and Murrells Inlet areas. The Pawleys Island Plant has a permitted capacity of 5.5 MGD, with average daily flows of 2.5 MGD. The Pawleys Island Plant is an activated sludge plant with effluent outfall to the Waccamaw River. There are no current plans for expansion.

The Debordieu Plant was built by the developer of the Debordieu development and the District assumed operations in 1991. The Debordieu Plant only serves this development. The Debordieu Plant has a permitted capacity of 0.5 MGD with average daily flows of 0.25 MGD. The Debordieu Plant is a lagoon treatment plant with land application of the effluent and an alternative outfall to the Waccamaw River when land application is not feasible. There are no current plans for expansion.

The North Santee Plant was built in 1989 and serves the North Santee area, which is located in the southwestern portion of the District's service area. The North Santee Plant has a permitted capacity of 0.065 MGD with average daily flows of 0.030 MGD. The North Santee Plant is a lagoon treatment plant with an outfall to the North Santee River. There are no current plans for expansion.

All of the wastewater treatment plants owned by the District are properly permitted and in compliance with DES regulations with no outstanding regulatory issues or compliance orders.

*Sewer Assets.* The sewer unit consists of 289 miles of gravity feed mains with 244 strategically located sewer lift stations, 234 miles of sewer force main pipe (ranging in size from 2-inches to 24-inches in diameter) and 7,032 manholes. As of January 1, 2025, the sewer unit served 16,103 residential customers, 1,009 commercial customers and 5 industrial/bulk customers.

#### *Major Sewer Contracts*

##### West Georgetown County Regional Wastewater Treatment System Service Agreement

Effective October 1, 2019, the District, Georgetown, Andrews, and the County entered into the West Georgetown County Regional Wastewater Treatment System Service Agreement (the "*Regional Wastewater Plant Agreement*"); the agreement has a ten-year term and expires on October 1, 2029. The Regional Wastewater Plant Agreement replaced the original West Georgetown Regional Wastewater Treatment System Service Agreement dated October 30, 1997, but the terms thereof were explicitly incorporated into the Regional Wastewater Plant Agreement. The County, while a party to the Regional Wastewater Plant Agreement, is not a participant. Instead, the County operates the Georgetown County Landfill, which accepts and processes biosolids from the Regional Wastewater Plant. The participants, Georgetown, Andrews and the District, partnered in a sewer transmission and treatment system providing services to the western part of the County. Georgetown owns and operates the Regional Wastewater Plant with the District and Andrews contributing to debt service and capital improvement costs based on each entity's allocated capacity in the facility. The District owns and operates an 18-mile sewer transmission line that serves the District and Andrews (subject to the Andrews Agreement (as defined below)) that connects those participants to the Regional Wastewater Plant, which has capacity of 6.0 MGD (the "*Sewer Interceptor*").

The operating costs of the Regional Wastewater Plant are shared based on the actual usage (flows) of each participant. The Regional Wastewater Plant has an initial capacity of 12.0 MGD and, subject to the sale of a portion of Andrews' original allocated capacity, Georgetown maintains 48.7%, the District maintains 33.7% and Andrews maintains 17.6% of the current capacity. The cost of constructing the Regional Wastewater Plant was initially financed through a loan to Georgetown in 2001. The original loan was refunded for savings by Georgetown in 2011, and again in 2015. Further improvements to the Regional Wastewater Plant were financed by Georgetown in 2015. As of June 30, 2024, the District's pro-rata share of outstanding principal on the indebtedness, based on its allocated capacity in the Regional Wastewater Plant, was \$1,133,343.44. The District has covenanted under the Regional Wastewater Plant Agreement to pay all monthly service charges due and owing to Georgetown, a portion of which is used to service Georgetown's debt obligations associated with the Regional Wastewater Plant Agreement. The District currently pays Georgetown \$23,615.62 per month to service such indebtedness and such amount is treated as an Operation and Maintenance Expense of the District under the Bond Resolution.

The Regional Wastewater Plant Agreement additionally provides that the operating costs of the Sewer Interceptor are shared by the District and Andrews, based on the actual usage (flows). Georgetown does not utilize the Sewer Interceptor and is expressly excluded from any operating costs thereof. In Fiscal Year 2024, the Sewer Interceptor generated operating costs of \$267,211. Based on flow data during such year, Andrews was responsible for 31.71% of such costs and the District was responsible for 68.29%, resulting in an expense allocation of \$84,725 and \$182,486, respectively, related to the Sewer Interceptor.

#### Town of Andrews Sewer Agreement – Sewer Interceptor

In addition to the operating costs for the Sewer Interceptor contemplated by Regional Wastewater Plant Agreement, the District and Andrews previously entered into an Agreement in October 2002 whereby Andrews pays a debt service charge to the District for allocation of capacity in the Sewer Interceptor. The Andrews Agreement calls for Andrews to make 480 monthly payments of \$10,185, including principal and interest at a 4.50% beginning November 2002. Andrews is current on all payments.

#### Grand Strand Water and Sewer Authority Agreement

See “– Water Unit – *Major Water Contracts*” above. During Fiscal Year 2024, the District purchased a net total of 22.4 million gallons of sewer service under the terms of the Grand Strand Agreement at a cost of \$82,656.

#### MPW Agreement

See “– Water Unit – *Major Water Contracts*” above. In Fiscal Year 2024, MPW discharged 32,448,000 gallons of sewer to the District at a cost of \$71,002.

#### Carolina Water Services, Inc. Agreement

On October 2012, Blue Granite (f/k/a Carolina Water Services, Inc.) (“*Blue Granite*”), and its parent company, Utilities, Inc. entered into a bulk sewer service agreement with the District for the purchase of treated wastewater at contract rates. Under such agreement Utilities, Inc. unconditionally guaranteed the payment performance of Blue Granite under the agreement. The agreement automatically renews every five years unless timely terminated by either party.

Under this contract, it was agreed that (1) the District shall maintain 152,000 gallons of sewer capacity in the interceptor sewer line used by Blue Granite, and (2) Blue Granite’s maximum flow rate for wastewater services (restricted to domestic wastewater only) is limited to 400 gallons per minute. Blue Granite purchased an initial capacity allotment of 300 REUs (as described herein), representing Blue Granite’s total serviceable lots in its service area, at the then-applicable sewer impact fee of \$1,130 per REU (\$339,000 total). The rates paid for bulk sewer purchased are subject to review and modification in the discretion of the District. Each month, Blue Granite pays a base charge of \$8.90 per customer and a tiered volume charge of \$2.24 per 1,000 gallons up to 6,000, \$3.75 per 1,000 gallons for usage above 6,000 gallons up to 12,000; and \$5.43 per 1,000 gallons for all sewer usage about 12,000 gallons. In Fiscal Year 2024, Blue Granite discharged 35,331,000 gallons of sewer to the District at a cost of \$97,716.

#### Brown’s Ferry Agreement

In April 1997, the District and Brown’s Ferry entered into a mutual service agreement, whereupon (1) Brown’s Ferry agreed to provide meter data and other information to the District as necessary for the District to bill sewer customers in the Brown’s Ferry water service area; (2) Brown’s Ferry agreed to disconnect its own water customers from water service in the event the District’s sewer bill is not timely paid; (3) the District has the exclusive right to provide sewer service within the service area of Brown’s Ferry; (4) the District acknowledged and agreed to the designated water service area of Brown’s Ferry; and (5) the parties jointly agreed to provide water on a mutual basis at then applicable rates and based upon the readings of a jointly owned and maintained two-way pressuring sensing meter. Based upon the meter data provided under such agreement and mutual water provided by the parties, net water service (off-setting balances against use) at each provider’s established rates and charges shall be allocated between the parties and the balance owed by the applicable party shall be timely paid within 30 days of an applicable invoice. In fiscal year 2024, the District paid the sum of \$3,081.79 to Brown’s Ferry under such agreement.

*Usage.* The following table shows the System’s total annual and daily average wastewater treatment flows, peak daily flows and peak monthly flows for Fiscal Years 2020 through 2024. Such amounts reflect gallons treated or pumped by the District.

<u>Year</u>	<u>Total Annual Demand (MG)</u>	<u>Daily Average Demand (MG)</u>	<u>Peak Daily Demand (MG)</u>	<u>Peak Monthly Demand (MG)</u>
2020	1,539.425	4.223	8.321	131.993
2021	1,567.984	4.310	8.261	151.224
2022	1,380.856	3.793	6.657	154.982
2023	1,431.026	3.936	7.212	148.594
2024	1,418.536	3.888	8.000	144.679

*Number of Sewer Customers.* The table below shows the number of sewer customers of the System for each year shown.

<u>Year</u>	<u>Number of Customers</u>	<u>Increase</u>	<u>Percentage of Increase (%)</u>
2020	18,460	158	0.9
2021	19,183	723	3.9
2022	19,502	319	1.7
2023	19,583	81	0.4
2024	19,946	363	1.9

*Major Sewer Users.* The ten largest users of the System for Fiscal Year 2024, total charges paid by each and their percentage of the District’s total sewer revenues are shown below:

<u>Customer Name</u>	<u>Type of Business</u>	<u>Sewer Charges</u>	<u>% of Revenues</u>
Blue Granite	Private Utility	\$97,716	1.57%
MPW	Manufacturing	71,002	1.14
Andrews	Municipality	52,836	0.85
Green Acres	Mobile Home Park	37,300	0.60
Waterleaf Apartments	Apartment	41,359	0.66
Tideland Health	Healthcare	22,389	0.36
Scrubby’s Carwash	Carwash	40,783	0.65
CCC Carwash	Carwash	35,780	0.57
Litchfield Oaks Apartments	Apartment	19,680	0.32
SC PRT	Campground	17,935	0.29

## **Ratemaking**

*Generally.* The System’s rates and charges are designed to provide a schedule of rates and charges whereby revenues will be sufficient to pay debt service, capital improvements and operating costs of the System. The rates and charges are reviewed and revised annually as part of the District’s budgeting process. Rates charged for water and sewer services are approved by Members and are not subject to administrative review, approval or oversight by any other local or state agency. On June 20, 2024, the Members adopted “A Resolution Prescribing the Rates and Regulations for the Water Works and Sewer System of Georgetown County Water and Sewer District, Georgetown County South Carolina” (the “Rate Policy”). The provisions of the Rate Policy are generally summarized below in “- Water Service Rates”, “- Water Connection Fees”, “Water Impact Fee”, “- Irrigation Charges”, “-Sewer Service Rates”, “-Sewer Connection Fees” and “-Sewer Impact Fee.”

*Water Service Rates.* The current water rates charged by the District have been in effect since July 1, 2024. Water user rates consist of a monthly base and volume charge. The monthly base charge is a fixed amount per residential equivalency unit (“REU”), which are established according to DES usage criteria. The base charge for water customers consists of a “customer charge” and an “availability charge.” The customer charge consists of the costs of reading meters, providing customer service, and billing and collections. The availability charge covers the costs the capital improvements and repairs to the system (including a debt service component). The monthly volume charge is based on three series of inclining blocks based on water usage (measured in thousands of gallons per month) as provided below.

The schedule provided below is for a customer with one REU. The base charge for a customer with multiple REUs is calculated by multiplying the availability component of the base charge by the corresponding REUs assigned to the customer. The limits per block also increase by multiplying the block limits by the corresponding REUs, but the usage rate remains the same for each of the three blocks (only as adjusted per REU). Minimum bills assume actual water usage volumes or 2,500 gallons per month, whichever is greater.

Monthly Base Charge		<u>Amount</u>
Customer Charge <sup>1</sup>		\$7.20
Availability Charge (Per REU) <sup>2</sup>		6.37
Volumetric Rate/1,000 gallons <sup>3</sup>	<u>Limits (per REU)</u>	<u>Amount</u>
	Block 1	6,000 \$2.02
	Block 2	12,000 3.03
	Block 3	Every 1,000 gallons thereafter 4.03

<sup>1</sup> Same for Water and Sewer customer, and Water-only customer.

<sup>2</sup> Amount listed increases by intervals of REUs per customer.

<sup>3</sup> Block limits increase according to the corresponding REUs; the underlying usage rate does not change.

*Water Connection Fees.* The District charges all customers (without a pre-existing water tap) an initial water meter installation fee in order for them to receive service from the District. Fees for meters larger than those shown on the table are negotiated and special installation requests are assessed charges based on actual costs. The current water meter installation fees provided below have been charged by the District since July 1, 2024.

	With Backflow	Without Backflow
<u>Tap Size</u>	<u>Preventer</u>	<u>Preventer</u>
¾ inch meter	\$1,553	\$1,238
1 inch meter	1,981	1,621
2 inch meter	4,796	4,244

*Water Impact Fee.* The District’s water impact fee applies to anyone requesting new water service, reserving capacity, or requiring additional capacity from the water system. Impact fees have been calculated to equal the prorata residential equivalent capital costs associated with all treatment, transmission and storage facilities. A water impact fee is charged for each REU assigned to a customer. The current water impact fee is \$1,000 per REU.

*Irrigation Charges.* The current irrigation rates charged by the District have been in effect since July 1, 2024. Like water rates, irrigation rates consist of a monthly base and volumetric charge. The monthly base charge is a fixed amount per REU. The base charge for irrigation customers consists of a “customer charge,” an availability charge and a backflow administration fee. The monthly volumetric charge is based on three series of inclining blocks based on water usage (measured in thousands of gallons per month), as provided below:

All residential irrigation customers are allocated one REUs and the schedule provided on the following page has been adjusted accordingly. See “– *Water Service Rates*” above for a discussion of how base and volume charges are adjusted on the basis of each customer’s allocation of REUs. Minimum bills assume actual volumes or 2,500 gallons per month, whichever is greater.

Monthly Base Charge		<u>Amount</u>
Customer Charge		\$7.20
Availability Charge (Per REU) <sup>1</sup>		6.37
Backflow Administrative Charge <sup>2</sup>		1.65
Volumetric Rate/1,000 gallons <sup>3</sup>	<u>Limits (per REU)</u>	<u>Amount</u>
	Block 1	0-6,000
	Block 2	6,001-12,000
	Block 3	Every 1,000 gallons thereafter
		\$2.53
		3.03
		4.03

<sup>1</sup> Rate effective July 1, 2024. Amount listed increase by intervals of REUs per customer.

<sup>2</sup> Rate effective July 1, 2024.

<sup>3</sup> Block limits increase according to the corresponding REUs; the underlying usage rate does not change.

*Sewer Service Rates.* The current sewer rates charged by the District have been in effect since July 1, 2024. Sewer user rates consist of a monthly base and volume charge. The monthly base charge is a fixed amount per REU. The base charge for sewer customers consists of a customer charge and an availability charge. For further discussion, see “–*Water Service Rates*” above. The monthly volume charge is based on three series of inclining blocks based on sewer flows (measured in thousands of gallons per month), as provided below. Sewer volume charges are based upon actual water usage as determined by monthly meter readings. Effective July 1, 2024, sewer customers not served by the District’s water unit (and thusly not metered for water service) are charged a fixed monthly amount of \$38.39.

The schedule provided below is for a customer with one REU. The base charge for a customer with multiple REUs is calculated by multiplying the availability component of the base charge by the corresponding REUs assigned to the customer. The limits per block also increase by multiplying the block limits by the corresponding REUs, but the usage rate remains the same for each of the three blocks (only as adjusted per REU). Minimum bills assume actual volumes or 2,500 gallons per month, whichever is greater.

Monthly Base Charge		<u>Amount</u>
Customer Charge <sup>1</sup>		\$ 7.20
Availability Charge (Per REU) <sup>2</sup>		10.59
Volumetric Rate/1,000 gallons <sup>3</sup>	<u>Limits Per REU</u>	<u>Amount</u>
	Block 1	6,000
	Block 2	12,000
	Block 3	Every 1,000 gallons thereafter
		\$3.56
		5.33
		7.11

<sup>1</sup> Amount for Water and Sewer customer; Sewer-only customer pays \$6.44 as a customer charge.

<sup>2</sup> Amount listed increase by intervals of REUs per customer.

<sup>3</sup> Block limits increase according to the corresponding REUs; the underlying usage rate does not change.

*Sewer Connection Fees.* The District charges all customers (without a pre-existing sewer lateral) an initial sewer connection fee in order for them to receive service from the District. The current sewer tap installation fees provided below have been charged by the District since July 1, 2024. The fees have been calculated based on actual costs, which include materials, labor, equipment and overhead.

<u>Depth of Line</u>	<u>Connection Location</u>	<u>Cost</u>
0-6 feet	Lateral extension (same side of road)	\$2,345
0-6 feet	Line on same side of road	4,106
0-6 feet	Line on opposite side of road	Actual cost
6-10 feet	Line on same side of road	Actual cost
6-10 feet	Line on opposite side of road	Actual cost

*Sewer Impact Fee.* The sewer impact fee applies to anyone requesting new sewer service, reserving capacity or requiring additional capacity from the sewer system. Sewer impact fees have been calculated to equal the prorata residential equivalent capital costs associated with all treatment, transmission and interceptor facilities. A sewer impact

fee is charged for each REU allocated to a customer. A sewer impact fee is charged for each REU assigned to a customer. The current sewer impact fee is \$1,436 per REU.

### Front-foot Assessments

Front-foot assessments are designed to cover the cost of the initial construction and installation of water distribution lines and sewage collection lines, and are only charged to those property owners from whom water and sewer lines were installed under a petition process. While monies collected from front-foot assessments are included in the definition of Revenues, such monies are kept in a fund separate and distinct from the General Revenues and used to pay the costs of (1) providing the improvements funded with such assessments and (2) debt service on Bonds issued for the purpose of constructing such improvements. As of June 30, 2024, the District has imposed front-foot assessments totaling \$6,274,620, and of this amount, \$2,496,515 remains outstanding.

### Summary of Recent Rate History

Fiscal Year	Water Charge*	Increase/Decrease	Sewer Charge*	Increase/Decrease	Combined Charges**	Increase/Decrease
2020	\$24.13	1.6%	\$32.67	2.5%	\$51.62	2.7%
2021	24.45	1.3	33.43	2.3	54.41	1.5
2022	24.77	1.3	34.54	3.3	53.53	2.1
2023	25.11	1.4	36.41	5.4	53.42	3.5
2024	25.69	2.3	38.39	5.4	57.64	4.0

\* Based on 6,000 gallons/month by residential customers within the District.

\*\* Billing practices are structured such that certain efficiencies are created when providing both water and sewer service. As a result, the combined charges column is less than the combination of water charge and the sewer charge, which assume only those services are being provided.

### Comparative Charges

The District's current residential water and sewer rates compared with those of comparable providers (inside rates) in the area for average users of 6,000 gallons of water on a monthly basis as of Fiscal Year 2024:

Utility	Monthly Residential Water-Only Bill	Monthly Residential Sewer-Only Bill	Monthly Residential Water and Sewer Bill
District (2024)*	\$25.11	\$36.41	\$55.42
District (2025)*	25.69	38.39	57.64
Grand Strand WSA*	21.48	25.84	45.12
Andrews (Inside)	38.67	47.23	85.90
Andrews (Outside)	64.53	80.47	145.00
Browns Ferry**	34.72	--	--
Georgetown Rural**	29.90	--	--
Georgetown (Inside)	47.61	51.30	98.91
Georgetown (Outside)	95.31	102.65	197.96
Mount Pleasant	46.27	67.76	114.03
Williamsburg*	48.60	44.22	88.89

\* Billing practices are structured such that certain efficiencies are created when providing both water and sewer service. As a result, the combined bill column may not be the total of the amounts provided in the water-only and sewer-only columns to the left.

\*\* Water only; sewer provided by the District.

Source: Websites of the listed utilities or direct contact with utilities as of April 2024.

### Billing and Collection Procedures

Accounts are billed on a monthly basis. Accounts not paid by the due date are penalized and considered past due. Service for accounts that are more than 15 days past due are subject to termination. If the account remains unpaid 30 days after services are terminated, the account is closed out with any deposit applied to the account.

If outstanding charges are not collected through the procedures described above, the account is placed into an uncollectible status and collection letters are sent to the account holder. The District denies service to any person who with a delinquent account. The District continues its attempts to collect past-due charges until the customer has moved and the District cannot make contact.

If the District is unable to collect past-due charges through these procedures, the account is turned over to the South Carolina Department of Revenue (“DOR”) for collection through its set-off debt collection program. The Set-Off Debt Collection Act of 1988, as amended in 1992, which is codified at Title 12, Chapter 56 of the Code of Laws of South Carolina 1976, as amended, allows DOR to collect any delinquent accounts or debts owed to certain public bodies, including political subdivisions like the District, by setting off the amounts due from the debtor against the debtor’s income tax refund.

The District has a “Good Neighbor” program to help families that are having difficulty paying their water/sewer bill due to financial hardship. This program is supported by voluntary contributions from the District’s employees and customers.

### **Environmental/Regulatory Matters**

Operation of the System is subject to regulation by certain federal, State and local authorities. Federal and State standards that currently regulate and control operation of the System may change from time to time as a result of continuing legislative, regulatory and judicial action. The projects identified in the District’s capital improvement plan (see “FINANCIAL INFORMATION – Capital Improvements Plan” herein), including the Project, have been designed by the District to comply with all appropriate federal and State regulations. However, there is no assurance that the facilities comprising the System currently in operation, under construction, about to be acquired or otherwise contemplated, will always remain subject to the regulations currently in effect, or will always be in compliance with future regulations.

An inability to comply with various governmental regulations and standards could result in reduced operating levels or the issuance of a consent order which, if not complied with, could cause the complete shutdown of those facilities not in compliance. Furthermore, compliance with such governmental regulations and standards may substantially increase capital and operating costs.

The District believes that it is currently in compliance with all regulatory requirements and that requirements and conditions of all permits required to operate the System have been satisfied. Except as noted below, the District is not currently subject to any federal or State consent orders with respect to the System or any of the District’s facilities.

*Consent Order – Red Hill Road.* On May 12, 2022, the District and the South Carolina Department of Health and Environmental Control (“DHEC”) (now known as DES) entered into Consent Agreement No. 22-019-DW relating to drinking water wells in the Red Hill System. In particular, the system was assigned an “unsatisfactory” rating due to source limitations (only one independent source of water) and lack of elevated storage. The District paid a small fine for the violation and submitted a corrective action plan (“CAP”) to cure the noted violations. A portion of the proceeds of the Series 2025 Bonds will be utilized to implement the CAP. See “PLAN OF FINANCE – The Project” herein.

*Consent Order – Carvers Bay System.* On March 28, 2024, the District and DHEC entered into Consent Agreement No. 24-017-DW relating to drinking water wells in Carver’s Bay System. Based on sampling results, the District was found in violation of the maximum contaminant level for total trihalomethanes (TTHM) at the DBP-20 6958 Pleasant Hill Drive monitoring location. The District paid a small fine for the violation and submitted a CAP to cure the violation and is nearing the completion of the twelve-month monitoring period. No further violations have been determined.



## FINANCIAL INFORMATION

### Five-Year Operating History

Summaries of the revenues and expenses of the System for Fiscal Years 2020 through 2024 are provided in the following table. These summaries were derived from the audited financial statements of the District, copies of which are available upon request. The financial statements for Fiscal Year 2024 were audited by Greene Finney Cauley, LLP, Mauldin, South Carolina, and are attached as “APPENDIX A – Audited Financial Statements for the District for the Fiscal Year Ended June 30, 2024” to this Official Statement.

Although the information in the table above was taken from the District’s audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown by itself presents fairly the complete operations of the System for the periods shown.

	Fiscal Year Ended June 30,				
	2020	2021	2022	2023	2024
<b>Operating Revenues</b>					
Water Sales	\$ 7,307,130	\$ 7,701,472	\$ 8,170,194	\$ 8,366,561	\$ 8,786,114
Sewer Sales	7,927,337	8,717,695	9,211,081	9,486,245	10,221,816
Billing and Collection	2,183,647	2,269,569	2,303,428	2,356,882	2,436,383
Service Line Protection		-	158,194	246,069	310,115
Other Fees & Charges	159,458	97,994	114,342	96,912	94,952
<b>Total Program Revenues</b>	<b>17,577,572</b>	<b>18,786,730</b>	<b>19,957,239</b>	<b>20,552,669</b>	<b>21,849,380</b>
<b>Operating Expenses</b>					
Water Operations	4,655,727	4,404,181	4,310,956	4,662,592	5,048,688
Sewer Operations	5,089,055	5,048,535	5,360,193	5,502,497	7,273,925
Billing and Collection	2,415,815	2,499,374	2,480,822	2,659,283	2,718,241
Service Line Protection	-	-	57,054	123,955	180,969
Engineering	1,287,800	1,236,550	1,321,780	1,232,032	1,396,772
Depreciation	6,180,050	6,281,074	6,230,044	6,279,041	6,434,962
<b>Total Operating Expenses</b>	<b>19,628,447</b>	<b>19,469,714</b>	<b>19,760,849</b>	<b>20,459,400</b>	<b>23,053,557</b>
<b>Operating Income (Loss)</b>	<b>(2,050,875)</b>	<b>(682,984)</b>	<b>196,390</b>	<b>93,269</b>	<b>(1,204,177)</b>
<b>Non-Operating Revenues (Expenses)</b>					
Interest income	256,741	150,551	101,308	258,567	550,995
Loss of Disposal of Capital	(124,751)	(82,030)	(25,608)	(9,680)	(97,695)
Other Miscellaneous Rev/Exp	(11,895)	(30,117)	(14,348)	71,048	439,163
Bond Interest Expense	(688,838)	(672,471)	(747,704)	(724,743)	(623,222)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(568,743)</b>	<b>(634,067)</b>	<b>(686,352)</b>	<b>(404,808)</b>	<b>269,241</b>
<b>Income Before Contributions</b>	<b>(2,619,618)</b>	<b>(1,317,051)</b>	<b>(489,962)</b>	<b>(311,539)</b>	<b>(934,936)</b>
<b>Capital Contributions</b>					
Grants	468,059	62,032	60,602	34,122	3,629,611
Impact Fees	657,394	973,656	1,219,083	1,078,682	854,303
Assessments	57,861	65,797	71,758	144,663	123,992
Developer Contribution	1,308,273	1,064,036	497,736	377,344	1,670,349
<b>Total Capital Contribution</b>	<b>2,491,587</b>	<b>2,165,521</b>	<b>1,849,179</b>	<b>1,634,811</b>	<b>6,278,255</b>
<b>Change in Net Position</b>	<b>(128,031)</b>	<b>848,470</b>	<b>1,359,217</b>	<b>1,323,272</b>	<b>5,343,319</b>
<b>Net Position, Beginning of Year as Restated</b>	<b>92,368,636</b>	<b>92,240,605</b>	<b>93,089,075</b>	<b>94,448,292</b>	<b>95,771,564</b>
<b>Net Position, End of Year</b>	<b>\$92,240,605</b>	<b>\$93,089,075</b>	<b>\$94,448,292</b>	<b>\$95,771,564</b>	<b>\$101,114,883</b>

## Operating Budget

The District operates on a Fiscal Year beginning July 1 and ending June 30 of each year. Budgetary preparations generally begin at the end of the second quarter of each Fiscal Year. The Executive Director prepares and submits a preliminary budget to the Members for their review, discussion, revision (as necessary) and approval. Set forth below is the operating budget of the District for Fiscal Year 2025, which was adopted by the Members on June 20, 2024.

### Operating Budget – Fiscal Year 2025\*

#### **Operating Revenues**

Water	
Volume Charge	\$5,458,125
DECAP**	1,122,520
Inspection and Connection	443,000
Other	153,000
Sewer	
Volume Charge	6,504,750
DECAP**	2,254,620
Inspection and Connection	27,000
Administrative	140,000
Billing and Collection	2,431,000
Engineering	104,000
General Administration (as allocated)	1,061,500
<b>Total Program Revenues</b>	<b>19,699,515</b>

#### **Operating Expenses**

Personnel	7,918,113
Contractual Services	3,960,499
Supplies	2,152,681
Travel	380,629
Maintenance/Repair	1,677,262
Miscellaneous	3,657,140
Capital Outlay	960,473
<b>Total Operating Expenses</b>	<b>20,706,797</b>

#### **Operating Income (Loss)**

**(1,007,282)**

#### **Restricted Income (Expenses)**

Availability Charges	3,065,155
Investments	5,000
Assessments	400,000
Demand Charges (Water and Sewer)	275,000
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,745,155</b>

#### **Net Income Before Debt Service**

**2,737,873**

#### **Debt Service**

**2,737,873**

#### **Net Income**

**\$0**

\*Some line items may not match to “– Five-Year Operating History” due to reclassifications and other presentation discrepancies.

\*\* District’s rehabilitation and renewal account.

## Management's Discussion and Analysis

*General Trends and Significant Events.* Over the last five full Fiscal Years, the District's customers grew from 23,922 in Fiscal Year 2020 to 26,232 in Fiscal Year 2024, a growth rate of 9.7%. During Fiscal Year 2024, the District experienced a 1.4% growth rate in new customers, a 1.2% increase in water residential equivalent users and a 1.2% growth rate in sewer residential equivalent users. During Fiscal Year 2024, the District added 368 new customers. Water residential equivalent units increased by 404 units and sewer residential equivalent units increased by 355 units.

The water sales have increased from 1,839 million gallons in Fiscal Year 2020 to 1,925 million gallons in Fiscal Year 2024. The volume of wastewater treated was 1,560 million gallons in Fiscal Year 2020 with 1,662 million gallons treated in Fiscal Year 2024.

*Results of Operations.* The District has no taxing power. Operational and maintenance costs are funded exclusively from customer fees and charges. See "THE SYSTEM – Ratemaking" herein for a discussion of various rates and charges. The acquisition and construction of capital assets are funded by capital (cash and systems) contributions from customers, including other utilities and developers, Federal and State grants and loans, and customer revenues. A five-year comparison of the District's Statement of Revenues, Expenses and Changes in Net Position can be found in the "FINANCIAL INFORMATION – Five-Year Operating History" herein.

Revenues from operations fall into three general categories: (1) water service, (2) wastewater service, and (3) other revenues, which include billing and collection and engineering income. The District has three classes of water and wastewater customers: (1) residential, (2) commercial, and (3) wholesale. Operating revenues have increased from \$17,577,572 in Fiscal Year 2020 to \$21,849,380 in Fiscal Year 2024, an increase of 24.30% during the period. This increase in operating revenues is attributed to customer growth in the System and certain rate adjustments implemented during the periods in question.

Operating expenses have increased from \$19,628,447 in Fiscal Year 2020 to \$23,053,557 in Fiscal Year 2024, an increase of 17.45% during the period. The increase in operating expenses is attributable to inflationary factors, staff additions, and increasing health insurance, power and chemical costs.

Non-operating revenues include interest income, gains or losses on disposal of property and miscellaneous income. Non-operating revenue (expenses) increased from (-\$568,743) to \$269,241 or 139.23% for the period from Fiscal Year 2020 through Fiscal Year 2024. The primary reason for this change was attributable to reduced bond interest expenses, and increased interest income.

The total net position of the District at the end of Fiscal Year 2024 was \$101,114,883, an increase of 9.6% compared to Fiscal Year 2020, which equaled \$92,240,605.

*Capital Assets and Long Term Debt.* The District invested \$8,356,518 in capital upgrades (plants and equipment) during Fiscal Year 2024 including \$1,670,349 from developer contributions. The major projects planned and budgeted for Fiscal Year 2025 or completed in Fiscal Year 2024 include:

- Sandy Island Raw Water Intake: Dredging of the canal and installation of a new, upsized raw water intake, capable of handling 12 MGD.
- Waccamaw Plant Upgrade: Engineering design of the Waccamaw Plant upgrade, increasing the capacity to 10 MGD (see "THE SYSTEM – Water Unit" herein).
- 701 Corridor Water Main Phase 1: This project will install a new 18" trunk line from the Kilsock System on Browns Ferry Road, up Hwy 701 and connect to the Plantersville System to increase resiliency and redundancy combining two systems into one. The project will also increase water supply and water pressure to the existing Plantersville System.
- Red Hill Water Improvements: The construction of a 100,000-gallon elevated water storage tank and interconnection Red Hill System with the Carver's Bay System ("THE SYSTEM – Environmental/Regulatory Matters").

- North Litchfield Water Rehab Phase 2: This project will replace aging water mains and water meter assemblies on Eutaw Lane, Mulberry Lane, and Ancient Mariner Lane.
- Fire Hydrant Replacement Program: Replacement of fire hydrants and post hydrants that have exceeded their expected life and require replacement.
- Sewer Lining Projects: Lining the gravity main in several locations throughout our system. This will revitalize the portions of the sewer system as they are lined.
- County Funded Water Improvements: This project will install approximately 10 miles of new water mains providing service and fire protection to many homes.
- CCTV Sewer Inspection and Cleaning: Inspection and cleaning of existing sanitary sewer systems throughout the District.
- DeBordieu Sewer System Rehab: Upsizing and relocation of an existing force main within the DeBordieu community.
- North Santee Alternative Sewer Project: Construction of a 4” pressurized force main and 11 S.T.E.P Units to serve residents in North Santee.

*Summary.* The District has recently enjoyed a long period of strong customer growth. As that growth slowed, the District shifted the focus of operations to the efficiency and maintenance of the System. The result has been a development of an evolving capital improvement plan, and the District is committed to funding and maintaining reserves as needed to implement the plan and promote the efficient operation of the System.

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## Historical Revenues and Expenditures; Debt Service Coverage

The following table sets forth summaries of Revenues, Operation and Maintenance Expenses, Net Earnings, debt service on Prior Lien Bonds, and the Annual Principal and Interest Requirements for each of the Fiscal Years 2020 through 2024 based upon the audited results of operations for the applicable periods. The following calculation of coverage is consistent with the methodology applicable to the issuance of Additional Bonds and determining the District's compliance with the rate covenant under the Bond Resolution (see "SECURITY FOR BONDS – Rate Covenant" herein).

	<u>Fiscal Year</u>				
	2020	2021	2022	2023	2024
Revenues	\$17,577,572	\$18,786,730	\$19,957,239	\$20,552,669	\$ 21,849,380
Operation and Maintenance Expenses	19,628,447	19,469,714	19,760,849	20,459,400	23,053,557
Net Revenues	\$(2,050,875)	\$ (682,984)	\$ 196,390	\$ 93,269	\$(1,204,177)
Adjustments:					
Interest Income	256,741	150,551	101,308	258,567	550,995
Other Miscellaneous Revenue	(11,895)	(30,117)	(14,348)	71,048	439,163
Impact Fees	657,394	973,656	1,219,083	1,078,682	854,303
Assessments	57,861	65,797	71,758	144,663	123,992
OPEB	227,702	520,911	458,150	75,832	108,644
Pension	408,301	356,565	(48,551)	97,438	(206,456)
Depreciation -Total	6,180,050	6,281,074	6,230,044	6,279,041	6,434,962
Total Add Backs:	\$7,776,154	\$8,318,437	\$8,017,444	\$8,005,271	\$8,305,603
Net Earnings	\$5,725,279	\$7,635,453	\$8,213,834	\$8,098,540	\$7,101,426
Debt Service – Prior Lien Bonds	\$ 890,555	\$ 892,883	\$ 894,931	\$ 896,701	\$ 898,191
Coverage Percentage – Prior Lien Bonds	642.9%	855.1%	917.8%	903.1%	790.6%
Debt Service – Parity Bonds	\$1,444,919	\$1,385,119	\$1,532,919	\$1,568,919	\$1,758,119
Coverage Percentage – Parity Bonds Only <sup>2</sup>	334.6%	486.8%	477.4%	459.0%	352.8%
Total Coverage Percentage – Prior Lien Bonds and Parity Bonds	245.1%	335.2%	338.3%	328.5%	267.3%

<sup>1</sup> Calculated pursuant to the Bond Resolution and as otherwise provided in "SECURITY FOR BONDS – Rate Covenant" herein.

<sup>2</sup> Net Earnings reduced by 100% of applicable debt service on Prior Lien Bonds.

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**Outstanding Indebtedness and Other Obligations of the System**

Pursuant to State law, the District may issue two forms of debt, general obligation debt (subject to the approval of the County Council) and revenue debt. The District has not historically issued general obligation debt, has no general obligation debt outstanding, and has no present intention to issue general obligation debt.

The table below shows the Prior Lien Bonds and Parity Bonds of the District and the outstanding principal amounts thereof as of March 1, 2025.

	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Final Principal Amount</u>	<u>Outstanding Principal Amount</u>
<i>Prior Lien Bonds</i>				
Series 2011A Bond	3/20/2011	3/1/2032	\$4,050,571	\$1,628,285
Series 2011B Bond	6/24/2011	6/1/2032	2,238,682	571,237
Series 2012A Bond	1/26/2012	3/1/2027	4,170,000	690,000
Series 2012B Bond	10/12/2012	10/12/2052	4,034,500	<u>3,131,838</u>
			Total	\$6,021,360
<i>Parity Bonds</i>				
Series 2015 Bonds	8/26/2015	6/1/2033	\$21,050,000	\$13,375,000
Series 2020 Bond	3/25/2020	2/1/2041	3,104,820	<u>2,592,192</u>
			Parity Total	<u>\$15,967,192</u>
			Aggregate Total	\$21,988,552

*Junior Lien Bonds.* No Junior Lien Bonds are currently outstanding.

*Capital Leases.* The District currently has no material leases or lease-purchase arrangements outstanding that are secured by assets of the System or payable from any gross Revenues of the System.

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## Debt Service Requirements

The following table sets forth, on a Fiscal Year-basis, the debt service on the Prior Lien Bonds, the Parity Bonds and the Series 2025 Bonds<sup>1</sup>.

Fiscal Year Ending June 30	Debt Service Prior Lien Bonds	Debt Service on Parity Bonds	Principal on Series 2025 Bonds	Interest on Series 2025 Bonds	Total Annual Debt Service
2025	\$899,403	\$1,755,869	\$55,000	\$477,867	\$3,188,138
2026	905,335	1,749,956	90,000	445,250	3,190,541
2027	905,849	1,749,556	90,000	440,750	3,186,155
2028	546,084	2,112,356	100,000	436,250	3,194,690
2029	546,084	2,109,656	105,000	431,250	3,191,990
2030	546,084	2,108,563	110,000	426,000	3,190,647
2031	546,084	2,108,800	110,000	420,500	3,185,384
2032	482,484	2,175,075	475,000	415,000	3,547,559
2033	150,084	1,684,800	540,000	391,250	2,766,134
2034	150,084	194,400	615,000	364,250	1,323,734
2035	150,084	145,800	635,000	339,650	1,270,534
2036	150,084		660,000	314,250	1,124,334
2037	150,084		690,000	287,850	1,127,934
2038	150,084		715,000	258,525	1,123,609
2039	150,084		745,000	228,138	1,123,222
2040	150,084		780,000	196,475	1,126,559
2041	150,084		815,000	161,375	1,126,459
2042	150,084		850,000	124,700	1,124,784
2043	150,084		890,000	86,450	1,126,534
2044	150,084		930,000	44,175	1,124,259
2045	150,084				\$150,084
2046	150,084				\$150,084
2047	150,084				\$150,084
2048	150,084				\$150,084
2049	150,084				\$150,084
2050	150,084				\$150,084
2051	150,084				\$150,084
2052	150,084				\$150,084
2053	30,648				\$30,648
<b>Total</b>	<b>\$8,409,735</b>	<b>\$17,894,831</b>	<b>\$10,000,000</b>	<b>\$6,289,954</b>	<b>\$42,594,520</b>

Note: Totals may not add due to rounding.

<sup>1</sup> Estimated, subject to change based on actual pricing of the Series 2025 Bonds.

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## Capital Improvement Plan

The following table shows budgeted costs and expected timing of the District’s planned capital projects in the Fiscal Years indicated, including the Project. The District expects to fund the capital projects listed below with proceeds of the Series 2025 Bonds, grant funds, Revenues of the System, capital reserves, and other sources as set forth below.

	2026	2027	2028	2029	2030
<b>Capital Program</b>					
Capital Equipment	\$445,000	\$425,000	\$440,000	\$365,000	\$365,000
General	75,000	-	-	-	-
Water Distribution	9,491,000	4,525,000	1,450,000	8,080,000	7,774,000
Water Treatment	11,785,000	1,385,000	685,000	725,000	125,000
Wastewater Collection	4,125,000	5,352,000	8,611,325	12,291,325	1,690,000
Wastewater Treatment	4,140,000	825,000	795,000	295,000	295,000
<b>PROJECT TOTALS</b>	<b>\$30,061,000</b>	<b>\$12,512,000</b>	<b>\$11,981,325</b>	<b>\$21,756,325</b>	<b>\$10,249,000</b>
	2026	2027	2028	2029	2030
<b>Funding Sources</b>					
Series 2025 Bonds*	\$7,686,000	-	-	-	-
Revenue Funded	520,000	425,000	440,000	365,000	365,000
Grant Funded	12,000,000	500,000	-	-	-
Reserve Funded	8,275,000	8,462,000	4,570,000	3,710,000	3,110,000
Other Funding Sources**	1,580,000	3,125,000	6,971,325	17,681,325	6,774,000
<b>Total Funding Sources</b>	<b>\$30,061,000</b>	<b>\$12,512,000</b>	<b>\$11,981,325</b>	<b>\$21,756,325</b>	<b>\$10,249,000</b>

\* Balance of proceeds will be utilized to reimburse the District for costs incurred during prior Fiscal Years.

\*\* On November 5, 2024, County voters approved a 1% capital project sales tax (“CPST”). The CPST will be in place for a period of 8 years, beginning May 1, 2025. The CPST is anticipated to generate \$10 million dollars a year, and will be earmarked toward the completion of five priority capital projects, and four additional contingency projects in support of the District and its facilities. The priority projects have an estimated cost of \$36 million. The contingency projects, which will only be funded if excess CPST revenues are available, have an estimated cost of \$17.5 million.

## INVESTMENT CONSIDERATIONS

The following section is intended only as a summary of certain pertinent risk factors relating to an investment in the Series 2025 Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Series 2025 Bonds. *In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and financial advisors when considering a purchase of the Series 2025 Bonds.*

### General

The Series 2025 Bonds are secured by and payable from the Revenues. See “SECURITY FOR BONDS – Pledge of Revenues.” Future revenues and expenses of the System are subject to conditions which may change in the future to an extent that cannot be predicted or determined at this time. No representation can be made, or assurance given, that the System will realize revenues in amounts sufficient to generate Revenues sufficient to allow the District to make payments of principal, interest, and premium, if any, on the Series 2025 Bonds. Future revenues and expenses of the System are subject to a variety of economic and other factors and conditions, including without limitation (i) the inability of the District’s facilities to meet water or sewer demands on the System, (ii) unforeseen decreases in demand due to the loss of a major customer, or downturns in local, regional, national and international economies or decreases in economic development at the local or state level, (iii) unanticipated increases in operating or administrative expenses, (iv) potential closure, or restrictions on the use, of the District’s facilities due to unforeseen events or occurrences, acts of war, terrorism, epidemic, or disease in foreign countries or in domestic locations, (v) potential work stoppages due to



labor disputes or other causes, (vi) the effects of global economic cycles, and (vii) other possible general, national, or local political or economic conditions, including inflation, deflation, general cost increases, international trade embargoes, international trade deficits or imbalances, deterioration of international trade relations, calls for a global reserve currency as an alternative to the United States dollar, among other factors. The occurrence of any one or more of the foregoing adverse events, and the other events described below, including events not enumerated in other sections of this Official Statement, may materially adversely affect the System's results of operations, cash flow, and financial condition.

### **Climate Change**

Planning for climate change in the State and its impact on System operations is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. Such changes may lead to lower supply and higher demand for water services. The financial impact of climate change is not yet known and therefore its future impact on Revenues cannot be quantified reliably at this time.

### **Pension**

As described in the notes to the audited financial statements of the District included as APPENDIX A hereto, eligible employees of the District participate in SCRS. The amount of the District's allocation of the SCRS liability, portions of which are allocable to System operations, may increase in amounts that may or may not be material, depending on a variety of actuarial factors, and which the District cannot predict with any certainty.

### **Risk of Loss, Damage, or Destruction**

The District has covenanted in the Bond Resolution that it will cause the System to be continuously insured against physical loss or damage. The District has further covenanted that the proceeds of such insurance shall be applied to repair or replace the damaged or destroyed property. There can be no assurance that the proceeds of insurance or other sources of funds available to the District for purposes of replacing, repairing, rebuilding, or restoring all or any portion of the System facilities that may be damaged or destroyed will be sufficient for such replacement, repair, rebuilding, or restoration.

### **Cybersecurity**

Computer networks and data transmission and collection are vital to the efficient operations of the System. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the District, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the commercial operations, which could materially adversely affect the operations of the System. The District utilizes specialized third parties to maintain the servers and billing and financial software of the District. The District's information technology staff manages, maintains, and ensures that adequate security measures are in place for the other software and control systems for the System.

### **Global Health Risk**

The occurrence of outbreaks, epidemics, contagions, or pandemics, such as COVID-19, avian influenza or other infectious diseases, may have a material adverse effect on the operations, financial condition, and performance of the District. Public health crises of this nature can disrupt economic activity on local, national, and global scales, leading to reduced revenues, increased operational costs, workforce disruptions, and supply chain constraints, among other impacts. While the District has implemented and continues to evaluate risk mitigation strategies, the unpredictability of future global health crises makes it difficult to assess their full impact. There can be no assurance that future outbreaks, epidemics, or pandemics will not materially and adversely affect the District's operations, customer-base, financial position, or ability to meet its obligations to investors.

## **Consolidation and Changes to Boundaries and Service Area**

The District is a special purpose district created under and governed by State law. In accordance with applicable State law, the District could be subject to consolidation into another special purpose district or have another special purpose district consolidated or merged into the District by action of the General Assembly of South Carolina or the County Council, and the District's boundaries and service area could be subject to annexation, alteration, or dissolution. As of the date hereof, the District is not aware of any efforts by the General Assembly of South Carolina or the County Council to consolidate or merge the District into or with another special purpose district or to undertake any material reduction of or addition to its service area. Nor is the District aware of any municipal annexations within its boundaries that would result in a material reduction of its service area. See "THE DISTRICT – Legislation Affecting the District and Special Purpose Districts Generally."

State law includes various means of protecting The District's bondholders in the event of any consolidation, merger, diminishment of boundaries, or dissolution. See "THE DISTRICT – Legislation Affecting the District and Special Purpose Districts Generally." These means may, however, involve contractual obligations by third-parties to pay all or a portion of debt service on the District's outstanding Bonds. In such event, no assurances can be given that any successor obligor resulting from such action will have the financial strength or creditworthiness of the District or that any such action would not have a material impact on the financial strength or creditworthiness of the District.

## **Other General Factors**

The System has been, and may in the future be, affected by several other factors which could impact the financial condition of the System and operations of the District. In addition to the factors discussed elsewhere herein, such factors include, among other things:

- Effects of compliance with rapidly changing regulatory and legislative requirements relating to climate, environmental matters, old infrastructure, and safety and permitting;
- The repeal of certain federal statutes that would have the effect of decreasing federal funding or changing federal tax policy, including the ability to issue tax-exempt obligations. Recently, the U.S. House of Representatives Budget Committee put the repeal of tax-exempt bonds on a list of possible cost mitigation measures for its budget reconciliation bill and the rewrite of the expiring Tax Cuts and Jobs Act (2017);
- Effects of tariffs or other inflationary factors that increase the District's expenses;
- Effects of changes in the economy, population, and demand of customers for services delivered by the System; and
- Regulatory or legal changes affecting the District's service area, or customer base and demand, including regulation of per- and polyfluoroalkyl substances, and any precursors of the same (generally, "PFAS"), as further described in "MISCELLANEOUS - Litigation" below.

## **FINANCIAL ADVISOR**

Compass Municipal Advisors, LLC is acting as Financial Advisor ("*Financial Advisor*") to the District in connection with the issuance of the Series 2025 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2025 Bonds is contingent upon the issuance and delivery of the Series 2025 Bonds. The Financial Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2025 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies.

## LEGAL MATTERS

### State Tax Exemption

Bond Counsel is of the opinion that the Series 2025 Bonds and the interest thereon are exempt from all taxation by the State of South Carolina, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the Series 2025 Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax.

The opinion of Bond Counsel is limited to the laws of the State of South Carolina and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Series 2025 Bonds or the interest thereon under the laws of any other jurisdiction.

### Federal Income Tax – Series 2025 Bonds

*Generally.* On the date of issuance of the Series 2025 Bonds, Bond Counsel will render an opinion that, assuming continuing compliance by the District with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations promulgated thereunder (the “Regulations”) and further subject to certain considerations described in “– Collateral Federal Tax Considerations” herein, under existing statutes, regulations and judicial decisions, interest on the Series 2025 Bonds is excludable from the gross income of the registered owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code. Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations. See “APPENDIX D – Form of Opinion of Bond Counsel” attached hereto.

The opinion of Bond Counsel will be limited to matters relating to the authorization and validity of the Series 2025 Bonds and the tax-exempt status of interest on the Series 2025 Bonds as described herein. Bond Counsel makes no statement regarding the accuracy and completeness of this Official Statement.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Series 2025 Bonds for federal income tax purposes. Bond Counsel’s opinions are based upon existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service (the “IRS”) or the courts; rather, such opinions represent Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The opinion of Bond Counsel described above is subject to the condition that the District comply with all requirements of the Code and the Regulations, including, without limitation, certain restrictions on the use, expenditure and investment of the gross proceeds of the Series 2025 Bonds and the obligation to rebate certain earnings on investments of such gross proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2025 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. The opinion of Bond Counsel delivered on the date of issuance of the Series 2025 Bonds is conditioned on compliance by the District with such requirements and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such Series 2025 Bonds.

*Designation as Qualified Tax-Exempt Obligations.* The District has designated the Series 2025 Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B)(i) of the Code relating to the ability of financial institutions to deduct, from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

*Collateral Federal Tax Considerations.* Prospective purchasers of the Series 2025 Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion concerning such collateral income tax consequences and prospective purchasers of Series 2025 Bonds should consult their tax advisors as to the applicability thereof.

From time to time, there are legislative proposals in Congress which, if enacted into law, could eliminate or reduce the exclusion of the interest on the Series 2025 Bonds from gross income for federal income tax purposes or which might otherwise adversely affect the benefit or marketability of the Series 2025 Bonds. No prediction can be made as to whether any such provisions will be enacted as proposed or concerning other future legislation which, if passed, might affect the tax treatment of interest on the Series 2025 Bonds. Similarly, future clarifications of the Code by the IRS and court proceedings interpreting the Code could likewise affect the treatment of interest on the Series 2025 Bonds, as well as the benefit or marketability of the Series 2025 Bonds. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, court proceedings, and IRS actions, as to all of which Bond Counsel expresses no opinion.

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2025 Bonds. Bond Counsel's engagement with respect to the Series 2025 Bonds ends with the issuance of the Series 2025 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Series 2025 Bonds in the event of an audit examination by the IRS.

Under current procedures, parties other than the District and their appointed counsel, including the owners of the Series 2025 Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable.

Any action of the IRS, including but not limited to selection of the Series 2025 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025 Bonds, and may cause the District or the holders of the Series 2025 Bonds to incur significant expense, regardless of the ultimate outcome. Under certain circumstances, the District may be obligated to disclose the commencement of an audit under the Disclosure Dissemination Agent Agreement, a copy of which is attached hereto as "APPENDIX E – Form of Disclosure Dissemination Agent Agreement."

### **[Original Issue Discount**

As shown on the inside cover page of this Official Statement, the Series 2025 Bonds maturing on \_\_\_\_\_ 1 in the years 20\_\_ through 20\_\_ have been sold at an initial offering price which is less than the principal amount thereof payable at maturity (the "2025 Discount Bonds"). The difference between the initial public offering prices to the public (excluding bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) at which price a substantial amount of each maturity of the 2025 Discount Bonds is sold and the amount payable at maturity constitutes original issue discount.

Bond Counsel is of the opinion that original issue discount, as it accrues, is excluded from gross income for federal income tax purposes and is subject to the alternative minimum tax to the same extent as is interest on the Series 2025 Bonds. Original issue discount accrues in each taxable year over the term of the 2025 Discount Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code, with certain adjustments. Original issue discount may be treated as continuing to accrue in each taxable year even if payment of the 2025 Discount Bonds becomes doubtful.

Accruals of original issue discount are treated as tax-exempt interest earned by owners on the accrual basis of tax accounting and as tax-exempt interest received by owners on a cash basis of tax accounting, even though no cash

corresponding to the accrual is received in the year of accrual. The tax basis of 2025 Discount Bonds if held by an original purchaser, can be determined by adding to such owner's purchase price of such 2025 Discount Bonds the original issue discount that has accrued.

*Owners who may acquire Series 2025 Bonds that are 2025 Discount Bonds should consult their tax advisors with respect to all matters relating to such discount.]*

### **[Original Issue Premium**

As shown on the inside cover page of this Official Statement, the Series 2025 Bonds maturing on \_\_\_\_\_ 1 in the years 20\_\_ through 20\_\_ have been sold at an initial public offering price which is greater than the amount payable at maturity. If the first price at which a substantial amount of the Series 2025 Bonds is sold in the initial offer to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at a price in excess of the principal amount thereof payable at maturity, the difference between such price and principal amount constitutes original issue premium with respect to each Series 2025 Bond (each, a "Premium Bond," and collectively, the "2025 Premium Bonds").

That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

*Owners who may acquire Series 2025 Bonds that are 2025 Premium Bonds should consult their tax advisors with respect to all matters relating to such bond premium.]*

### **UNITED STATES BANKRUPTCY CODE**

The obligation of the District under the Bond Resolution should be considered with reference to Chapter 9 of the United States Bankruptcy Code, 11 U.S.C. § 901, *et seq.*, as amended (the "Bankruptcy Code") and other laws affecting creditors' rights and public instrumentalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner but does not limit or impair the power of the state to control a municipality by legislation; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of the creditors of each class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate or otherwise modify indebtedness under its plan varying from the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

## MISCELLANEOUS

### Rating

Moody's Investors Service, Inc. ("*Moody's*") has issued a municipal bond rating of "Aa3" to the Series 2025 Bonds. Such rating reflects only the view of Moody's and any desired explanation of the significance of the rating should be obtained only from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that the rating will remain in effect for any given period of time or that such rating may not be lowered or withdrawn entirely by Moody's, if in its judgment circumstances so warrant. Any such downgrade in or withdrawal of such rating may have an adverse effect on the market price of the Series 2025 Bonds.

### Underwriting

The Series 2025 Bonds have been purchased at a competitive sale for resale by \_\_\_\_\_ (the "*Purchaser*"), at a purchase price of \$ \_\_\_\_\_ (representing the par amount of the Series 2025 Bonds, plus original issue premium of \$ \_\_\_\_\_, less underwriter's discount of \$ \_\_\_\_\_). The initial public offering prices of the Series 2025 Bonds are stated on the inside front cover hereof. The Purchaser may offer and sell the Series 2025 Bonds to certain dealers (including dealers depositing Series 2025 Bonds into investment trusts) and others at prices lower than the stated initial public offering price. In addition, the initial public offering price may be changed from time to time by the Purchaser without prior notice.

### Independent Certified Public Accountants

The financial statements of the District attached as APPENDIX A hereto have been examined by Greene Finney Cauley, LLP, Mauldin, South Carolina, independent certified public accountants, to the extent and for the periods indicated in their report thereon which appears in APPENDIX A attached hereto.

### Litigation

No litigation is currently pending or, to the knowledge of the District, threatened in any court to restrain or enjoin the issuance or delivery of any of the Series 2025 Bonds or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Series 2025 Bonds, or in any way contesting or affecting the validity of the Series 2025 Bonds or the Bond Resolution or contesting the power or authority of the District to issue the Series 2025 Bonds.

On January 6, 2025, the District filed suit against 25 different manufacturers alleging damages to the System related to the release of PFAS chemicals that contaminated the District's drinking water supply and wastewater treatment processes, and will cause the District to incur extensive capital and operating expenses to remove such chemicals from its drinking water and wastewater effluent. The suit is still in the very early stages, and, pending a change in the regulatory status of PFAS by EPA, the District may be required to undertake significant capital expense to address the PFAS contaminants in its System.

### Legal Matters

All of the legal proceedings in connection with the authorization and issuance of the Series 2025 Bonds are subject to the approval of Pope Flynn, LLC, Columbia, South Carolina, Bond Counsel. The final approving opinions of Bond Counsel, in substantially the forms attached hereto as "APPENDIX D – Form of Opinion of Bond Counsel" will be furnished without charge to the purchasers of the Series 2025 Bonds at the time of their delivery. Certain legal matters in connection with the Series 2025 Bonds will be passed on for the District by its counsel, Boykin & Davis, LLC, Columbia, South Carolina.

The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **Enforceability of Remedies**

The remedies available to the owners of the Series 2025 Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code, the Bond Resolution and the Series 2025 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits enacted before or after such delivery.

## **Continuing Disclosure**

In compliance with Section 11-1-85 of the Code of Laws of South Carolina, 1976, as amended, the District has covenanted in the Bond Resolution that it will file or cause to be filed with a central repository for further availability in the secondary bond market when requested: (a) a copy of the District's annual independent audit within thirty days of the District's receipt thereof; and (b) event specific information within thirty days of an event adversely affecting more than five percent of the Revenues or its tax base.

The District has entered into a Disclosure Dissemination Agent Agreement (the "*Disclosure Agreement*"), with Digital Assurance Certification, L.L.C. (the "*Dissemination Agent*") for the benefit of the holders of Series 2025 Bonds, pursuant to which the District has agreed to provide certain financial information and operating data relating to the District by not later than February 1 of each year (the "*Annual Report*"), and to provide notices of the occurrences of certain enumerated events (the "*Material Events*"). The form of the Disclosure Agreement is attached hereto as APPENDIX E.

Such covenant shall only apply so long as the Series 2025 Bonds remain Outstanding under the Bond Resolution. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") system as described in the Disclosure Agreement attached hereto as APPENDIX E, as well as any state information depository that is subsequently established in the State (the "*State Information Depository*"). The notices of Material Events will be filed by the District through the Dissemination Agent with EMMA and with the State Information Depository. The specific nature of the information to be contained in the Annual Report and the notices of Material Events are described in APPENDIX E, which shall be executed by the District and the Dissemination Agent at the time of issuance of the Series 2025 Bonds. No party other than the District through the Dissemination Agent is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Series 2025 Bonds.

The District has previously entered into similar continuing disclosure undertakings for the benefit of the beneficial owners related to the Series 2015 Bonds (collectively, the "*Prior Disclosure Undertaking*"). The Prior Disclosure Undertaking required that certain financial and operating information, including audited financial statements of the District, be filed not later than February 1 of each year (following the end of each applicable Fiscal Year). Respecting the Series 2015 Bonds, the District did not disclose certain required financial and operating information; in particular, the District failed to disclose the sewer impact fees for Fiscal Year 2020 and changed the reporting format for major water users and major sewer users by showing monthly billing data instead of annualized billing data over the last five Fiscal Years. Also, the District restated the presentation of its five-year operating history for Fiscal Years 2020-2024, and similarly updated its debt service coverage ratio for the same period to conform the presentation required by the Bond Resolution. On March 17, 2025, the District filed a notice of failure to file to EMMA, which added the missing information and revised the prior disclosures.

## **Concluding Statement**

All the summaries of the provisions of the Acts, the Enabling Act, the Series 2025 Bonds, and the Bond Resolution and all summaries and references to other documents, instruments, and materials not purported to be quoted in full are only brief outlines of certain provisions thereof and are not intended to be and do not constitute complete statements of the Enabling Act or such documents or provisions. Reference is made hereby to the complete documents relating to such matters for the complete terms and provisions thereof, or for the information contained therein. The

attached Appendices are integral parts of this Official Statement and should be read in their entirety together with all foregoing statements.

Certain of the information set forth in the Official Statement and in the appendices hereto has been obtained from sources other than the District that are believed to be reliable but is not guaranteed as to accuracy or completeness by the District.

The agreement between the District and holders of the Series 2025 Bonds is fully set forth in the Bond Resolution and neither any advertisement for the Series 2025 Bonds nor this Official Statement is to be construed as constituting an agreement with the holders of the Series 2025 Bonds. The execution and delivery of this Official Statement have been duly authorized and this Official Statement has been deemed final by the District.

**GEORGETOWN COUNTY WATER AND SEWER  
DISTRICT, SOUTH CAROLINA**

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Chairman



**APPENDIX A**

**Audited Financial Statements for the District for the Fiscal Year Ended June 30, 2024**

**GEORGETOWN COUNTY  
WATER AND SEWER DISTRICT**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2024 AND 2023**

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

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# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## Independent Auditor's Report

To the Board of Directors  
Georgetown County Water and Sewer District  
Georgetown, South Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Georgetown County Water and Sewer District (the "District") as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Georgetown County Water and Sewer District as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to the financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Pension Schedules, and the Other Postemployment Benefit Plan Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the West Georgetown Interceptor True-up Calculation but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
November 13, 2024

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the District's financial condition and activities for the fiscal year ended June 30, 2024. This information should be read in conjunction with the financial statements.

### **Financial Highlights**

Management believes the District's financial condition remains strong and received confirmation in July 2015 when the District received an initial rating of A-1 from Moody's Investor Service and updated Issuer Comments in May 2021. The District is well within its debt covenants and the more stringent financial policies and guidelines set by the Board. The following are financial highlights for Fiscal Year 2024.

- Total assets at year-end were \$143.2 million, an increase of \$2.8 million compared to FY2023. Net position increased from \$95.8 million in FY2023 to \$101.1 million in FY2024. Unrestricted net position increased by \$2.9 million.
- Debt service coverage, including capital contributions (impact fees) is 282%, exceeding the 120% required by the District's bond covenants.
- For Fiscal Year 2024, the District delivered 1.92 billion gallons of water and treated 1.66 billion gallons of wastewater, compared to 1.97 billion gallons of water and 1.60 billion gallons of wastewater in 2023.
- Operating revenues were \$21.8 million, an increase from FY2023 of \$1.3 million or 6.3%.
- Operating expenses were \$23.1 million, an increase of \$2.6 million or 12.7%, over FY2023. Depreciation increased 2.5% from the prior year.
- Ratios of total operating revenues to total operating expenses (including depreciation) were 95% and 100% for 2024 and 2023, respectively.
- During 2024, the District added 368 new customers. Water residential equivalent units increased by 404 units and wastewater residential equivalent units decreased by 355 units.

## Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the District's strategic plan, budget, bond resolutions, and other management tools were used for this analysis.

The financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The financial statements include a balance sheet; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

The **Statement of Net Position** presents the financial position of the District on a full accrual historical cost basis. The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the District is improving or deteriorating, once the impact of recent GASB accounting standards are considered.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the **Statement of Revenues, Expenses, and Changes in Net Position** presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs. Rate setting policies use different methods of cost recovery fully provided for by generally accepted accounting standards. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated based on long-term capacity needs, ensuring that growth pays for growth.

The **Statement of Cash Flows** presents changes in cash and cash equivalents, resulting from operations, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The **Notes to the Financial Statements** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information detailing revenues and expenses by systems, debt service requirements and insurance follows the notes to the financial statements.

The financial statements were prepared by the District's staff from the detailed books and records of the District. The financial statements were audited and adjusted, if material, during the independent external audit process.

## Summary of Organization and Business

The District is a Special Purpose District created pursuant to provisions of Act 733 enacted during the 1967 Session of the General Assembly of the State of South Carolina as a body politic and corporate. The principal functions of the District are to acquire supplies of fresh water capable of being used for industrial and domestic purposes, to distribute such water for industrial and domestic use within its service area and to build, acquire, construct, operate and maintain such sewerage treatment and collection facilities as the District deems necessary. The service area of the District includes all of the area in Georgetown County except those areas within the incorporated boundaries of the Town of Andrews, the City of Georgetown, the Browns Ferry Water Company and the Rural Water District. It is located in the northeastern portion of the State of South Carolina, bordered by the Atlantic Ocean, Horry, Williamsburg, Marion, and Charleston Counties

### Summary of Organization and Business (Continued)

The District has no taxing power. Operational and maintenance costs are funded from customer fees and charges. The acquisition and construction of capital assets are funded by capital (cash and systems) contributions from customers, including other utilities and developers, Federal and State grants and loans, and customer revenues.

The District, Town of Andrews, City of Georgetown, and Georgetown County formed and entered into the West Georgetown County Regional Wastewater Partnership in 1997. The Partnership provides for the operation of the regional wastewater collection, treatment, and disposal system serving residents, businesses and industries in the underdeveloped and predominantly rural western sector of Georgetown County. The Partnership provides the District with 4.05 million gallons per day of sewer capacity in the expanded City of Georgetown wastewater treatment plant. This additional District sewer treatment capacity and the 18-mile wastewater transmission system connecting the Town of Andrews' system to the City of Georgetown's system, provides the District with substantial wastewater collection and treatment capability for the County's western area.

In past few years, the focus of the District had shifted from accommodating growth in the system to maintaining the system. As a result, the District put in place a program to identify areas of the system in need of capital repair and replacement as well as to provide the resources to make needed capital repairs or replacements. The goal of this program was to greatly reduce the number and severity of emergency repairs, thus improving the overall service to our customers as well as reducing the overall costs by performing scheduled maintenance as opposed to more costly reactive maintenance. However recently new interest in developing the west side of the county has shifted some of our focus back to accommodating growth.

### Development

Development projects in various stages of the developmental process could significantly influence the District's customer base revenue stream in the future. These development and District initiated projects include:

- **Osprey Town Homes** – 47 multifamily units
- **The Reserve at Crown Pointe** – 128 single family units
- **Regatta Townhomes** – 41 multi-family units
- **Collins Creek Phase 7** – 31 single family units
- **Northbrook** – 57 single family lots
- **South Island Landing Phase 1** – 63 single family units
- **Sweetgrass Townhomes** – 46 multi-family units
- **Sanderling Bay** – 22 single family units
- **Carolina Trails** – 180 multi-family units; 175 single family units
- **Kingsbury Subdivision** – 51 single family units
- **Riverview RV Resort** – 635 campsites with amenities

Georgetown County Water & Sewer District capital improvement projects planned and budgeted for FY2025 or completed in FY2024 include:

- **Sandy Island Raw Water Intake:** Dredging of the canal and installation of a new, upsized raw water intake, capable of handling 12 MGD.

### Development (Continued)

- **Sandy Island Water Treatment Plant Upgrade:** Engineering design of the Water Treatment Plant Upgrade, increasing the capacity to 10 MGD.
- **701 Corridor Water Main Phase 1:** This project will install a new 18” trunk line from the Kilsock system on Browns Ferry Road, up Hwy 701 and connect to the Plantersville system to increase resiliency and redundancy combining two systems into one. The project will also increase water supply and water pressure to the existing Plantersville system.
- **Red Hill Water Improvements:** The construction of a 100,000-gallon elevated water storage tank and interconnection with the Carver’s Bay Water System.
- **North Litchfield Water Rehab Phase 2:** This project will replace aging water mains and water meter assemblies on Eutaw Ln., Mulberry Ln., and Ancient Mariner Ln.
- **Fire Hydrant Replacement Program:** Replacement of fire hydrants and post hydrants that have exceeded their expected life and require replacement.
- **Sewer Lining Projects:** Lining the gravity main in several locations throughout our system. This will revitalize the portions of the sewer system as they are lined.
- **County Funded Water Improvements:** This project will install approximately 10 miles of new water mains providing service and fire protection to many homes.
- **CCTV Sewer Inspection and Cleaning:** Inspection and cleaning of existing sanitary sewer systems throughout the District.
- **DeBordieu Sewer System Rehab:** Upsizing and relocation of an existing force main within the DeBordieu community.
- **North Santee Alternative Sewer Project:** Construction of a 4” pressurized force main and 11 S.T.E.P Units to serve residents in North Santee.

The following comparative Condensed Financial Statement and other selected information serve as the key financial data and indicators for management, monitoring and planning.

**CONDENSED FINANCIAL STATEMENTS**

**FINANCIAL ANALYSIS**

**CONDENSED STATEMENTS OF NET POSITION**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Current Assets and Non-			
Current Restricted Assets	\$ 33,927,877	\$ 32,931,502	\$ 32,598,516
Capital Assets			
Producing Assets	103,118,338	99,617,412	103,418,818
Construction in Progress	6,142,359	7,833,123	4,766,282
Total Assets	\$ 143,188,574	\$ 140,382,037	\$ 140,783,616
Deferred Outflows of Resources	\$ 3,352,387	\$ 3,092,719	\$ 3,660,353
Current Liabilities	\$ 4,233,646	\$ 4,608,586	\$ 4,267,995
Long Term Liabilities	36,692,620	37,775,484	40,653,746
Total Liabilities	\$ 40,926,266	\$ 42,384,070	\$ 44,921,741
Deferred Inflows of Resources	\$ 4,537,151	\$ 5,333,224	\$ 5,073,936
Net Position:			
Net Invested in Capital Assets, Net of Related Debt	\$ 86,587,639	\$ 83,153,505	\$ 82,182,313
Restricted for Capital Activity and Debt Service	18,709,461	20,607,967	20,055,259
Unrestricted	(4,219,556)	(8,004,010)	(7,789,280)
Total Net Position	\$ 101,077,544	\$ 95,757,462	\$ 94,448,292
Total Liabilities & Net Position	\$ 146,540,961	\$ 143,474,756	\$ 144,443,969

Total assets increased \$2.8 million or almost 2% from 2023 to 2024. Total deferred outflows of resources increased by \$260 thousand and total deferred inflows of resources decreased by \$796 thousand due to changes in the District's proportionate share of the net pension liability and related deferred inflows and outflows and the implementation of GASB #87. Total liabilities decreased by \$1.5 million primarily due to scheduled principal payments on outstanding long-term debt.

Total assets decreased by \$402 thousand or less than 1% from 2022 to 2023. Total deferred outflows of resources decreased by \$568 thousand and total deferred inflows of resources increased by \$259 thousand due to changes in the District's proportionate share of the net pension liability and the implementation of GASB #87. Total liabilities decreased by \$2.5 million primarily due to scheduled principal payments on outstanding long-term debt.

**CONDENSED STATEMENTS OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION**

	2024	2023	2022	Change 2023-2024	
				\$	%
<b>REVENUES:</b>					
Water Service Revenues	\$ 8,786,114	8,366,561	8,170,194	\$ 419,553	5.0%
Wastewater Service Rev.	10,221,816	9,486,245	9,211,081	735,571	7.8%
Other Revenues	2,841,450	2,699,863	2,575,964	141,587	5.2%
Total Operating Revenues	21,849,380	20,552,669	19,957,239	1,296,711	6.3%
<b>EXPENSES:</b>					
Operating before Depr.					
Water Operations	5,048,688	4,662,592	4,310,956	386,096	8.3%
Wastewater Operations	7,273,925	5,502,497	5,360,193	1,771,428	32.2%
General, Billing & Collect. and Engineering	4,295,982	4,015,270	3,859,656	280,712	7.0%
Depreciation	6,434,962	6,279,041	6,230,044	155,921	2.5%
Total Operating Expenses	23,053,557	20,459,400	19,760,849	2,594,157	12.7%
Operating Income	(1,204,177)	93,269	196,390	(1,297,446)	1391.1%
Non-Operating Revenue (Expenses), Net	246,004	(418,910)	(686,352)	664,914	158.7%
Loss Before Contributions	(958,173)	(325,641)	(489,962)	(632,532)	-194.2%
Capital Contributions					
Capital Grants	3,629,611	34,122	60,602	3,595,489	10537.2%
Customer Impact Fees	854,303	1,078,682	1,219,083	(224,379)	-20.8%
Water and Sewer Assessments	123,992	144,663	71,758	(20,671)	-14.3%
Developer Contributions	1,670,349	377,344	497,736	1,293,005	342.7%
Total Capital Contributions	6,278,255	1,634,811	1,849,179	4,643,444	284.0%
Change in Net Position	5,320,082	1,309,170	1,359,217	4,010,912	306.4%
Beginning Net Position	95,757,462	94,448,292	93,089,075	1,309,170	1.4%
Ending Net Position	\$ 101,077,544	95,757,462	94,448,292	\$ 5,320,082	5.6%

**SELECTED DATA FOR ANALYSIS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Change 2023-2024</u>	
				<u>Amount</u>	<u>%</u>
Employees at Year-End	81	79	74	2	2.5%
Customers at Year-End	26,232	25,864	25,505	368	1.4%
Water & Wastewater Residential Equivalent Units at Year-End					
Water R.E.U.s	35,161	34,757	33,730	404	1.2%
Wastewater R.E.U.s	29,686	29,331	29,355	355	1.2%
Water Sales for Fiscal Year (millions of gallons)	1,925	1,966	1,935	-41	-2.1%
Wastewater Sales for Fiscal Year (millions of gallons)	1,662	1,595	1,625	67	4.2%
Per Average Employees					
Total Operating Revenues	\$269,745	\$260,160	\$269,692	\$9,585	3.7%
Total Operating Expenses	\$284,612	\$258,980	\$267,039	\$25,632	9.9%
Ratio of Operating Revenue to					
Operating Expenses	0.95	1.00	1.01	-0.050	-5.0%
Operating Expenses net of Depreciation	1.31	1.45	1.47	-0.140	-9.7%
Total Assets	0.15	0.15	0.14	0.000	0.0%
Debt Related Ratios					
Total Debt to Net Position	0.40	0.44	0.48	-0.040	-9.1%
Long-Term Debt to Net Position	0.36	0.39	0.43	-0.030	-7.7%
Debt Coverage Ratio	2.82	3.07	3.19		

## General Trends and Significant Events

Over the last 5 years, the District has experienced a customer base growth rate of 9.7%. During Fiscal Year 2024, the District experienced a 1.4% growth rate in new customers, a 1.2% increase in water residential equivalent users and a 1.2% increase in sewer residential equivalent users. The volume of water sold in Fiscal Year 2024 was 1.92 billion gallons, a decrease of 2.1% from fiscal year 2023.

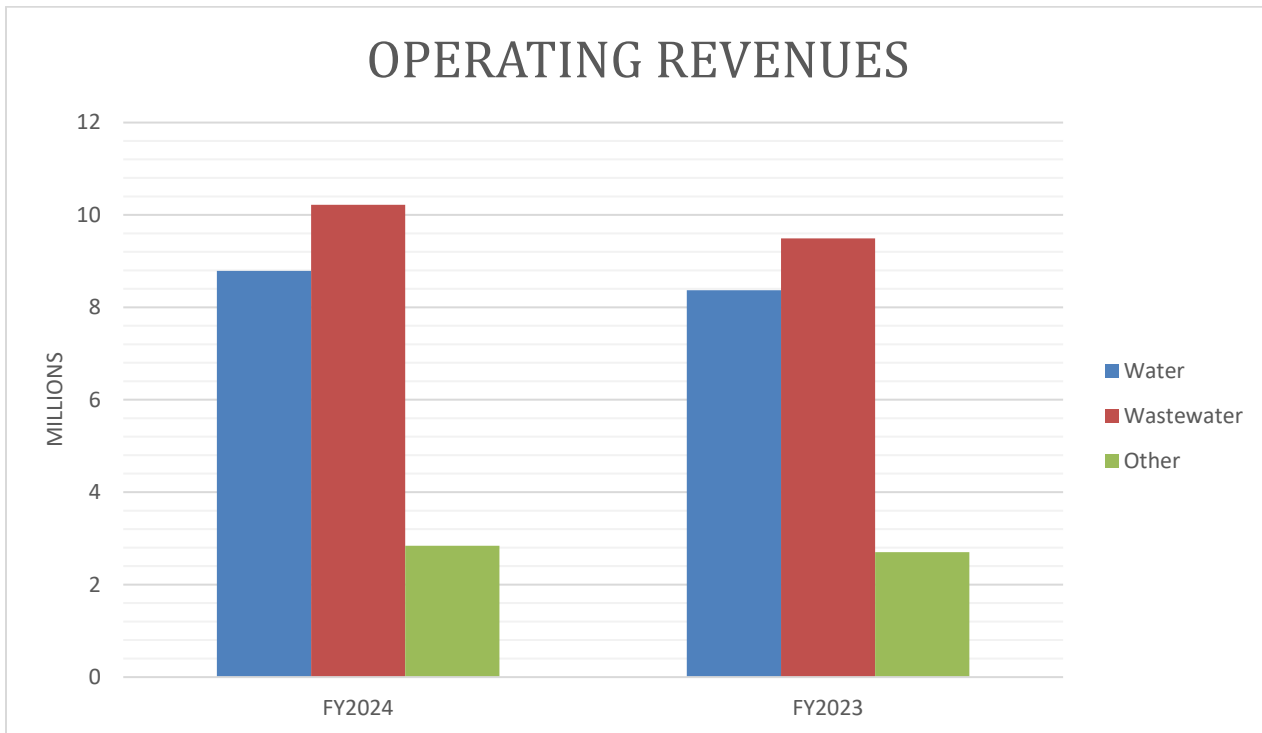
## Financial Condition

The District's financial condition remained strong at year-end with adequate liquid assets, well maintained facilities and sufficient capacity to meet peak demand. The District has a capable, well trained staff with an average length of service of 11.62 years. The Capital Improvement Plan has been adequately funded to proactively replace and repair our capital assets. In addition, the District has built cash reserves and debt service capacity to provide for the capital projects needed to meet projected customer growth.

Total assets increased \$2.8 million or 2% and net position increased \$5.3 million or 5.6%, with substantially all the changes related to increased water and sewer services revenue.

## Results of Operations

**Operating Revenues:** Revenues from operations fall into three general categories: water service, wastewater service, and other revenues, which include Billing & Collection and Engineering Income. The District has three classes of water and wastewater customers: Residential, Commercial, and Bulk. The following chart depicts District revenues for the last two fiscal years.





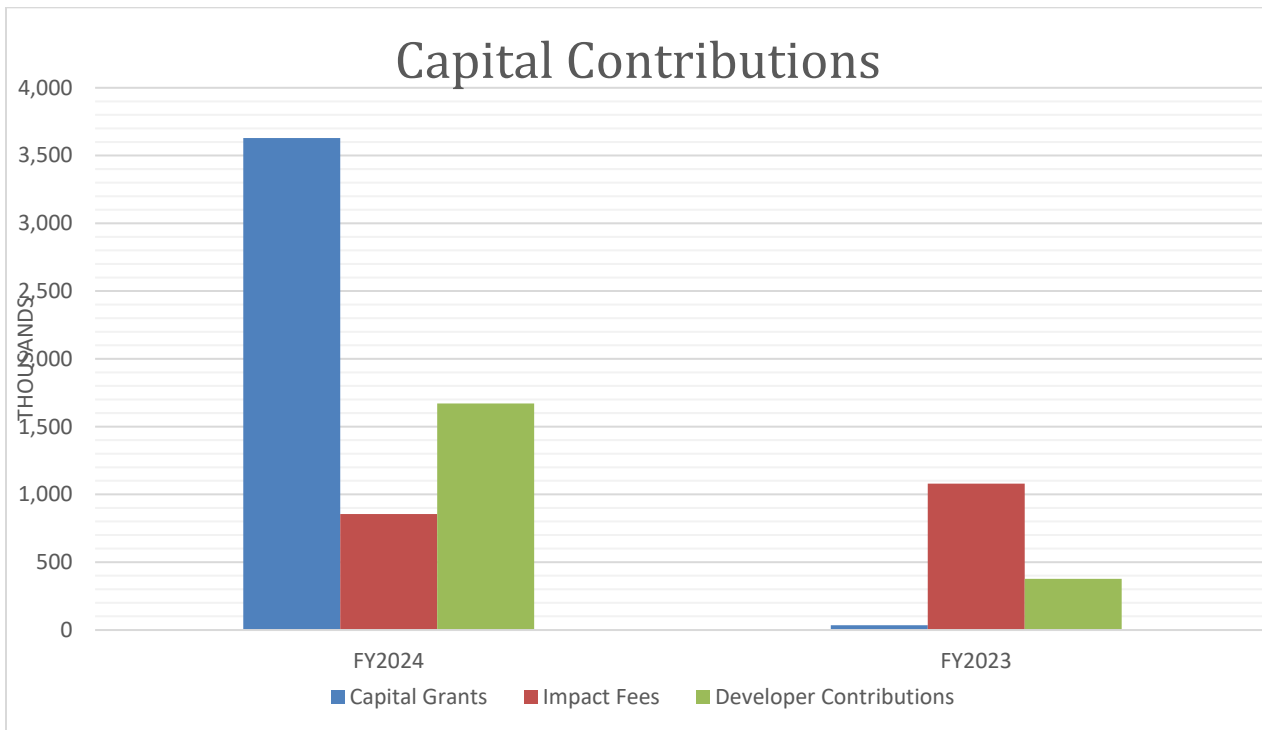
### Results of Operations (Continued)

During FY2020, the District engaged Raftelis Financial Consultants, Inc. to assist with the development of a comprehensive financial plan including the rates necessary to sustain the financial plan. The plan was completed during FY2021 with implementation beginning January 1, 2021. The rate structure was modestly changed with minimal impact to customers with usage under 6,000 gallons per month per residential equivalent unit (REU). The usage tiers were adjusted to recover the costs associated with providing higher than allocated usage from the customers exceeding purchased capacity (REUs). These rate adjustments, increased user growth and higher than expected seasonal use contributed to higher revenue during FY2024.

**Capital Contributions and Grants:** The District collects water and wastewater capacity fees in order to ensure that current customers do not bear the burden of growth. These fees are paid by new customers and represent, on a residential equivalent unit basis, the cost of the water and/or wastewater capacity purchased by the new account. Most of these fees are paid for blocks of capacity purchased by residential and commercial Real Estate Developers.

The District also receives additions to its collections and distribution systems from developers. GASB 34 defines these fees as non-operating revenues and requires reporting the amounts through the Statement of Revenues, Expenses and Changes in Net Position.

The following chart depicts the capital contribution activity at the District for the last two fiscal years.



Cash capital contributions (impact fees) were \$854,303 for 2024, compared to \$1,078,682 in 2023.

**Expenses:** The District operates and maintains a potable water treatment and delivery system and a wastewater collection and treatment system. The bulk of the water production occurs at its 8.0 million gallon per day surface water treatment plant. Twenty-eight (28) wells are also used for certain remote service areas, for peak management and emergency use. The wastewater system includes five (5) wastewater treatment plants that range in size from below 52,000 gallons per day to 5.5 million gallons per day, for a combined total capacity of 12.8 million gallons per day.

**Results of Operations (Continued)**

Total operating expenses of the District during FY2024 increased \$3,087,420 from FY2023, and operating revenues increased \$1,296,711. Operating expenses including depreciation for water and wastewater operations for the last two years are listed below.

OPERATING EXPENSES						
	2024	%	2023	%	Variance	% Change
Personnel Costs	\$ 7,601,502	32.3%	\$ 6,620,688	32.3%	\$ 980,814	14.81%
Contractual Services	3,743,303	15.9%	3,291,271	16.1%	\$ 452,032	13.73%
Supplies and Materials	5,370,918	22.8%	4,006,788	19.6%	\$ 1,364,130	34.05%
Business and Travel Expenses	259,996	1.1%	239,463	1.2%	\$ 20,533	8.57%
Depreciation	6,434,962	27.3%	6,279,041	30.7%	\$ 155,921	2.48%
Other Expenses	154,582	0.7%	40,592	0.2%	\$ 113,990	280.82%
	\$ 23,565,263	100.0%	\$ 20,477,843	100.0%	\$ 3,087,420	15.08%

Personnel costs increased \$980,814 or 14.8% from 2023 to 2024. The increase was due to more overtime paid in 2024 and vacancies in 2023. In January 2024, compensation was adjusted by a 3.7% across-the-board increase of the gross base salaries. Contractual services increased \$452,032 or 13.7%. Supplies and materials increased \$1,364,130 or 34.1% on higher chemical, fuel and material costs. Depreciation and amortization were up \$155,921 or 2.5%.

**Rate Covenant**

In the 2015 Bond Resolution, the District covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the District, together with other income, that will yield annual Net Earnings in the fiscal year equal to at least one hundred twenty percent (120%) of the sum of the principal and interest requirements of the current fiscal year for all bonds and prior lien bonds. Net earnings for debt service are defined as the sum, which remain from the entire revenues after deduction of the cost of operating and maintaining the systems. No account is taken of the principal of and interest on long-term indebtedness, grants or of depreciation. The rate covenant in the Bond Resolution obligates the District to levy, maintain, revise and collect such fees and changes at all times sufficient to maintain the required 120% coverage. The bond debt service coverage for 2024 was 282% and 307% in 2023.

**Capital Assets and Long-Term Debt**

The District invested \$6.7 million in Plant and Equipment during FY2024. There were also \$1.7 million in developer contributions to Capital Assets. The District entered into a SC State Revolving Loan Fund agreement in FY2021 to build a new water tank in the Murrells Inlet area. The project was substantially completed in FY2022, but the loan had not closed due to a contract dispute and carried into 2024. This issue was not resolved during FY2024 and carried into FY2025. The District issued no other long-term debt in FY2024.

**Final Comments**

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, LaDain Port, Georgetown County Water and Sewer District, P.O. Box 2748, Georgetown, SC 29442.

# Basic Financial Statements

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**STATEMENTS OF NET POSITION**

**JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted assets:		
Unrestricted cash and cash equivalents	\$ 7,927,915	\$ 6,860,380
Accounts receivable, net	3,251,250	2,696,844
Grants receivable	1,171,837	-
Lease receivable, short-term	39,113	37,787
Impact fees receivable	35,078	28,501
Prepaid expenses	36,442	33,977
Inventories	1,439,663	1,338,315
Restricted assets:		
Restricted cash and cash equivalents	4,070,040	3,073,529
Restricted Investments	10,624,947	13,249,938
Total Current Assets	<u>28,596,285</u>	<u>27,319,271</u>
Noncurrent Assets:		
Service agreements receivable, restricted	1,517,958	1,570,573
Assessments receivable, restricted	2,496,515	2,685,427
Lease receivable, long-term	1,317,119	1,356,231
Capital assets, net:		
Non-depreciable	6,905,767	8,596,531
Depreciable	102,354,930	98,854,004
Total Noncurrent Assets	<u>114,592,289</u>	<u>113,062,766</u>
<b>TOTAL ASSETS</b>	<u>143,188,574</u>	<u>140,382,037</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension charges	1,271,318	1,316,887
Deferred other postemployment benefit charges	2,081,069	1,775,832
Total Deferred Outflows of Resources	<u>\$ 3,352,387</u>	<u>\$ 3,092,719</u>

(Continued)

The notes to the financial statements are an integral part of this statement.  
 See accompanying independent auditor's report.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**STATEMENTS OF NET POSITION**

**JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables from current assets:		
Accounts payable	\$ 686,257	\$ 515,436
Construction contracts payable	342,580	876,325
Compensated absences	364,973	383,272
Accrued salaries and related expenses	370,155	344,522
Other accrued liabilities	49,929	49,929
Payables from restricted assets:		
Accrued interest payable	63,524	70,124
Customer deposits payable	377,799	442,554
Current portion of revenue bonds payable	1,512,897	1,471,155
Current portion of notes payable	465,532	455,269
Total Current Liabilities	<u>4,233,646</u>	<u>4,608,586</u>
Noncurrent Liabilities:		
Revenue bonds payable, net	16,210,683	17,754,719
Notes payable - less current portion	4,126,758	4,601,426
Total other postemployment benefits liability	7,623,756	6,497,252
Net pension liability	8,708,186	8,907,985
Total Noncurrent Liabilities	<u>36,669,383</u>	<u>37,761,382</u>
<b>TOTAL LIABILITIES</b>	<u>40,903,029</u>	<u>42,369,968</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension credits	312,210	357,873
Deferred other postemployment credits	2,868,710	3,581,333
Deferred lease income	1,356,231	1,394,018
	<u>4,537,151</u>	<u>5,333,224</u>
<b>NET POSITION</b>		
Net investment in capital assets	86,587,639	82,277,539
Restricted for debt service reserve	5,848,524	6,449,977
Restricted for good neighbor contributions	43,503	38,097
Restricted for systems improvements	12,817,434	14,119,893
Unrestricted	(4,182,217)	(7,113,942)
<b>TOTAL NET POSITION</b>	<u>\$ 101,114,883</u>	<u>\$ 95,771,564</u>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

**YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>OPERATING REVENUES</b>		
Water sales	\$ 8,786,114	\$ 8,366,561
Sewer sales	10,221,816	9,486,245
Billing and collections charges	2,436,383	2,356,882
Services line protection program	310,115	246,069
Other fees and charges	94,952	96,912
<b>TOTAL OPERATING REVENUES</b>	<u>21,849,380</u>	<u>20,552,669</u>
<b>OPERATING EXPENSES</b>		
Water operations	5,048,688	4,662,592
Sewer operations	7,273,925	5,502,497
Billing and collection	2,718,241	2,659,283
Services line protection program	180,969	123,955
Engineering	1,396,772	1,232,032
Depreciation expense	6,434,962	6,279,041
<b>TOTAL OPERATING EXPENSES</b>	<u>23,053,557</u>	<u>20,459,400</u>
<b>OPERATING INCOME (LOSS)</b>	(1,204,177)	93,269
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	550,995	258,567
Loss on disposal of capital assets	(97,695)	(9,680)
Other miscellaneous revenues and expenses	439,163	71,048
Interest expense	(623,222)	(724,743)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>269,241</u>	<u>(404,808)</u>
<b>DECREASE IN NET POSITION BEFORE CONTRIBUTED CAPITAL, GRANTS AND OTHER</b>	(934,936)	(311,539)
<b>CONTRIBUTED CAPITAL, GRANTS AND OTHER</b>		
Capital grants	3,629,611	34,122
Water and sewer impact fees	854,303	1,078,682
Water and sewer assessments	123,992	144,663
Developer contributions of systems	1,670,349	377,344
<b>TOTAL CAPITAL CONTRIBUTIONS, GRANTS AND OTHER</b>	<u>6,278,255</u>	<u>1,634,811</u>
<b>CHANGE IN NET POSITION</b>	5,343,319	1,323,272
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>95,771,564</u>	<u>94,448,292</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 101,114,883</u>	<u>\$ 95,771,564</u>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$ 21,282,834	\$ 20,741,164
Payments to suppliers	(9,607,912)	(7,805,834)
Payments to employees	(7,027,590)	(6,538,887)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>4,647,332</u>	<u>6,396,443</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(7,219,914)	(5,080,401)
Proceeds from sale of capital assets	13,699	119,684
Principal payments on revenue bonds payable	(1,471,885)	(1,244,450)
Principal payments on notes payable	(455,270)	(445,231)
Principal payments on service agreements payable	-	(189,816)
Interest paid on long-term borrowings	(660,231)	(777,616)
Intergovernmental receipts from capital grants	2,457,774	49,122
Proceeds from assessments	312,904	240,552
Interest received on assessments	47,247	62,461
Impact fees received	847,726	1,082,581
Miscellaneous	439,162	71,047
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(5,688,788)</u>	<u>(6,112,067)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale/(purchase) of investments	2,624,991	561,648
Interest income	503,748	196,106
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>3,128,739</u>	<u>757,754</u>
<b>NET INCREASE IN CASH AND CASH AND CASH EQUIVALENTS</b>	2,087,283	1,042,130
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,933,909</u>	<u>8,891,779</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 12,021,192</u>	<u>\$ 9,933,909</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION:</b>		
Unrestricted cash and cash equivalents	\$ 7,927,915	\$ 6,860,380
Restricted cash and cash equivalents	4,070,040	3,073,529
<b>Total Cash and Cash Equivalents</b>	<u>\$ 11,997,955</u>	<u>\$ 9,933,909</u>

(Continued)

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (1,204,177)	\$ 93,269
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Depreciation Expense	6,434,962	6,279,041
Changes In Balance Sheet Accounts:		
Increase in accounts receivable	(554,406)	244,699
Decrease in service agreements receivable	52,615	50,303
(Increase) in inventory	(101,348)	(287,690)
Decrease (Increase) in prepaid expenses	(2,465)	(9,902)
Decrease in deferred outflows of resources	(259,668)	567,634
Increase in accounts payable and accrued expenses	196,454	124,431
Decrease in customer deposits payable	(64,755)	(106,507)
Increase (decrease) in accrued compensated absences	(18,299)	65,618
Increase (decrease) in net pension liability	(199,799)	654,654
(Decrease) in total OPEB liability	1,126,504	(1,573,694)
Increase in deferred inflows of resources	(758,286)	294,587
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 4,647,332</u>	<u>\$ 6,396,443</u>
<b>Non-Cash Capital and Related Financing Activities:</b>		
Capital Contributions	\$ 1,670,349	\$ 377,344
Capital Acquisitions in accounts payable	\$ 342,580	\$ 876,325

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.



**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The Georgetown County Water and Sewer District (the “District”) is a political subdivision of the State of South Carolina created by Act No. 733 of the legislature on July 22, 1967. This enabling legislation authorized the District to provide water and sewer services to generally all areas of Georgetown County with the exception of the Town of Andrews and the City of Georgetown. The District is governed by a seven-member board appointed by the governor based upon recommendations from the Georgetown County legislative delegation. The District provides and accounts for the provision of water and sewer services to the residents of Georgetown County with the exception of the Town of Andrews and the City of Georgetown.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

As required by GAAP, the financial statements present the District’s financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity’s governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the District; and (c) issue bonded debt without approval by the District. An entity has a financial benefit or burden relationship with the District if, for example, any one of the following conditions exists: (a) the District is legally entitled to or can otherwise access the entity’s resources, (b) the District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the District’s financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the District. Based on the criteria above, the District does not have any component units.

**B. Fund Accounting**

The District uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type - *Enterprise Fund*. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation**

All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Proprietary fund types* are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The District does not have any internal service funds and has one enterprise fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges for goods and services provided. Operating expenses of the District include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are generally reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**D. Management Estimates**

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

**1. Cash, Cash Equivalents, and Investments**

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

The District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the District to invest in the following:

- (a) Obligations of the United States and agencies thereof.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**1. Cash, Cash Equivalents, and Investments (Continued)**

- (b) General obligations of the State of South Carolina or any of its political units; Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), and (c) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The District's cash investment objectives are preservation of capital, liquidity, and yield. The District reports its cash and investments at fair value which is normally determined by quoted market prices. The District currently has the following investments:

- US Treasury Notes ("T-notes") are government securities with maturities ranging from less than one year to 10 years. Notes are sold at auction and may be equal to, less than, or greater than the note's face value. Interest is paid every six months until the notes mature. When a bill matures, the District is paid the face value of the T-bills.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**1. Cash, Cash Equivalents, and Investments (Continued)**

- South Carolina Local Government Investment Pool (“SCLGIP”) investments are invested with the South Carolina State Treasurer’s Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The SCLGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 “*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*” and GASB Statement No. 72 “*Fair Value Measurement and Application*”, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the SCLGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours’ notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

**2. Inventories**

Inventories of materials and supplies are stated at cost, which approximates market, using the first-in, first-out (FIFO) method. The District uses the consumption method of accounting for inventory, in that as materials are purchased, they are coded to inventory and then as subsequently used, they are expensed.

**3. Customer Accounts Receivable**

Customer accounts receivable includes billed, but not collected as of year-end. The District renders bills to residential, commercial, and industrial customers for water consumption on billing cycles that end on various days throughout the month (“Billed Services”). The District also accrues a receivable for estimated water consumption earned from the last billing cycle in the year up through the year end date (“Earned but Unbilled”). Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

**4. Restricted Assets**

Restricted assets represent cash, investments and receivables maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions or formal actions of the District for the purpose of funding certain debt service payments, depreciation and contingency activities and improvements to the system.

**5. Lease Receivable**

The District’s lease receivable is measured primarily at the present value of fixed lease payments expected to be received during the lease terms. A deferred inflow of resources has also been recorded related to these leases. The deferred inflow is recorded at the initiation of the lease in an amount equal to the initial value of the lease receivable. The deferred inflow of resources is amortized using the effective interest method over the term of the lease.

**6. Capital Assets**

Capital assets are carried at cost. Donated capital assets are recorded at acquisition value at the date of donation. These assets are depreciated over the estimated useful life using the straight-line method. The District defines its capitalization policy as assets costing \$5,000 and having an estimated useful life of greater than three years.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**6. Capital Assets (Continued)**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Land improvements	20 years
Buildings and improvements	10-25 years
Water systems	40 years
Sewer systems	40 years
Machinery, equipment, and vehicles	5-10 years
Furniture and fixtures	5-10 years

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District currently has two types of deferred outflows of resources: (1) The District reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) The District reports deferred OPEB charges in its Statement of Net Position in connection with its OPEB plan. These deferred pension and OPEB charges are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The District currently has three types of deferred inflows of resources. (1) The District reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) The District reports deferred OPEB credits in its Statement of Net Position in connection with its OPEB plan. These deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP. (3) The District reports deferred lease revenue in its Statement of Net Position in accordance with GASB Statement No. 87 “Leases” (“GASB #87”), as previously described.

**8. Compensated Absences**

It is the District’s policy to allow employees to accumulate unused vacation leave and sick leave in varying amounts. Employees may only carry over 240 hours of unused vacation to the next year. Employees may accumulate up to 720 hours of unused sick leave. The District will pay out up to 240 hours of unused vacation leave if an employee leaves or retires from the District in good standing. The District will not pay out any unused amounts of sick leave as it can only be used for a valid illness. The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 “Accounting for Compensated Absences.”

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**9. Long-Term Obligations**

Bond discounts and premiums are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. If material, gains or losses on debt refundings are deferred and amortized over the life of the new debt or the remaining life of the refunded debt, whichever is shorter, using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond discounts or premiums. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

**10. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. Unrestricted net position consists of all other amounts not included in the above categories.

**11. Pensions and Other Postemployment Benefits**

In the District's financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Notes III.A and III.B and the required supplementary information immediately following the notes to the financial statements for more information). The District recognizes net pension and OPEB liabilities for each plan in which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**12. Fair Value**

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

Level 2– Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

**A. Deposits and Investments**

Certain deposits and investments of the District are legally restricted for specified purposes. The District’s restricted balances were comprised of the following as of June 30, 2024 and 2023:

	2024	2023
Restricted cash and investments:		
Capital and replacement impact fees	\$ 4,837,756	\$ 6,696,656
Debt service	2,186,335	2,194,978
Depreciation and capital replacement	4,709,706	4,811,625
Economic development	500,000	500,000
Rural Line Extension	500,000	-
Contingency	1,110,000	1,030,000
Utility relocation	800,000	1,032,500
Developers' reservation	7,688	19,611
Good neighbor	43,502	38,097
	\$ 14,694,987	\$ 16,323,467

***Deposits***

Total deposits as of June 30, 2024 and 2023, are summarized as follows:

	2024	2023
Statement of Net Position:		
Unrestricted cash and cash equivalents	\$ 7,927,915	\$ 6,860,380
Restricted cash and cash equivalents	4,070,040	3,073,529
Restricted investments	10,624,947	13,249,938
Total Cash, Cash Equivalents and Investments	\$ 22,622,902	\$ 23,183,847
Carrying amount of deposits	\$ 2,492,884	\$ 2,825,383
Fair value of investments	20,130,018	20,358,464
Total Deposits and Investments	\$ 22,622,902	\$ 23,183,847

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2024 and 2023, the District did not have any deposits which were uninsured or under collateralized.



**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**A. Deposits and Investments (Continued)**

*Investments*

As of June 30, 2024, the District had the following investments and maturities:

Investment Type	Fair Value	Fair Value Level <sup>(1)</sup>	Credit Ratings			Weighted Average Maturity	
			S&P	Moody's	Fitch	<1 Year	1-3 Years
US Treasury Notes	\$ 10,624,947	Level 1	AAA	AAA	F1+	\$ 4,750,630	\$ 5,874,317
SC LGIP	9,505,071	N/A	NR	NR	NR	9,505,071	-
	<u>\$ 20,130,018</u>					<u>\$ 14,255,701</u>	<u>\$ 5,874,317</u>

<sup>(1)</sup> See Note I.E.12 for details of the District's fair value hierarchy.

As of June 30, 2023, the District had the following investments and maturities:

Investment Type	Fair Value	Fair Value Level <sup>(1)</sup>	Credit Ratings			Weighted Average Maturity	
			S&P	Moody's	Fitch	<1 Year	1-3 Years
US Treasury Notes	\$ 13,249,938	Level 1	AAA	AAA	F1+	\$ 5,975,748	\$ 7,274,190
SC LGIP	7,108,526	N/A	NR	NR	NR	7,108,526	-
	<u>\$ 20,358,464</u>					<u>\$ 13,084,274</u>	<u>\$ 7,274,190</u>

<sup>(1)</sup> See Note I.E.12 for details of the District's fair value hierarchy.

**Interest Rate Risk:** The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a counterparty failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2024 and 2023, none of the District's investments were exposed to custodial credit risk for investments.

**Concentration of Credit Risk for Investments:** The District places no limit on the amount it may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**B. Receivables**

*Accounts Receivable*

Accounts receivable, including the applicable allowance for doubtful accounts, were composed of the following at June 30, 2024 and 2023:

	2024	2023
Billed Services	\$ 1,545,380	\$ 1,402,740
Meters read in June, billed in July	837,126	619,901
Estimated unread usage	1,015,044	827,678
Other accounts receivable	45,369	38,099
Less allowance for uncollectibles	(191,669)	(191,574)
Net total receivables	<u>\$ 3,251,250</u>	<u>\$ 2,696,844</u>

*Assessments Receivable*

Front foot assessments were levied on properties abutting on new laterals in certain areas in order to provide adequate funds to construct the systems. The assessments are pledged to secure bond issues and collections as received are required to be deposited in the Current Debt Service restricted account to be used to pay bond principal and interest.

The assessments may be paid in full or at each anniversary billing date at the option of the property owner. Annual installments not yet billed to property owners are presented as Assessments Receivable, a non-current restricted asset. The assessments at June 30, 2024 and 2023, are summarized as follows:

Area	Date levied	Original assessment	Outstanding June 30, 2024
North Causeway	9/1/2003	\$ 433,221	\$ 15,839
Brock Road	3/15/2005	256,665	17,557
Cherokee Drive Water	6/12/2006	206,532	20,426
Beaumont Drive Water	7/14/2006	95,430	12,181
South Causeway Sewer	9/1/2008	1,345,690	224,488
Grinder Pump & Step Units	8/1/2010	21,200	462,174
Pleasant Hill Water	9/1/2010	1,743,528	598,226
Plantersville Sewer	8/1/2013	1,853,901	918,594
Comanche Drive Water	5/30/2015	53,754	5,769
Apache Road Water	8/11/2022	237,167	194,981
Waverly Mills Sewer	3/4/2024	27,532	26,280
		<u>\$ 6,274,620</u>	<u>\$ 2,496,515</u>

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**B. Receivables (Continued)**

<u>Area</u>	<u>Date levied</u>	<u>Original assessment</u>	<u>Outstanding June 30, 2023</u>
North Causeway	9/1/2003	\$ 433,221	\$ 16,290
Brock Road	3/15/2005	256,665	28,438
Cherokee Drive Water	6/12/2006	206,532	29,551
Beaumont Drive Water	7/14/2006	95,430	18,190
South Causeway Sewer	9/1/2008	1,345,690	272,044
Grinder Pump & Step Units	8/1/2010	21,200	417,146
Pleasant Hill Water	9/1/2010	1,743,528	684,405
Plantersville Sewer	8/1/2013	1,853,901	1,003,091
Apache Road Water	8/11/2022	237,167	205,908
Comanche Drive Water	5/30/2015	53,754	10,364
		<u>\$ 6,247,088</u>	<u>\$ 2,685,427</u>

***Service Agreement Receivable***

The District entered into a Service Agreement with the Town of Andrews whereby the Town pays a debt service charge to the District for allocation of capacity of the West Georgetown County Regional Sewer Interceptor. The agreement calls for the Town to make 480 monthly payments of \$10,185 including principal and interest at a 4.50% beginning November 2002. The District reported outstanding receivables of \$1,517,958 and \$1,570,573 as of June 30, 2024 and 2023, respectively. The District has pledged these receipts for debt service on the District's Series 2015 Revenue Refunding Bonds.

***Lease Receivable***

The District leases property to various businesses for commercial use with agreements ranging from 20 years to 99 years with interest rates between 1.29% and 3.13%. The District recognized approximately \$64,000 of revenue in the year ended June 30, 2023, including interest revenue of \$26,500. The District recognized approximately \$61,000 of revenue in the year ended June 30, 2023, including interest revenue of \$26,500. Note that lease revenue includes amortization of deferred lease income. The District reported outstanding lease receivables of approximately \$1,356,000 and \$1,394,000 as of June 30, 2024 and 2023, respectively.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 763,408	-	-	-	\$ 763,408
Construction In Progress	7,833,123	4,432,626	(198)	(6,123,192)	6,142,359
<b>Total Capital Assets, Non-Depreciable</b>	<b>8,596,531</b>	<b>4,432,626</b>	<b>(198)</b>	<b>(6,123,192)</b>	<b>6,905,767</b>
Capital Assets, Depreciable					
Land Improvements	144,878	-	-	-	144,878
Buildings and Improvements	3,933,923	-	-	-	3,933,923
Water Systems	81,939,995	1,588,273	(380,952)	2,345,848	85,493,164
Sewer Systems	142,570,902	2,188,369	(372,306)	3,777,344	148,164,309
Machinery, equipment and vehicles	6,325,870	147,250	(251,172)	-	6,221,948
Furniture and fixtures	461,942	-	(889)	-	461,053
<b>Total Capital Assets, Depreciable</b>	<b>235,377,510</b>	<b>3,923,892</b>	<b>(1,005,319)</b>	<b>6,123,192</b>	<b>244,419,275</b>
Less: Accumulated Depreciation for:					
Land Improvements	(36,205)	(2,754)	-	-	(38,959)
Buildings and Improvements	(2,956,103)	(123,781)	-	-	(3,079,884)
Water Systems	(43,891,131)	(2,335,664)	330,762	-	(45,896,033)
Sewer Systems	(84,145,823)	(3,564,012)	311,300	-	(87,398,535)
Machinery, equipment and vehicles	(5,044,712)	(404,941)	251,172	-	(5,198,481)
Furniture and fixtures	(449,532)	(3,810)	889	-	(452,453)
<b>Total Accumulated Depreciation</b>	<b>(136,523,506)</b>	<b>(6,434,962)</b>	<b>894,123</b>	<b>-</b>	<b>(142,064,345)</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>98,854,004</b>	<b>(2,511,070)</b>	<b>(111,196)</b>	<b>6,123,192</b>	<b>102,354,930</b>
<b>Total Capital Assets, Net</b>	<b>\$ 107,450,535</b>	<b>1,921,556</b>	<b>(111,394)</b>	<b>-</b>	<b>\$ 109,260,697</b>

Depreciation expense for the year ended June 30, 2024 was \$6,434,962.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**C. Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 763,408	-	-	-	\$ 763,408
Construction In Progress	4,766,282	3,156,288	(89,447)	-	7,833,123
<b>Total Capital Assets, Non-Depreciable</b>	<b>5,529,690</b>	<b>3,156,288</b>	<b>(89,447)</b>	<b>-</b>	<b>8,596,531</b>
Capital Assets, Depreciable					
Land Improvements	144,878	-	-	-	144,878
Buildings and Improvements	3,933,923	-	-	-	3,933,923
Water Systems	81,105,614	961,335	(126,954)	-	81,939,995
Sewer Systems	141,423,826	1,190,394	(43,318)	-	142,570,902
Machinery, equipment and vehicles	6,131,077	359,028	(164,235)	-	6,325,870
Furniture and fixtures	455,147	6,795	-	-	461,942
<b>Total Capital Assets, Depreciable</b>	<b>233,194,465</b>	<b>2,517,552</b>	<b>(334,507)</b>	<b>-</b>	<b>235,377,510</b>
Less: Accumulated Depreciation for:					
Land Improvements	(33,451)	(2,754)	-	-	(36,205)
Buildings and Improvements	(2,832,260)	(123,843)	-	-	(2,956,103)
Water Systems	(41,747,807)	(2,245,975)	102,651	-	(43,891,131)
Sewer Systems	(80,714,932)	(3,458,597)	27,706	-	(84,145,823)
Machinery, equipment and vehicles	(4,764,742)	(444,203)	164,233	-	(5,044,712)
Furniture and fixtures	(445,863)	(3,669)	-	-	(449,532)
<b>Total Accumulated Depreciation</b>	<b>(130,539,055)</b>	<b>(6,279,041)</b>	<b>294,590</b>	<b>-</b>	<b>(136,523,506)</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>102,655,410</b>	<b>(3,761,489)</b>	<b>(39,917)</b>	<b>-</b>	<b>98,854,004</b>
<b>Total Capital Assets, Net</b>	<b>\$ 108,185,100</b>	<b>(605,201)</b>	<b>(129,364)</b>	<b>-</b>	<b>\$ 107,450,535</b>

Depreciation expense for the year ended June 30, 2023 was \$6,279,041.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**D. Long-Term Obligations**

The following is a summary of changes in the District’s long-term obligations for the year ended June 30, 2024:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 19,044,029	-	(1,471,884)	17,572,145	\$ 1,512,897
Premium on revenue bonds	181,845	-	(30,406)	151,439	-
Total bonds payable	19,225,874	-	(1,502,290)	17,723,584	1,512,897
Notes payable from direct borrowings	5,070,797	-	(455,270)	4,615,527	465,532
Compensated absences	383,272	87,444	(105,743)	364,973	364,973
Total Long-Term Obligations	\$ 24,679,943	87,444	(2,063,303)	22,704,084	\$ 2,343,402

The following is a summary of changes in the District’s long-term obligations for the year ended June 30, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 20,288,479	-	(1,244,450)	19,044,029	\$ 1,471,155
Premium on revenue bonds	214,644	-	(32,799)	181,845	-
Total bonds payable	20,503,123	-	(1,277,249)	19,225,874	1,471,155
Notes payable from direct borrowings	5,516,028	-	(445,231)	5,070,797	455,269
Service agreement obligation	189,816	-	(189,816)	-	-
Compensated absences	317,654	132,705	(67,087)	383,272	383,272
Total Long-Term Obligations	\$ 26,526,621	132,705	(1,979,383)	24,679,943	\$ 2,309,696

**Revenue Bonds**

Revenue bonds payable consist of bonded indebtedness secured by statutory liens on the pledged revenues.

During 2012, the District issued \$4,170,000 in Series 2012A Revenue Bonds. The proceeds from these bonds were used to provide the funds necessary to redeem and retire the District’s 1996 bonds. The serial bonds are due in annual installments of \$215,000 to \$350,000 through March 1, 2027. Interest is payable semiannually on March 1 and September 1 at a rate of 2.79%. The outstanding balance on the bond was approximately \$1,015,000 at June 30, 2024.

During 2012, the District issued \$4,034,500 in Series 2012B Revenue Bonds. The proceeds from these bonds were used to provide the funds necessary to defray the cost of acquiring, constructing, expanding and improving the wastewater collection system for the Plantersville Community of Georgetown County. The serial bonds are due in monthly installments of \$5,400 to \$12,500 through 2052. Interest is payable monthly over the term of the bonds at a rate of 2.125%. The outstanding balance on the bond was approximately \$3,182,000 at June 30, 2024.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**D. Long-Term Obligations (Continued)**

*Revenue Bonds (Continued)*

During 2015, the District issued \$21,050,000 in Series 2015 Revenue Refunding Bonds. The proceeds from these bonds were used to provide for the advance refunding of outstanding principal amounts associated with the series 1990A bonds, the 1990C bonds, the 1996A bonds, 1996C bonds, 1996D bonds, the 1996E bonds, the 1996F bonds, the 1999A bonds, the 2000A bonds, 2001B bonds, the 2002B bonds, the 2002C bonds, the 2003A bonds, the 2005A bonds, the 2007A bonds, the 2009A bonds, the 2010A bonds, the 2010B bonds, the 2012C bonds, and the 2012D bonds as well as to pay the costs of issuance of the 2015 bonds. The serial bonds are due in annual installments of \$845,000 to \$1,865,500 through June 1, 2033. Interest is payable semiannually on December 1 and June 1 at a rate of 2.00% to 5.00%. The outstanding balance on the bond was approximately \$13,375,000 at June 30, 2024.

Following is a summary of the debt service requirements to maturity for the District’s revenue bonds as of June 30, 2024:

Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2025	\$ 1,512,897	551,705	\$ 2,064,602
2026	1,559,675	504,946	2,064,621
2027	1,616,492	448,243	2,064,735
2028	1,678,348	389,422	2,067,770
2029	1,725,244	339,826	2,065,070
2030-2034	7,211,112	837,595	8,048,707
2035-2039	534,995	214,076	749,071
3040-2044	594,911	154,159	749,070
2045-2049	661,539	87,531	749,070
2050-2054	476,932	17,688	494,620
Totals	\$ 17,572,145	3,545,191	\$ 21,117,336

*Notes Payable*

During 2011, the District entered into a financing agreement with the South Carolina State Revolving Loan Fund Program in the amount of \$4,179,020 titled Series 2011A. Principal and interest payments on the note are due in quarterly installments through March 1, 2032. The note bears interest of 3.50%. Additionally, the District entered into a financing agreement with the South Carolina State Revolving Loan Fund Program in the amount of \$2,453,793 titled Series 2011B. Principal and interest payments on the note are due in quarterly installments through June 1, 2032. The note bears interest of 3.50%. The outstanding balance on the note was approximately \$1,788,000 at June 30, 2024.

During 2020, the District entered into a financing agreement with the South Carolina State Revolving Loan Fund Program in the amount of \$3,104,820 titled Series 2020A. Principal and interest payments on the note are due in quarterly installments beginning on May 1, 2021 through May 1, 2041. The note bears interest of 2.20%. As of June 30, 2023, the note remained in the drawdown phase with \$2,227,431 drawn and no additional draws through June 30, 2023. For the fiscal years ended June 30, 2023 and 2022, the District made principal payments of \$128,725 and \$125,932, respectively. The outstanding balance based on the amount drawn down as of June 30, 2024, amounted to \$1,810,140. The outstanding balance on the note was approximately \$1,017,000 at June 30, 2024.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**D. Long-Term Obligations (Continued)**

*Notes Payable (Continued)*

The formal approval of each note payable was provided for under a master revenue bond resolution passed by the District’s Board which stipulates that the notes are payable solely from the revenues of the operations of the system. All issuances of the notes are considered parity notes and have equal standing. The notes are secured by all revenues, which remain after paying off the costs of the operation and maintenance of the system of the District. The master ordinance requires the District to maintain various funds as long as the notes are outstanding.

Following is a summary of the debt service requirements to maturity for the District as of June 30, 2024:

Year Ended June 30,	Notes Payable		Total
	Principal	Interest	
2025	\$ 465,532	118,478	\$ 584,010
2026	476,027	107,983	584,010
2027	486,759	97,252	584,011
2028	500,871	83,139	584,010
2029	509,022	74,988	584,010
2030-2034	1,858,263	216,024	2,074,287
2035-2029	319,053	37,179	356,232
Totals	<u>\$ 4,615,527</u>	<u>735,043</u>	<u>\$ 5,350,570</u>



**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**III. OTHER INFORMATION**

**A. Retirement Plan**

The District participates in the State of South Carolina’s retirement plans. The South Carolina Public Employee Benefit Authority (“PEBA”), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ (“Systems”) five defined benefit pension plans. PEBA has an 11-member Board of Directors (“PEBA Board”), appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds’ assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

The PEBA issues an Annual Comprehensive Financial Report (“ACFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The ACFR is publicly available through the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

*Plan Description*

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Plan Membership*

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented on the following page.

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

*Plan Benefits*

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

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Plan Contributions*

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS (“Plan”) contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (“UAAL”) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS employee contribution rate. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS employer contribution rate that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The PEBA Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified the statute such that the employer contribution rates for SCRS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the Plans. Finally, under the revised statute, the contribution rates for SCRS may not be decreased until the Plans are at least 85 percent funded.

As noted earlier, both employees and the District are required to contribute to the Plan at rates established and as amended by the PEBA. The District’s contributions are actuarially determined but are communicated to and paid by the District as a percentage of the employees’ annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates	
	2023	2024
Employer Contribution Rate: ^		
Retirement	17.41%	18.41%
Incidental Death Benefit	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%
	17.56%	18.56%
Employee Contribution Rate ^	9.00%	9.00%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The actual and required contributions to the SCRS were approximately \$926,000, and \$799,000, for the years ended June 30, 2024 and June 30, 2023 respectively.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Actuarial Assumptions and Methods*

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2023 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2022. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023 (measurement date) for the SCRS.

	<u>SCRS</u>
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022 (measurement date) for the SCRS.

	<u>SCRS</u>
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**II. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Actuarial Assumptions and Methods(Continued)*

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (“2020 PRSC”), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**II. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Long-Term Expected Rate of Return (Continued)*

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Public Equity</b>	<b>46.0%</b>	6.62%	3.04%
<b>Bonds</b>	<b>26.0%</b>	0.31%	0.08%
<b>Private Equity</b>	<b>9.0%</b>	10.91%	0.98%
<b>Private Debt</b>	<b>7.0%</b>	6.16%	0.43%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
Total Expected Real Rate of Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

*Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions*

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals for the SCRS are presented in the following table:

Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	\$ 58,464,402,454	34,286,961,942	\$ 24,177,440,512	58.6%
June 30, 2022	\$ 56,454,779,872	32,212,626,932	\$ 24,242,152,940	57.1%

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

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

At June 30, 2024 and 2023, the District reported liabilities of approximately \$8,708,000 and \$8,908,000 for its proportionate share of the NPL for the SCRS. The NPL were measured as of June 30, 2023 and June 30, 2022, and the Plan used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2022 that was projected forward to the measurement date. The District's proportion of the NPL were based on a projection of the District's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2023 measurement date, the District's SCRS proportion was 0.036010 percent, which was a decrease of 0.000736 percent from its proportion measured as of June 30, 2022. At the June 30, 2022 measurement date, the District's SCRS proportion was 0.036746 percent, which was a decrease of 0.000139 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2024, the District recognized pension expense of approximately \$720,000 for the SCRS. At June 30, 2024, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 144,626	\$ 24,149
Change in Assumptions	133,422	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	11,919
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	67,026	276,142
Employer Contributions Subsequent to the Measurement Date	926,244	-
Total SCRS	<u>1,271,318</u>	<u>312,210</u>

For the year ended June 30, 2023, the District recognized pension expense of approximately \$673,000 for the SCRS. At June 30, 2023, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 77,394	\$ 38,821
Change in Assumptions	285,700	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	13,738	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	141,048	319,052
Employer Contributions Subsequent to the Measurement Date	799,007	-
Total SCRS	<u>\$ 1,316,887</u>	<u>\$ 357,873</u>

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

For the year ended June 30, 2024, approximately \$926,000 that were reported as deferred outflows of resources related to the District’s contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the NPL in the year ended June 30, 2025. For the year ended June 30, 2022, approximately \$799,000 that were reported as deferred outflows of resources related to the District’s contributions subsequent to the measurement date to the SCRS, were recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended June 30,	June 30, 2024	June 30, 2023
2024	\$ -	104,871
2025	94,761	99,415
2026	(274,728)	(276,592)
2027	224,502	232,313
2028	(5,107)	-
Total	<u>\$ 39,428</u>	<u>\$ 160,007</u>

*Discount Rate*

For the years ended June 30, 2024 and June 30, 2023 the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

*Sensitivity Analysis*

The following table presents the sensitivity of the District’s proportionate share of the NPL of the Plan to changes in the discount rate for the year ended June 30, 2024, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District’s proportionate share of the net pension liability of the SCRS	\$ 11,251,806	8,708,186	\$ 6,594,016



**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Sensitivity Analysis (Continued)*

The following table presents the sensitivity of the District’s proportionate share of the NPL of the Plan to changes in the discount rate for the year ended June 30, 2023, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District’s proportionate share of the net pension liability of the SCRS	\$ 11,421,136	8,907,985	\$ 6,818,627

*Plan Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS. The ACFR is publicly available through the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to Plan*

The District reported a payable of approximately \$109,000 to the PEBA as of June 30, 2024, representing required employer and employee contributions for the month of June 2023 for the SCRS. This amount is included in Accrued Salaries and Related Expenses on the financial statements and was paid in July 2024.

**B. Other Postemployment Benefit Plan**

*Plan Description*

District administers the Georgetown County Water and Sewer District Other Postemployment Benefits Plan, a single-employer defined benefit other postemployment benefits plan (“OPEB Plan”). This plan provides healthcare insurance for eligible retirees and their spouses under the Medicare eligible age through the District’s group health insurance plan which covers both active and retired members. Section 2-198 of the Code of Ordinances of the District grants the authority to establish and amend the benefit terms of the OPEB Plan to the Board of Directors. No assets are accumulated in a trust as defined by GAAP. The OPEB Plan does not issue a stand-alone financial report.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*Plan Membership*

As of June 30, 2023, the date of the actuarial valuation used for the June 30, 2023 measurement date, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	23
Active Members	<u>77</u>
Total Membership	<u><u>100</u></u>

*Plan Benefits and Contributions*

Section 2-198 of the Code of Ordinances of the District grants the authority to establish and amend the contribution requirements of the OPEB Plan to the Board of Directors. Current employees and non-Medicare eligible retirees on the standard plan pay the same rates for coverage. Rates are based on the tier of elected coverage. Eligibility and benefit provisions are different for each of the following groups:

For those hired prior to January 1, 2009:

<u>Minimum Age of Retirement</u>	<u>District Service Years at Retirement</u>	<u>Percent of Premium Paid by District</u>
58	10 - 14	50%
58	15 - 19	75%
58	20 or more	100%

For those hired on or after January 1, 2009:

<u>Minimum Age of Retirement</u>	<u>District Service Years at Retirement</u>	<u>Percent of Premium Paid by District</u>
60	15 - 24	50%
60	25 or more	100%

Employees who retire from SCRS after meeting the service requirements but prior to meeting the age requirements may purchase coverage at their own expense. Once the retiree reaches the age requirement, the District will pay a portion of the premium, as described above.

During the years ended June 30, 2024 and 2023, the District made contributions of approximately \$109,000 and \$97,000 respectively.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*Actuarial Assumptions and Method*

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the total OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and its members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table provides a summary of the significant actuarial assumptions and methods used in the 2023 actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.25%
Discount Rate	3.65%
Healthcare Cost Trend Rate:	7.00% - 4.50% Ultimate Trend by 2033 (Pre-Medicare) 5.25% - 4.50% Ultimate Trend by 2029 (Medicare)
Payroll Growth	3.00% - 9.50%, including inflation
Participation Rate:	
Hired Prior to January 1, 2009	50% with 10 - 14 years of service at retirement 75% with 15 - 19 years of service at retirement 100% with 20 years of service or more at retirement
Hired on or after January 1, 2009	50% with 15 - 24 years of service at retirement 100% with 20 years of service or more at retirement
Active Participation/Marriage	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Mortality Table	UP-84 and PBGC Disabled Retiree Mortality Table
Implicit Subsidy	Total cost of coverage for pre-65 retirees is 35% higher than the average premium rate to account for implicitly subsidized costs

The actuarial assumptions used above were based on the results of an actuarial experience study done concurrently with the June 30, 2023 valuation.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB*

For the fiscal year ended June 30, 2024, the District's total OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2023.

	Total OPEB Liability
Balances as of June 30, 2022	\$ 6,497,252
Changes for the year:	
Service Cost	233,778
Interest	228,640
Difference Between Expected/Actual Experience	740,395
Changes of Assumptions or Other Inputs	1,362
Benefit Payments	<u>(77,671)</u>
Net Changes	<u>1,126,504</u>
Balances as of June 30, 2023	<u>\$ 7,623,756</u>

For the fiscal year ended June 30, 2023, the District's total OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

	Total OPEB Liability
Balances as of June 30, 2021	\$ 8,070,946
Changes for the year:	
Service Cost	360,357
Interest	173,424
Difference Between Expected/Actual Experience	(4,046)
Changes of Assumptions or Other Inputs	(2,018,832)
Benefit Payments	<u>(84,597)</u>
Net Changes	<u>(1,573,694)</u>
Balances as of June 30, 2022	<u>\$ 6,497,252</u>

The required schedule of changes in the District's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)*

For the years ended June 30, 2024 and 2023, the District recognized OPEB expense of approximately \$198,000 and \$172,000, respectively.

At June 30, 2024, the District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 643,741	\$ 1,009,423
Changes of Assumptions	1,328,158	1,859,287
Employer Contributions Subsequent to the Measurement Date	109,170	-
Total	\$ 2,081,069	\$ 2,868,710

At June 30, 2023, the District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 955	\$ 1,262,617
Changes of Assumptions	1,677,439	2,318,716
Employer Contributions Subsequent to the Measurement Date	97,438	-
Total	\$ 1,775,832	\$ 3,581,333

For the year ended June 30, 2024, approximately \$109,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ended June 30, 2025. For the year ended June 30, 2023, approximately \$97,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date were recognized as a reduction of the NOL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	June 30, 2024	June 30, 2023
2024	\$ -	\$ (361,970)
2025	(228,855)	(326,454)
2026	(151,902)	(249,501)
2027	(120,873)	(218,472)
2028	(119,422)	(217,021)
2029	(274,677)	(529,521)
Thereafter	(1,082)	-
Total	\$ (896,811)	\$ (1,902,939)

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*Discount Rate*

At June 30, 2024 and 2023, the District used the discount rates used to measure the total OPEB liability of 3.65% and 3.54%, respectively. These rates are based on the General Obligation 20-year Municipal Bond Rates published at the end of the last week during the month of June for the respective years.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following table presents the sensitivity of the District’s total OPEB liability to changes in the discount rate, for the year ended June 30, 2024 (measurement date of June 30, 2023), calculated using the discount rate of 3.65%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.65%) or 1% point higher (4.65%) than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Net OPEB Liability	\$ 9,268,214	7,623,756	\$ 6,347,265

The following table presents the sensitivity of the District’s total OPEB liability to changes in the discount rate, for the year ended June 30, 2023 (measurement date of June 30, 2021), calculated using the discount rate of 3.54%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.54%) or 1% point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$ 7,886,571	6,497,252	\$ 5,416,220

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following table presents the sensitivity of the District’s total OPEB liability to changes in the healthcare cost trend rate for the year ended June 30, 2024 (measurement date of June 30, 2023), calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.50%) or 1% point higher (8.00% decreasing to 5.50%) than the current rate:

	1% Decrease (6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Net OPEB Liability	\$ 6,215,382	7,623,756	\$ 9,503,913

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate (Continued)*

The following table presents the sensitivity of the District’s total OPEB liability to changes in the healthcare cost trend rate for the year ended June 30, 2023 (measurement date of June 30, 2022), calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.50%) or 1% point higher (8.00% decreasing to 5.50%) than the current rate:

	1% Decrease (6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB Liability	\$ 5,257,087	6,497,252	\$ 8,155,676

**B. Risk Management**

The District is exposed to various risks of loss related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a participant in the South Carolina Insurance Reserve Fund, which is a cooperative group of governmental entities joining together to finance insurance exposure, liability, and risk. The District’s risks covered are property (both building and personal), builder’s risk, inland marine, torts, and automobile.

The South Carolina Insurance Reserve Fund does not cover risks associated with a whistle-blower action, breaches of contract, debt guarantee of others, property tax appeals, automobile/aircraft/watercraft in excess of 26 feet in length, liability from pre-arranged speed contest, pollution liability (except sudden and accidental), war, workers’ compensation, bodily injury to fellow employees, and professional liability of medical practitioners and architects.

For all covered risks, the transfer of risk culminates upon filing a claim. Consequently, for items not covered, the members separately purchase policies to bear the risk up to policy premiums. The separately purchased policies include the District’s workers’ compensation policy through the State Accident Fund. For the years ended June 30, 2024 and 2023, there were no liabilities which exceeded the coverage available through the South Carolina Insurance Reserve Fund and separate purchased carriers.

**C. Commitments and Contingencies**

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

The District is a party to various matters in litigation in the due course of business. The assertions relating to these matters, while taken seriously by management, when resolved are not expected to cause any material adverse effect on the financial position of the District.

At June 30, 2024 and 2023, the District had construction commitments related to various capital projects for approximately \$343,000 and \$876,000, respectively.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
 GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**III. OTHER INFORMATION (CONTINUED)**

**C. Commitments and Contingencies (Continued)**

The Grand Strand Water and Sewer Authority (the “Authority”) agreed to allow the District to connect to the Authority's Garden City water system for the purpose of providing stand-by water supply and pressure. The District shall pay the Authority for water delivered in accordance with the bulk water rate established by the Authority. The Authority has also agreed by contract to assume the responsibility of providing, maintaining and operating the transmission of wastewater, the treatment of wastewater and the disposal of treated wastewater for the District. The District shall pay the Authority in accordance with the contract.

**D. Subsequent Event**

Effective July 1, 2024, the District increased their rates for water and sewer charges. The average residential customer using 6,000 gallons will see an increase of 3.5% per month.

**E. Allocation of General Administrative Costs**

The District includes in its Statement of Revenues, Expenses, and Changes in Net Position an allocation of general administration operating expenses to its other cost centers. Included in this allocation are certain other income and expenses related to general administration, such as interest income, gain or loss on disposal of capital assets, and interest expense on debt secured by general administration capital assets.

The calculation of expenses that have been allocated to other cost centers for the year ended June 30, 2024, is disclosed below:

	<u>2024</u>
General administration operating expense:	
Personnel services	\$ 1,639,764
Contractual services	852,343
Supplies and materials	524,573
Other expenses	242,690
Depreciation	535,286
Total general administrative operating expense	<u>3,794,656</u>
Other (income) expense allocated:	
General administrative income	(389,843)
Interest expense on Georgetown administration building	42,729
Net other (income) expense allocated	<u>(347,114)</u>
Total expenses allocated	<u>\$ 3,447,542</u>



**GEORGETOWN COUNTY WATER & SEWER DISTRICT  
GEORGETOWN, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**III. OTHER INFORMATION (CONTINUED)**

**F. Allocation of General Administrative Costs (Continued)**

The calculation of expenses that have been allocated to other cost centers for the year ended June 30, 2023, is disclosed below:

	<u>2023</u>
General administration operating expense:	
Personnel services	\$ 1,544,672
Contractual services	801,674
Supplies and materials	504,554
Other expenses	136,352
Depreciation	574,469
Total general administrative operating expense	<u>3,561,721</u>
Other (income) expense allocated:	
General administrative income	(267,154)
Interest expense on Georgetown administration building	45,060
Net other (income) expense allocated	<u>(222,094)</u>
Total expenses allocated	<u>\$ 3,339,627</u>



**APPENDIX B**

**Copies of Bond Resolution & Series Resolution**

A RESOLUTION

SETTING FORTH THE GENERAL TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF THE GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO.

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and is for convenience of reference only.)

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BE IT ORDAINED BY THE DISTRICT OF THE GEORGETOWN COUNTY WATER AND SEWER DISTRICT, IN MEETING DULY ASSEMBLED:

ARTICLE I  
FINDINGS OF FACT

Section 1.01. Recitals and Statement of Purpose.

Incident to the adoption of this Resolution, and the issuance of the bonds provided for herein, of the Georgetown County Water and Sewer District (the “District”) finds, as a fact, that each of the statements hereinafter set forth is in all respects true and correct.

(A) The District is a body corporate and politic and a special purpose district, created by Act No. 733 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1967, as amended, whereby the District is given the function to acquire, construct and operate a water and sewer system within its service area which consists of the territory of Georgetown County, South Carolina, exclusive of (i) a small area on the north side of the Black River, (ii) the area south of the North Santee River, (iii) North Island, and (iv) South Island. In order to perform its statutory function, the District is authorized to issue bonds payable from the revenues derived from the operation of its water and sewer system pursuant to Chapter 17, Title 6, Code of Laws of South Carolina 1976, as amended (the “Enabling Act”).

(B) Exercising the powers vested in it by the Constitution and Statutes of the State of South Carolina, and proceeding in conformity with the provisions thereof, the District did heretofore construct a waterworks system and a sewer system (collectively, the “System”), and has, since their construction, continuously operated and maintained the same.

(C) The District presently contemplates extensive enlargements and improvements to the System both now and in the future and has determined to adopt this Bond Resolution to provide for the issuance of bonds from time to time by the District payable from the revenues of the System to finance such enlargements and improvements, refund from time to time outstanding bonds and accomplish such other purposes as may be permitted hereunder.

ARTICLE II  
DEFINITIONS, CONSTRUCTION AND INTERPRETATIONS

Section 2.01. Definition of Resolution.

This Resolution may be hereafter cited and is hereafter sometimes referred to as the Bond Resolution; such term shall include all Resolutions supplemental to, or amendatory of, this Resolution.

Section 2.02. Defined Terms.

In this Bond Resolution, including Article I hereof, unless a different meaning clearly appears from the context, the following terms shall have the following respective meanings:

“Accreted Value” means the amounts set forth in and the amounts computed pursuant to a formula set forth in a Series Resolution authorizing the issuance of Bonds in the form of Capital Appreciation Bonds, the Accreted Value of which is being determined.

“Annual Budget” shall mean the annual budget or amended budget of the District in effect as provided in or adopted pursuant to the provisions of this Bond Resolution.

“Annual Principal and Interest Requirement” shall mean, with respect to the annual period in question and to a Series of Bonds, an amount (other than amounts paid from proceeds of Bonds) equal to the sum of (1) all interest payable on such Series of Bonds during such period, less any such interest which has been capitalized in accordance with the terms of this Bond Resolution, plus (2) any Principal Installments of such Series of Bonds during such period; provided, however, with respect to Partially Amortizing Bonds, the amount of the principal which would be payable during such Fiscal Year shall be computed as if such principal were amortized from the date of issuance thereof over a period of 20 years or the actual maturity of such Partially Amortizing Bonds, whichever is greater, on a level debt service basis at an interest rate equal to the rate borne by such Partially Amortizing Bonds on the date calculated, except that if the date of calculation is within 12 months of the actual maturity of such Partially Amortizing Bonds, the full amount of the Principal Installment payable at maturity shall be included in such calculation. For purposes of computing “Annual Principal and Interest Requirement,” the rate of interest used to determine (1) above shall be a rate per annum equal to (a) with respect to any Series of Bonds which bear interest at a fixed rate or rates, the rate or rates of interest borne or to be borne by such Bonds, and (b) with respect to any Series of Variable Rate Bonds, the following methods shall determine the interest rate to be used:

(i) in the case of determining the Annual Principal and Interest Requirement or the Combined Principal and Interest Requirement, as the case may be, for purposes of Sections 4.02(A) (7) and 4.02(B) of this Bond Resolution, the interest rate shall be equal to the 30-year Revenue Bond Index published by The Bond Buyer no more than 2 weeks prior to, but in no event after, the sale of the proposed Series of Bonds to be issued; and

(ii) in the case of determining the Combined Annual Principal and Interest Requirement for purposes of applying the rate covenant contained in Section 5.01(B) of this Bond Resolution, the interest rate shall be equal to the maximum interest rate prevailing on such Variable Rate Bonds for the preceding twelve-month period;

provided, however, that if the 30-year Revenue Bond Index referred to in (i) above is no longer published, any reasonably equivalent nationally recognized index published for the periods in question may be selected by the County Executive Director for use in its stead.

“Auditors” shall mean an independent firm of certified public accountants who audit the books, records, and accounts of the District.

“Authorized Investments” shall mean:

(1) Obligations of the United States and agencies thereof; provided, however, that the obligations of such agencies must have a rating by Moody's and S&P which is as least as high at the time of purchase of such obligations as the highest ratings by either Moody's or S&P of any Series of Bonds.

(2) General obligations of the State or any of its political units provided such obligations are rated as an “A” or better by Moody's and S&P;

(3) Obligations of Savings and Loan Associations to the extent that the same are insured by an agency of the United States Government;

(4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) or (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government;

(5) Repurchase Agreements when collateralized by securities set forth in (1) or (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of Repurchase Agreements so secured, including interest; or

(6) Such other investments as may be permitted by Section 6-5-10, Code of Laws of South Carolina, 1976, as amended from time to time, or any successor provision.

“Authorized Officer” shall mean the Chairman, the Executive Director, the Chief Financial Officer or such other person designated to act in such capacity by written certificate of the Chairman delivered to the Trustee.

“Bond Counsel” means an attorney or firm of attorneys of recognized standing in the field of law relating to municipal, state and public agency financing, selected by the District and satisfactory to the Trustee.

“Bond Payment Date” shall mean the dates on which interest on any of the Bonds shall be payable or on which both principal and interest shall be payable on any of the Bonds, all as set forth in the Series Resolutions authorizing the issuance of the respective Series of Bonds.

“Bondholders or Holder”, or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or, in the case of Bonds issued in bearer form, the holder of any such Bond.

“Bonds” shall mean any indebtedness or obligations, including those entered into under the provisions of long-term contracts, payable from the revenues of the System, issued pursuant to this Bond Resolution and a Series Resolution, excluding Junior Lien Bonds.

“Business Day” means any day other than a Saturday, a Sunday or any other day on which banking institutions in the City of New York, New York or the City in which the Office of the Trustee is located are required or authorized by law or executive order to be closed or on which the New York Stock Exchange is closed.

“Capital Appreciation Bonds” shall mean Bonds that bear interest payable at maturity, upon redemption prior to maturity or prior to maturity at the date set forth in the Series Resolution authorizing the issuance of such Bonds in the amounts determined by reference to the Accreted Value of such Capital Appreciation Bonds in accordance with the provisions of the Series Resolution authorizing the issuance of such Capital Appreciation Bonds.

“Certified Public Accountants” shall mean an independent firm of certified public accountants.

“Chairman” shall mean the Chairman of the District. The term shall include the Acting Chairman or Chairman Pro Tempore whenever by reason of absence, illness or other reason, the person who is the Chairman is unable to act.

“Chief Financial Officer” shall mean the individual designated by the District as the Chief Financial Officer of Georgetown Water and Sewer District, or in the absence of such designation, the individual to whom the District has delegated the responsibility of supervising and maintaining records and accounts relating to the collection and disbursement of the revenues derived from the operation and maintenance of the System.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time. References to the Code and sections of the Code include relevant applicable regulations, temporary regulations and proposed regulations thereunder and under the Internal Revenue Code of 1954, as amended, and any successor provisions to those sections, regulations, temporary regulations or proposed regulations.

“Combined Annual Principal and Interest Requirement” for purposes of Section 4.02(A)(7) shall mean, with respect to any particular Fiscal Year, the sum of the Annual Principal and Interest Requirements on all Bonds Outstanding and on all Bonds then proposed to be issued.

“Consulting Engineers” shall mean any independent firm of consulting engineers having a national reputation for skill and experience in utility financing and rate design, and the design and operation of water and sewer facilities.

“Date of Issue” shall mean that date established in any Series Resolution from which interest shall accrue or value accrue, as the case may be, on the Bonds of the applicable Series.

“Debt Service Fund” shall mean the funds herein so designated and designed to provide for the payment of the principal of and interest on the respective Series of Bonds issued pursuant to this Bond Resolution, as the same respectively fall due, and as established by the provisions of Section 7.03 hereof.

“Debt Service Reserve Fund” shall mean the funds, if any, so designated pursuant to a Series Resolution and designed (1) to insure the timely payment of the principal of and interest on a Series of Bonds Outstanding and issued pursuant to this Bond Resolution, and (2) to provide for the redemption of such Series of Outstanding Bonds prior to their stated maturity, as established by the provisions of Section 7.05 hereof.

“Defeasance Obligations”, unless otherwise provided in a Series Resolution for a particular Series of Bonds, shall mean non-callable (i) Government Obligations and (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

“Depository” means any bank or trust company or national banking association selected by the District as a depository of moneys or securities held under the provisions of this Bond Resolution and may include the Trustee.

“District” shall mean the Georgetown County Water and Sewer District, South Carolina.

“Enabling Act” shall mean Chapter 17, Title 6, Code of Laws of South Carolina 1976, as amended, and all other statutory authorizations, authorizing and enabling District to adopt this Bond Resolution.

“Executive Director” shall mean the individual so designated by District.

“Fiscal Year” shall mean the period of 12 calendar months, beginning on July 1 of each year, and ending on June 30 of the next year unless the same shall have been changed by the District pursuant to the authorization contained in Section 3.01 hereof.

“Government Obligations” shall mean and include direct general obligations of the United States of America or obligations, the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America.

“Gross Revenue Fund” shall mean the account or accounts which shall be established and maintained by the District in such fashion as to adequately reflect all of the receipts and revenues derived from the operation of the System and all interest and other income earned by the District in connection with the operation of the System, as established by the provisions of Section 7.02 hereof.

“Gross Revenues” or “Gross Revenues of the System” shall mean:

(a) all receipts and revenues (except customers' deposits) derived from the operation of the System including, without limiting the foregoing, service fees, connection fees, tap fees, availability fees and impact fees;

(b) all proceeds from the sale or other disposition of any property owned directly or beneficially by the District in connection with the operation of the System;

(c) all interest and other income received directly or indirectly from the investment of any monies or accounts relating to the System; excluding, however, investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service, and specifically excluding (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of Bonds; and

(d) all other unencumbered money to which the System may become entitled from any source whatsoever, but specifically excluding government grants and aids-to-construction.

“Junior Lien Bonds” shall mean any revenue bonds or other obligations issued by the District which are secured by pledges of and liens on the revenues of the System which are junior and subordinate in all respects to the pledges and liens made to secure Bonds.

“Moody's” shall mean Moody's Investors Service, Inc. and its successors.

“Net Earnings” shall mean the Gross Revenues less the Operation and Maintenance Expenses, determined in accordance with then generally accepted accounting principles, but whether or not generally accepted accounting principles so require, Net Earnings shall be adjusted as follows:

- (i) there shall be included in the calculation made to determine Net Earnings:
  - (1) revenues derived from service fees (including connection and tap fees, availability fees, and meter purchases);
  - (2) investment income not restricted to a purpose inconsistent with the payment of operating expenses or debt service;
- (ii) there shall be excluded from the calculation made to determine Net Earnings:
  - (1) gains on the sale or other disposition of investments or fixed or capital assets, which do not result from the ordinary course of business;
  - (2) investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service including (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of borrowing by the District in connection with the System;
  - (3) any amounts received by way of government grants and aids-to-construction;
  - (4) revenues derived from the operation of Special Facilities to the extent the same have been pledged to secure the payment of Special Facilities Bonds; and
- (iii) there shall be added back to such Net Earnings:
  - (1) losses on the sale or other disposition of investments or fixed or capital assets which do not result from the ordinary course of business;
  - (2) depreciation allowances;
  - (3) amounts paid as interest on Bonds;
  - (4) the amortization of financing expenses, underwriting discounts, call premiums, gains or losses on the extinguishment of debt due to the refinancing of the same, and other related or incidental non-recurring expenses resulting from the issuance or refinancing of Bonds; and

- (5) expenses resulting directly from the operation of Special Facilities to the extent that the revenues derived therefrom have been pledged to secure, and used for, the payment of Special Facilities Bonds.

“Operation and Maintenance Expenses” shall mean all expenses incurred in connection with the administration and ordinary operation of the System, including without limitation such expenses as may reasonably be necessary to preserve the System in good repair and working order, the fees and charges of the Trustee and the custodian or trustee of any fund, the cost of audits required hereunder, and the premiums for all insurance and fidelity bonds required hereunder, but excluding (i) any depreciation and amortization expenses; (ii) unfunded pension or other post-employment benefit liabilities that do not result in any actual disposition of cash; and (iii) other non-cash expenses resulting from adoption of any new accounting pronouncement or as required by any accounting standards body.

“Operation and Maintenance Fund” shall mean the fund herein so designated and designed to provide for the payment of all expenses of administration, operation and maintenance of the System, as established by the provisions of Section 7.04 hereof.

“Outstanding”, when used with reference to the Bonds, shall mean, as of any date, all such Bonds theretofore or then being authenticated and delivered except:

- (a) Bonds cancelled at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered;
- (c) Bonds deemed to have been paid as provided in Article XVI hereof; and
- (d) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds, Bonds held by, or for the account of the District, or by any person controlling, controlled by, or under common control with the District.

“Partially Amortizing Bonds” shall mean a Series of Bonds twenty-five percent (25%) or more of the principal payments of which are due in a single Fiscal Year, which portion of the principal is not required by the Series Resolution providing for their issuance to be paid by redemption prior to such maturity date.

“Principal Installment” shall mean, as of any date of calculation, (i) the principal amount of Outstanding Bonds coming due in the period in question plus (ii) any mandatory sinking fund payment required on Outstanding Bonds during the period in question. With respect to any Capital Appreciation Bonds, “Principal Installment” shall mean the Accreted Value which is due and payable during the period in question.

“Prior Lien Bonds” shall mean **[to be provided]**.

“Rate Stabilization Fund” shall mean that fund established pursuant to the provisions of Section 7.07 hereof.

“Record Date” shall mean the 15th day of the month immediately preceding each Bond Payment Date (or such other time or times as shall be prescribed by any applicable Series Resolution).

“Registrar” shall mean the Trustee or any bank, trust company, or national banking association which is authorized by the District to maintain an accurate list of those who from time to time shall be the Holders of Bonds of a particular Series and shall effect the transfer of such Bonds in accordance with the provisions of the Bond Resolution and having the duties, responsibilities, and rights provided for in this Bond Resolution and any Series Resolution, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Bond Resolution.

“Renewal and Extension Fund” shall mean the fund herein so designated and designed to provide for contingencies, the replacement of depreciated or obsolete parts of the System and for improvements, betterments and extensions of the System, as established by the provisions of Section 7.06 hereof.

“Reserve Requirement” shall mean, as of any date of calculation, the debt service reserve requirement, if any, established by a Series Resolution authorizing a Series of Bonds.

“S&P” means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business.

“Secretary” shall mean the Secretary of the District. The term shall include the Acting Secretary or the Assistant Secretary whenever by reason of absence, illness or other reason, the person who is the Secretary is unable to act.

“Series” shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds as herein provided, regardless of variations in maturity, interest rate or other provisions.

“Series Resolution” shall mean an Resolution of the District authorizing the issuance of a Series of Bonds by the District pursuant to this Bond Resolution in accordance with the terms and provisions hereof, adopted by the District in accordance with Sections 4.01(A) and (B) hereof.

“Special Facilities” shall mean any future extensions or additions to the system, the revenues and expenses resulting from the operation of which can be segregated from the Revenues and expenses of the System, and which the District shall designate as such by resolution.

“State” shall mean the State of South Carolina.

“System” shall mean the Waterworks and Sewer System of the District as the same is now constituted, all property real and personal, used and useful therefor, all apparatus and equipment used in connection therewith, and all acquisitions, replacements, enlargements, improvements, extensions, additions and betterments that may be made thereto at any time hereafter, excluding Special Facilities but including any other system which may be combined with or consolidated into the System according to law.

“Trustee” shall mean the financial institution serving as Trustee pursuant to this Bond Resolution and which shall have such other duties, privileges and functions as are set forth herein. Such term shall include any successor and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.



“Variable Rate Bonds” shall mean, for any period of time, any Bonds which during such period bear interest at a variable rate; provided that Bonds the interest rate on which has been fixed for the remainder of the term thereof shall no longer be Variable Rate Bonds.

Section 2.03. Interpretations.

In this Bond Resolution, unless the context otherwise requires:

(A) Articles, Sections and paragraphs referred to by number shall mean the corresponding Articles, Sections and paragraphs of this Bond Resolution.

(B) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

(C) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Bond Resolution refer to the Bond Resolution or Sections or paragraphs of this Bond Resolution and the term “hereafter” means any date after the date of adoption of this Bond Resolution.

(D) Any fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Bond Resolution, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

ARTICLE III  
FISCAL YEAR

Section 3.01. Establishment and Modification of Fiscal Year.

The System shall continue to be operated on a Fiscal Year basis, which, until changed, shall commence on the 1st day of July of each year and shall end on the 30th day of June of the next year. The District, in its sole discretion, may from time to time change the Fiscal Year from that now existing to a different 12 month period.

ARTICLE IV  
THE BONDS

Section 4.01. Authorization for Bonds in Series.

- (A) From time to time and for the purposes of:
- (1) Obtaining funds for the expansion and improvement of the System and enabling the District to recoup expenditures for the same, including interest on the Bonds during construction as may be permitted pursuant to the Enabling Act;
  - (2) Providing funds for the payment of any bond anticipation note or notes that may have been issued in anticipation of the issuance and sale of Bonds;
  - (3) Refunding Bonds or other obligations issued to provide land or facilities which are or are to become a part of the System or which are or were payable in whole or in part from revenues of the System;
  - (4) Funding any Debt Service Reserve Funds (including the purchase of a surety bond, insurance policy, line of credit or letter of credit as provided under Section 7.05(D) hereof) or restoring the value of the cash and securities in any Debt Service Reserve Funds to an amount equal to the applicable Reserve Requirement; and
  - (5) Paying the costs of issuance of Bonds, including any credit enhancement for any Series of Bonds;

but subject to the terms, limitations and conditions herein, the District may authorize the issuance of a Series of Bonds by the adoption of a Series Resolution, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of this Article. Except as set forth in Section 4.19 hereof, the Bonds of each Series shall be issued in fully registered form, without coupons. The Bonds shall, in addition to the title the Georgetown County Water and Sewer District, South Carolina, Waterworks and Sewer System Revenue Bonds, bear a letter or number Series designation as may be necessary to distinguish them from the Bonds of every other Series and shall designate the year in which the Series is issued. Bonds of any Series may be authorized to be issued in the form of serial Bonds or term Bonds, with or without mandatory sinking fund payments, or both.

- (B) Each Series Resolution shall include a determination by the District to the effect that the issuance of such Series of Bonds is necessary to provide funds to be used and expended for one or more of the purposes authorized herein. Each Series Resolution shall specify and determine:
- (1) The then period of usefulness of the System;
  - (2) The Date of Issue of such Series of Bonds;
  - (3) The maximum authorized principal amount of such Series of Bonds;
  - (4) The date of the final payment of principal of such Series of Bonds;

- (5) The purposes for which such Series of Bonds is being issued, which shall be to provide funds for the purposes authorized by the Enabling Act and the Bond Resolution;
- (6) The title and designation of the Bonds of such Series;
- (7) The manner in which Bonds of such Series are to be sold and provisions for the sale thereof;
- (8) The manner of numbering and lettering, and the denomination or denominations of the Bonds of such Series;
- (9) The date or dates of maturity and the amounts thereof and the issue date of the Bonds of such Series;
- (10) The interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series;
- (11) The time for the payment of interest on the Bonds in such Series and the Record Date;
- (12) 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 Bonds of such Series for such payments;
- (13) The Registrar and Paying Agent for such Bonds if other than the Trustee or the manner of determining the Registrar and Paying Agent;
- (14) The portion of such Series that are serial Bonds and that are term Bonds, if any, including the amount and date of each mandatory redemption or sinking fund installment, if any, required by such Series Resolution to be paid for the retirement of any such Bonds;
- (15) Any other applicable redemption requirement for the Bonds of such Series and the method of satisfying the same;
- (16) The form or forms for the Bonds of such Series;
- (17) Whether such Series of Bonds will be subject to a Reserve Requirement and that such Reserve Requirement has been or will be met;
- (18) The disposition of the proceeds of the sale of the Bonds of such Series and the manner of their application; and
- (19) Any other provisions deemed advisable by the District not in conflict with or in substitution for the provisions of this Bond Resolution.

Section 4.02. Conditions to Issuance of Bonds of a Series.

All Bonds shall be issued in compliance with the following provisions of this Section 4.02:

(1) Bonds shall be stated to mature and/or have mandatory or sinking fund redemptions on the dates and in the amounts prescribed or approved by the Series Resolution.

(2) Bonds shall bear interest at the rates and on the occasions prescribed by the Series Resolution.

(3) Bonds shall be issued for a purpose or purposes set forth in Section 4.01(A) hereof.

(4) There shall exist, on the occasion of the issuance of the Bonds, no default in the payment of the principal of or interest on any Outstanding Bonds or Junior Lien Bonds then outstanding.

(5) The District shall obtain an opinion of Bond Counsel to the effect that (a) this Bond Resolution and the applicable Series Resolution have been duly and lawfully adopted and are in full force and effect; (b) the Bonds have been duly and lawfully authorized and executed by the District and are valid and binding upon, and enforceable against, the District (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); (c) with respect to such Bonds, this Bond Resolution creates the valid pledge which it purports to create of the revenues and of moneys and securities on deposit in any of the funds established hereunder subject to the application thereof to the purposes and on the conditions permitted by this Bond Resolution; and (d) upon the execution and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with this Bond Resolution.

(6) Unless on the date of delivery of such Series of Bonds there shall be on deposit in each required Debt Service Reserve Fund an amount equal to the applicable Reserve Requirement, if any, immediately following the issuance of such Series of Bonds (whether in the form of cash or a qualified surety bond, insurance policy, line of credit or letter of credit in lieu thereof in accordance with Section 7.05(D) hereof), there shall be deposited in the applicable Debt Service Reserve Funds such amounts, or a qualified substitute in accordance with Section 7.05(D) hereof shall be provided, as are necessary to make the value of the moneys and securities or such qualified substitute in such Debt Service Reserve Funds equal to the applicable Reserve Requirement, unless:

(a) the Series Resolution and any previous Series Resolutions shall have provided for successive monthly payments beginning in the first month following the date of the issuance of the Bonds of any such Series in substantially equal monthly amounts (the "Monthly Series Payments") so that by the end of the period for which interest has been capitalized for the Bonds of any such Series there shall be in such Debt Service Reserve Funds an amount equal to the Reserve Requirement with respect to such Series of Bonds,

(b) there shall be no unremedied defaults of any Monthly Series Payments required to have been made, and

(c) each Debt Service Reserve Fund is established in an amount equal to the Reserve Requirement, if any, with respect to such Series of Bonds, other than Bonds issued pursuant to Series Resolutions described in (a) above.

(7) Except in the case of the initial Series of Bonds to be issued under this Bond Resolution and any Additional Bonds issued for the purpose of refunding any Bonds, the District may issue Additional Bonds provided the conditions set forth in the following paragraph are met:

(a) Net Earnings during either (i) the Fiscal Year immediately preceding the Fiscal Year in which such series of Bonds are to be issued or (ii) a period of 12 consecutive months of the 24 months immediately preceding the month in which such Series of Bonds are to be issued, adjusted to reflect (1) any rate increases currently adopted and to be in effect prior to or coincident with the issuance of such Bonds and determined pro forma as though such rate increases had been in continuous effect during such Fiscal Year, or designated twelve consecutive month period, (2) amounts, less sums charged to defray operational and maintenance costs, expected to be received, in the first twelve month period following the completion of any project being financed from long-term contracts which extend for the life of such proposed Series of Bonds and which will be executed prior to the issuance of such proposed Series of Bonds, and (3) amounts equal to demonstrable decreases in Operation and Maintenance Expenses expected to occur in the first twelve month period following the completion of any project being financed from the proceeds of the proposed Series of Bonds, shall be not less than 120% of the maximum Combined Annual Principal and Interest Requirements. Such calculation to reflect adjustments, if any, shall be made by the Consulting Engineers upon the basis of a report of the Auditors showing actual Net Earnings for the Fiscal Year preceding the Fiscal Year in which such Series of Bonds are to be issued or, for purposes of using (ii) above, upon the basis of a report of the Auditors showing actual Net Earnings for such designated twelve consecutive month period; provided that in the instance of any Series of Bonds in the aggregate principal amount of \$\_\_\_\_\_ or less, such calculation required by this paragraph may be made by the Executive Director.

(b) In determining Net Earnings for purposes of this paragraph (7), (i) the customer base of the System at the end of the test period may be assumed to be the customer base for the entire test period, and (ii) amounts transferred from the Gross Revenue Fund into the Rate Stabilization Fund pursuant to Section 8.05 hereof during such test period shall not be included, but amounts transferred from the Rate Stabilization Fund into the Gross Revenue Fund pursuant to Section 7.07 hereof during such test period shall be included. In addition, when provision has been made for the defeasance and discharge of any Bonds in accordance with the provisions of Article XVI hereof, then in all circumstances the Principal and Interest Requirements of such Bonds shall be excluded from the calculation required by this paragraph (7).

(8) If any Series of Bonds shall contain Variable Rate Bonds:

(a) The Series Resolution may provide for and specify a maximum interest rate on (i) such Bonds and (ii) any reimbursement obligation to a liquidity provider for such Bonds;

(b) The liquidity provider for such Bonds shall be rated in the highest short term rating category by Moody's and S&P; and

(c) Any accelerated principal payments or any interest computed at a rate in excess of that on such Bonds due to the liquidity provider for such Bonds pursuant to any reimbursement agreement with such liquidity provider shall be subordinate to the payment of debt service on all Bonds; provided, however, if the tests referred to in Section 4.02(A)(7) and 4.02(B) of this Bond Resolution are calculated (and met) assuming such accelerated principal payment and such excess interest amount to the liquidity provider, then such accelerated principal payment and excess interest amount may be on a parity with the payment of debt service on all Bonds.

(9) All amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) hereof shall have been paid.

(10) In the case of Bonds issued for the purpose of refunding any Bonds either:

(a) The Annual Principal and Interest Requirements of the refunding Bonds shall not exceed the Annual Principal and Interest Requirements of the refunded Bonds until a time subsequent to the last maturity of Bonds not refunded and which remain Outstanding following the issuance of the refunding Bonds; or

(b) The District shall comply with the earnings tests prescribed by paragraph (7) above.

Section 4.03. Reliance Upon Certificates Establishing Net Earnings.

The District, the Trustee and any purchaser of any Bonds shall be entitled to rely upon certificates of Certified Public Accountants and the reports of the Consulting Engineers, made in good faith, pursuant to any provision of this Article.

Section 4.04. Execution of Bonds.

(A) Unless otherwise prescribed by any Series Resolution, the Bonds shall be executed, by manual or facsimile signature, in the name of and on behalf of the District by the Chairman, the corporate seal of the District shall be impressed or reproduced thereon and the same shall be attested by the manual or facsimile signature of the Secretary.

(B) In case any officer whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

Section 4.05. Authentication.

Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Registrar shall be entitled to any right or benefit under this Bond Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar, and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Resolution. The Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by any authorized officer of the Registrar.

Section 4.06. Medium of Payment.

The Bonds shall be payable with respect to principal, interest, and premium, if any, in lawful money of the United States of America.

Section 4.07. Mutilated, Lost, Stolen or Destroyed Bonds.

In the event any Bond is mutilated, lost, stolen or destroyed, the District may execute and the Registrar may authenticate a new Bond of the same Series of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the Registrar together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Registrar may instruct the paying agent to pay the same. The District and the Registrar may charge the Holder or owner of such Bond with their reasonable fees and expenses in this connection.

Section 4.08. Transfer and Registry; Persons Treated as Owners.

(A) As long as any Bonds shall be Outstanding, the District shall cause books for the registration and for the transfer of Bonds to be kept. Such books shall be kept by the Trustee unless there shall have been appointed a Registrar other than the Trustee to keep the books of registration for any particular Series of Bonds. The transfer of each Bond may be registered only upon the registration books of the District kept for that purpose by the Holder thereof in person or by his duly authorized attorney upon surrender thereof and an assignment with a written instrument of transfer satisfactory to the Trustee or the Registrar, as the case may be, duly executed by the Holder or his duly authorized attorney. Upon the registration or transfer of any Bond (which is not a Capital Appreciation Bond), the District shall cause to be issued in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond. Upon the transfer of any such Capital Appreciation Bond or Bonds, the District shall cause to be executed in the name of the transferee a new registered Capital Appreciation Bond or Bonds of the same value at maturity as the surrendered Capital Appreciation Bond or Bonds.

(B) The District, the Trustee and any Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books of the District as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium (if any) and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and none of the District, the Trustee and Registrar shall be affected by any notice to the contrary.

(C) Notwithstanding anything in paragraphs (A) and (B) of this Section 4.08 to the contrary, Bonds may be issued from time to time as non-registered coupon bonds under the circumstances described in Section 4.19 hereof.



Section 4.09. Date and Payment Provisions.

Unless otherwise provided in any Series Resolution with respect to Bonds issued thereunder, each Bond of a Series shall bear interest from its date and shall be dated as of the interest payment date next preceding the date of its authentication, unless authentication shall be upon an interest payment date, in which case it shall be dated as of the date of its authentication, or unless authentication shall precede the first payment of interest on the Bonds of such Series, in which case it shall be dated as of the date selected by the District for the initial dating of the Bonds of such Series; provided, however, that if at the time of authentication of any Bond, any interest on such Bond is in default, such Bond shall be dated as of the date to which interest on such Bond has been paid.

Section 4.10. Interchangeability of Bonds.

Bonds of a Series, upon surrender thereof at the office of the Trustee or the Registrar, as the case may be, for the Bonds of such Series with a written instrument of transfer satisfactory to the Trustee or the Registrar, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 4.11 hereof, be exchanged for an equal aggregated principal amount of Bonds of such Series of any other authorized denominations.

Section 4.11. Regulations With Respect to Exchanges and Transfer.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the District shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued. All Bonds so destroyed shall thereafter no longer be considered outstanding for any purposes of this Bond Resolution. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the District nor the Registrar shall be required to register, transfer or exchange Bonds of a Series after the Record Date until the subsequent Bond Payment Date, or after the mailing of any notice of redemption or to register, transfer or exchange any Bonds called for redemption.

Section 4.12. Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds.

Upon the surrender of mutilated Bonds pursuant to Section 4.07 hereof, or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution.

Section 4.13. Notice of Redemption.

If any of the Bonds, or portions thereof, are called for redemption, the Trustee or the Registrar, as the case may be, shall give notice to the Holders of any Bonds to be redeemed, in the name of the District, of the redemption of such Bonds, or portions thereof, which notice shall 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 Bonds of such Series are to be redeemed, the numbers of the Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount (or in the case of Capital Appreciation Bonds, the Accreted Value) thereof to be redeemed. Such notice shall also contain applicable CUSIP number or numbers, certificate numbers and the name and address of the Trustee or the Registrar, as the case may be, and shall be sent to at least two national information services that disseminate redemption notices. A first notice shall be given by mailing a copy of the redemption notice by first class mail at least 30 days prior to the date fixed for redemption to the Holder of each Bond to be redeemed, at the address shown on the registration books; in the event a Holder has not forwarded a Bond so called for redemption to the Trustee or the Registrar, as the case may be, within 60 days of the redemption date, the Trustee or the Registrar, as the case may be, shall give a second notice by mailing a copy of such redemption notice by first class mail to any such Holder; provided, however, that failure to give any such notice by mail, or any defect in the notice mailed to the Holder of any 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 Trustee, all Bonds so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be Outstanding hereunder. If said money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.14. Cancellation of Bonds Which Have Been Redeemed.

All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee or Registrar, as the case may be, and shall not be reissued. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution.

Section 4.15. Selection of Bonds To Be Redeemed.

In the event of redemption of less than all of the Bonds of a Series of any maturity, the Bonds or portions of Bonds to be redeemed, shall be selected by lot by the Registrar; provided, however, that the portion of any Bond of a denomination which is larger than the minimum denomination for the Bonds of such Series shall be in the principal amount of such minimum denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Registrar shall treat each such Bond as representing that number of Bonds of minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of the minimum denomination. If there shall be drawn for redemption less than all of a Bond, the District shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of the same Series in any authorized denomination.

Section 4.16. Purchase of Bonds.

The Trustee shall, if and to the extent practicable purchase Bonds at the written direction of the District at such time, in such manner and at such price as may be specified by the District. The Trustee may so purchase Bonds with any money then held by the Trustee which is available for the redemption or purchase of Bonds and in excess of that set aside for the payment of Bonds called for redemption; provided, that the Trustee is provided with an opinion of Bond Counsel to the effect that such redemption or purchase complies with any limitations or restrictions on such redemption or purchase contained in this Bond Resolution.

Section 4.17. Security for Payment of Bonds; Priority of Pledge and Lien.

All Bonds shall be payable solely from, and are hereby declared to be secured by a pledge of, the Gross Revenues. As additional security for the payment of all Bonds, a statutory lien on the System is hereby created and granted. Such pledge and lien securing each Series of Bonds shall at all times and in all respects be on a parity inter sese but shall be and remain superior to pledges and liens made to secure any other bonds or other obligations payable from the revenues of the System, except the pledge and lien made to secure the payment of the Prior Lien Bonds. The District covenants not to issue additional Prior Lien Bonds.

Section 4.18. Bonds in Book-Entry Form.

Notwithstanding any other provision of this Bond Resolution with respect to the form of Bonds to the contrary, the District is hereby authorized to provide by Series Resolution for the issuance of one or more Series of Bonds solely in fully registered form registrable to a depository, a nominee or the beneficial owner of the Bonds. The District is further authorized to provide by Series Resolution that such Series of Bonds shall be evidenced by one or more certificates or by a system of book entries in form satisfactory to the Executive Director and to provide for payment, redemption, notices and like provisions in a manner consistent with such system of registration.

Section 4.19. Bonds Issued as Taxable Obligations.

Notwithstanding anything in this Bond Resolution to the contrary, the District may from time to time, pursuant to one or more Series Resolutions, provide for the issuance of Bonds the interest on which may be includable in gross income of the Holders of such Bonds for federal income taxation purposes. In such event, such Bonds may be issued as coupon bonds, payable to bearer, as provided in the applicable Series Resolution. Such Series Resolution may provide for such rules and regulations with respect to the ownership, transfer and substitution of such Bonds as are necessary to accomplish the purposes consistent with the issuance of bearer obligations.

Section 4.20. Waiver of Certain Provisions.

Notwithstanding anything in this Bond Resolution to the contrary, whenever all of the debt issued or all of the obligations incurred by the District under a Series Resolution are acquired by and are to be held to maturity by a single entity, that single entity, at its sole option, may waive any provision or requirement of this Bond Resolution that relates separately to the applicable Series of Bonds and is for the protection and benefit of such single entity only and not for the protection or benefit of any other Holder or Holders of Bonds; provided, however, that before any such waiver shall become effective, the District and the Trustee shall receive an opinion of Bond Counsel that such waiver will not adversely affect the security provided under this Bond Resolution to any other Holder or Holders of Bonds.

ARTICLE V  
RATES AND CHARGES

Section 5.01. Rate Covenant.

(A) It is hereby determined that the rates and charges for services and facilities furnished by the System shall, until otherwise revised pursuant to the provisions of this Bond Resolution, be as now established. Such rates and charges are determined to be sufficient to meet the requirements of this Bond Resolution but they shall be revised whenever necessary in order that they shall at all times be maintained on a basis sufficient to meet the requirements of this Bond Resolution, and the District specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

- (1) To maintain each Debt Service Fund and thus provide for the punctual payment of the principal of and interest on the Bonds;
- (2) To provide for the payment of the Operation and Maintenance Expenses;
- (3) To maintain each required Debt Service Reserve Fund in the manner herein prescribed;
- (4) 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;
- (5) To pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) hereof; and
- (6) To discharge all obligations imposed by the Enabling Act and by this Bond Resolution.

(B) The District covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual Net Earnings equal to at least [100% of the annual debt service on the Prior Lien Bonds and] 120% of the Annual Principal and Interest Requirements of all Bonds Outstanding in such Fiscal Year; and, promptly upon any material change in the circumstances which were contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, shall review the rates and charges for its services and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement. Prior to the beginning of each Fiscal Year, the District shall adopt an Annual Budget including amended rate schedules for such Fiscal Year which shall set forth in reasonable detail the estimated revenues and operating expenses and other expenditures of the System for such Fiscal Year and which shall include appropriations for the estimated operating expenses and the amount to be deposited during such Fiscal Year in the Renewal and Extension Fund. The District may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

ARTICLE VI  
JUNIOR LIEN BONDS AND SPECIAL FACILITIES BONDS

Section 6.01. Right to Issue Junior Lien Bonds.

Notwithstanding that Bonds may be Outstanding, the District may, at any time, and without limitation and free of all conditions issue Junior Lien Bonds, in such amount as it may from time to time determine, payable from the revenues of the System, provided that the pledge of revenues and any lien upon the revenues of the System granted for the protection of said Junior Lien Bonds, shall at all times be and remain subordinate and inferior in all respects to the pledges of revenues and liens upon such revenues made or authorized for the Bonds.

Section 6.02. Special Facilities Bonds.

The District shall have at all times the right to enter into contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities to be financed by its issuance of Special Facilities bonds (which may also be Junior Lien Bonds), subject to the following conditions:

- (a) The District shall determine that the rents, revenues or receipts to be derived from the Special Facilities shall be at least equal to the principal, interest and any reserve requirements contained in the resolution authorizing such Special Facilities bonds and to pay all operation, maintenance and other costs and expenses applicable to such Special Facilities; and
- (b) The revenues derived from such Special Facilities need not be deposited in the Gross Revenue Fund, and may be pledged to secure Special Facilities bonds, but no debt service or other costs or expenses related to any Special Facilities may be paid from Revenues deposited in the Gross Revenue Fund except as provided in Section 6.01 hereof.

Section 6.03 Lease Financing Agreements.

The District shall have at all times the right to enter into capital leases or other lease financing agreements secured by a lien on the equipment comprising a part of the System, provided, however, that the aggregate principal amount of such obligations outstanding at any time shall not exceed ten percent (10%) of the property, plant, and equipment of the System less accumulated depreciation as shown on the audited balance sheet of the District for the most recent Fiscal Year for which audited financial statements are available.

ARTICLE VII  
ESTABLISHMENT OF FUNDS

Section 7.01. Requirement for Special Funds.

For so long a time as any sum remains due and payable by way of principal or interest on Bonds, the following funds or accounts relating to the Gross Revenues of the System shall be established and maintained, and deposits shall be made therein in the manner herein required.

Section 7.02. The Gross Revenue Fund.

(A) There shall be established and maintained a fund or account designated as the Gross Revenue Fund.

(B) Except as permitted by Section 10.01(E) hereof, all Gross Revenues of the System shall be deposited in accordance with and in the manner prescribed by Article VIII hereof into the Gross Revenue Fund. The Gross Revenue Fund shall be kept in the complete custody and control of the District. Money in the Gross Revenue Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in Article VIII hereof.

Section 7.03. The Debt Service Funds.

(A) There shall be established and maintained a Debt Service Fund for each Series of Bonds Outstanding. The respective Debt Service Funds are intended to provide for the ratable payment of the principal of, redemption premium, if any, and interest on the respective Series of Bonds as the same respectively fall due. Payments into such Funds shall be made in the manner prescribed by the Bond Resolution, including the applicable provisions of Article VIII, and, except as herein provided, all money in the respective Debt Service Funds shall be used solely to pay the principal of, premium, if any and interest on the respective Series of Bonds, and for no other purpose.

(B) The Debt Service Funds shall be held in trust for the benefit of the Bondholders and maintained in the complete custody and control of the Trustee and withdrawals from the Debt Service Funds shall be made only by such Trustee who shall transmit to the Bondholders, or to a paying agent if the Trustee is not the paying agent, at such times as may be appropriate, the sums required to pay the principal of, redemption premium, if any, and interest on the respective Series of Bonds.

(C) Money in the Debt Service Funds shall be invested and reinvested by the Trustee at the written direction of the Executive Director or his designee in Authorized Investments, maturing not later than the date on which such money is required to pay the interest and/or the principal and interest next maturing. All earnings from such investments shall be added to and become a part of the Debt Service Funds in which such investments are held, but shall be credited against payments that would otherwise be made to such Debt Service Funds pursuant to the provisions of Section 8.02 hereof.

Section 7.04. The Operation and Maintenance Fund.

(A) There shall be established and maintained an Operation and Maintenance Fund. The Operation and Maintenance Fund is intended to provide for the payment of the Operation and Maintenance Expenses.

(B) The Operation and Maintenance Fund shall be held in trust for the benefit of the Bondholders and maintained in the complete custody and control of the District. Withdrawals from the Operation and Maintenance Fund shall be made by or on the order of the Executive Director or his designee in accordance, as nearly as may be practicable, with the Annual Budget then in effect.

Section 7.05. The Debt Service Reserve Funds.

(A) A Series Resolution may provide for the establishment of a Debt Service Reserve Fund for any Series of Bonds Outstanding. Each such Debt Service Reserve Fund shall bear a number Series designation as may be necessary to distinguish such Debt Service Reserve Fund and shall, subject to the other provisions of this Bond Resolution, be maintained in an amount equal to the applicable Reserve Requirement, as determined pursuant to the Series Resolution so long as the applicable Series of Bonds shall be Outstanding. Each such fund is intended to insure the timely payment of the principal of and interest on the applicable Series of Bonds, and to provide for the redemption of such Series of Bonds prior to their stated maturities. Money in each Debt Service Reserve Fund shall be used for the following purposes, and for no other, viz.:

(1) To prevent a default in the payment of the principal of or interest on the applicable Series of Bonds, by reason of the fact that money in the applicable Debt Service Fund is insufficient for such purposes;

(2) To pay the principal of, interest on, and redemption premium of the applicable Series of Bonds in the event that all Outstanding Bonds of such Series be redeemed as a whole; or

(3) To effect partial redemption of the applicable Series of Bonds; provided that subsequent to said partial redemption, the market value of the cash and securities in such Debt Service Reserve Fund shall be not less than its Reserve Requirement.

(B) Each Debt Service Reserve Fund shall be kept in the complete custody and control of the Trustee and withdrawals from each Debt Service Reserve Fund shall be made only by such Trustee who shall transmit to a Bondholder of the applicable Series, at such times as may be appropriate the sums required to pay the principal of, redemption premium, if any, and interest on such Series of Bonds.

(C) Money in each Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of the Executive Director or his designee in Authorized Investments. Subject to the remaining provisions of this paragraph (C), the earnings from such investments shall be added to and become a part of the applicable Debt Service Reserve Fund. Whenever, and as of any date of calculation, the value of the securities and money in each Debt Service Reserve Fund shall exceed the applicable Reserve Requirement such excess shall either be used to effect partial redemption of the applicable Series of Bonds, or shall be removed from such Debt Service Reserve Fund and transferred into the Gross Revenue Fund or any applicable Construction Fund created in a Series Resolution, as directed in writing by the Executive Director or his designee.

(D) (1) Notwithstanding anything in this Bond Resolution to the contrary, the District, in lieu of the deposit of moneys into a Debt Service Reserve Fund, may satisfy all or a portion of the applicable Reserve Requirement by causing to be so credited a surety bond, a line of credit or an insurance policy payable to the Trustee or the Paying Agent for the benefit of the Holders of the Bonds of a Series or a letter of credit in an amount which together with other moneys on deposit in such Debt Service Reserve Fund is equal to such Reserve Requirement. In the event a Debt Service Reserve Fund is funded with both monies and a surety bond, insurance policy, line of credit or letter of credit, any withdrawals from such Debt Service

Reserve Fund pursuant to the provisions of this Bond Resolution shall be made first from such monies (or the liquidation of investments made therewith) and second from such surety bond, insurance policy, line of credit or letter of credit. The surety bond, insurance policy, line of credit or letter of credit shall be payable (upon the giving of notice as required thereunder) on any Bond Payment Date on which moneys will be required to be withdrawn from such Debt Service Reserve Fund and applied to the payment of the principal of or interest on the applicable Outstanding Series of Bonds and such payments cannot be made by amounts credited to the Debt Service Fund established for such Series of Bonds. The insurer providing such surety bond, line of credit or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment of the principal of and interest on municipal bond issues result in such issues being rated in the highest rating category by S&P and Moody's. The letter of credit District shall be a bank or trust company, acceptable to any municipal bond insurance company which has insured a Series of Bonds, and which is rated not lower than the second highest rating category by either S&P or Moody's, and the letter of credit itself shall be rated in the highest category of either such rating agency. The insurance policy, line of credit or surety bond must extend for the life of the Series of Bonds which receive the benefit of the same and must be unconditional and irrevocable. If a disbursement is made pursuant to a surety bond, insurance policy, line of credit or letter of credit pursuant to this paragraph, the District shall be obligated either (a) to reinstate the maximum limits of such surety bond, insurance policy, line of credit or letter of credit, or (b) to deposit into such Debt Service Reserve Fund cash in the amount of the disbursement made under such surety bond, insurance policy, line of credit or letter of credit, or a combination of such alternatives, as shall provide that the amount credited equals the Reserve Requirement on the applicable Outstanding Series of Bonds within a time period not longer than one (1) year. If a letter of credit is provided under the provisions of this paragraph, then within 60 days of the expiration date of any said letter of credit, (1) the District shall, after giving written notice to the Trustee, obtain and deliver to the Trustee another letter of credit; or (2) the Trustee shall, at the written direction of the District, draw upon the letter of credit in order to fund such Debt Service Reserve Fund with cash; or (3) the District shall, after giving written notice to the Trustee, fully fund such Debt Service Reserve Fund with cash. The Trustee shall receive such opinions, including legal opinions, certificates and other documentation, as the Trustee shall request, prior to receipt of such surety bond, letter of credit, line of credit or insurance policy by the Trustee.

(2) If the District of a surety bond, insurance policy, line of credit or letter of credit on deposit in a Debt Service Reserve Fund shall cease to have a rating described in paragraph (D)(1) above, the District shall use reasonable efforts to replace such surety bond, insurance policy, line of credit or letter of credit with one issued by an District having a rating so described, and shall pay, or commit to pay any increased fees, expenses or interest in connection with such replacement or to deposit Net Earnings in such Debt Service Reserve Fund in lieu of replacing such surety bond, insurance policy, line of credit or letter of credit with another.

(E) In the event a Series of Bonds is insured by a municipal bond insurance company, such company may from time to time review the bank or trust company providing a letter of credit under the provisions of paragraph (D) (1) hereof and if, in such review, the company finds such bank or trust company to be unacceptable, then:

(1) the District, after giving written notice to the Trustee, shall obtain and deliver to the Trustee another letter of credit within 45 days of a notice to such effect; or

(2) the Trustee, at the written direction of the District, shall draw upon the letter of credit in order to fund such Debt Service Reserve Fund with cash; or



(3) the District, after giving written notice to the Trustee, shall fund such Debt Service Reserve Fund with cash over the next immediately following 11 months in substantially equal monthly payments.

(F) In the event a Debt Service Reserve Fund has been funded with a surety bond, insurance policy, line of credit or letter of credit and either such instrument has been drawn upon, monies available to repay such surety bond, insurance policy, line of credit or letter of credit provider shall first be used to reinstate the surety bond, insurance policy, line of credit or letter of credit to its original amount. Any interest or fees due to the surety bond, insurance policy, line of credit or letter of credit provider, other than reinstatement, shall be subordinate to any amounts payable upon the Bonds.

(G) In the event a Debt Service Reserve Fund is funded with a surety bond, insurance policy, line of credit or letter of credit, any revenues available for debt service on the Bonds shall be distributed on a pro rata basis among the Outstanding Bonds of each Series without regard to the method or level of funding of the respective Debt Service Reserve Funds, if any, for each Series.

(H) In the event it is determined that a draw on the surety bond, insurance policy, line of credit or letter of credit is necessary, a demand for payment thereon, in such form as may be provided by the reimbursement agreement between the District and the provider of such surety bond, insurance policy or letter of credit, shall be given prior to the date on which funds are required as set forth in any of the foregoing.

Section 7.06. The Renewal and Extension Fund.

(A) There shall be established and maintained a Renewal and Extension Fund. This fund shall be maintained in an amount to be established not less frequently than annually by the District on the advice of the Executive Director in order to provide a reasonable reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions of the System.

(B) Money in this fund shall be used solely:

- (1) For the purpose of restoring depreciated or obsolete items of the System;
- (2) For improvements, betterments and extensions to the System, other than for those things which are reasonably necessary to maintain the System in good repair and working order;
- (3) To defray the cost of unforeseen contingencies;
- (4) To prevent defaults of Bonds and Junior Lien Bonds; and
- (5) For optional redemption of Bonds.

(C) The Renewal and Extension Fund shall be kept in the complete custody and control of the District. Withdrawals from this Fund shall be made by or on order of the Executive Director.

Section 7.07. Rate Stabilization Fund.

There is hereby established a Rate Stabilization Fund for the purpose of minimizing or leveling rate increases. Not later than the 15<sup>th</sup> day of each month, the District shall deposit into the Rate Stabilization Fund the amount, if any, budgeted for deposit into the Rate Stabilization Fund for the then current month as set forth in the current Annual Budget or the amount otherwise determined by the District to be credited to the Rate Stabilization Fund for such month. Each month the District shall transfer from the Rate Stabilization Fund to the Gross Revenue Fund the amount budgeted for transfer into the Gross Revenue Fund for the then current month as set forth in the current Annual Budget or in the amount otherwise determined by the District to be deposited into the Gross Revenue Fund for the month.

Section 7.08. Investments of Certain Funds.

Whenever, in the opinion of the District, it becomes desirable to invest moneys in the Gross Revenue Fund, the Operation and Maintenance Fund, the Renewal and Extension Fund and the Rate Stabilization Fund, the Executive Director may invest such moneys in Authorized Investments. Earnings resulting from the investment of money in a particular fund shall be deposited into the Gross Revenue Fund.

ARTICLE VIII  
DISPOSITION OF REVENUES

Section 8.01. Deposits to Gross Revenue Fund; Dispositions Therefrom.

The Gross Revenues of the System except customers' deposits and that money the disposition of which is controlled by other provisions of this Bond Resolution are declared to be a part of the Gross Revenue Fund and shall from time to time be promptly deposited in a bank or depository in an account which will reflect the fact that they are a part of the Gross Revenue Fund. The dispositions from the Gross Revenue Fund required by the remaining Sections of this Article shall be made on or before the 15th day of each month following the delivery of the initial Series of Bonds issued pursuant to this Bond Resolution and in the order of priority established by the sequence of the remaining Sections of this Article.

Section 8.02. Payments for Bonds.

Provision shall then first be made for the payment of the principal of and interest on all Bonds then Outstanding, all without priority of any Bonds over others, as follows: not later than the business day immediately preceding a Bond Payment Date, there shall be deposited into the respective Debt Service Funds the aggregate amount of principal and interest to become due on such respective Series of Bonds on such next ensuing Bond Payment Date.

Section 8.03. Deposits for Operation and Maintenance Fund.

There shall be transferred to the Operation and Maintenance Fund the amount budgeted for Operation and Maintenance Expenses for the ensuing month and any amount required for an operational reserve.

Section 8.04. Deposits for the Debt Service Reserve Fund -Valuation.

(A) The value of the cash and securities in each Debt Service Reserve Fund, if any, shall be calculated as of the last day of each Fiscal Year and within 45 days of such date in order to determine if such Debt Service Reserve Fund contains the amount required by the applicable Series Resolution and the extent to which payments therefor or withdrawals therefrom must be made. To the extent the Trustee determines that a deficiency exists, but such deficiency is solely the result of accounting practices governing the valuation of securities in each Debt Service Reserve Fund, the Trustee may alternatively calculate the value of the securities in each Debt Service Reserve Fund as of the maturity date of such securities, so long as such securities mature on or prior to the next occurring Bond Payment Date. In the event the aggregate value of such cash and securities, together with any surety bond or letter of credit as described in Section 7.05(D)(1) hereof, in a Debt Service Reserve Fund at the end of such 45 day period is determined not to equal the applicable Reserve Requirement, there shall be paid into the applicable Debt Service Reserve Fund on the last business day of the month following a determination of a deficiency in such Debt Service Reserve Fund and on the last business day of each of the next succeeding eleven months, one-twelfth of the amount necessary to re-establish in such Debt Service Reserve Fund its respective Reserve Requirement.

(B) In the event a Debt Service Reserve Fund is funded with both monies and a surety bond, insurance policy, line of credit or letter of credit as the latter are contemplated by Section 7.05(D) hereof, any available revenues to replenish such Debt Service Reserve Fund shall be used, first, to reimburse the provider of such surety bond, insurance policy or letter of credit and thereby reinstate such surety bond, insurance policy, line of credit or letter of credit, and, second, to replenish said monies.

Section 8.05. Deposits for the Renewal and Extension Fund.

There shall be deposited into the Renewal and Extension Fund and into the Rate Stabilization Fund those sums which are equal to the amounts which when added to the deposits then present in such Funds will produce the sums determined by the District in accordance with Section 7.06 and Section 7.07 hereof.

Section 8.06. Reimbursement of Interest on Amounts Advanced for Debt Service Reserve Funds.

Provision shall then be made for payment of interest on amounts advanced by the provider of any surety bond, insurance policy, line of credit or letter of credit as contemplated in Section 7.05(D) hereof.

Section 8.07. Payments for Junior Lien Bonds.

Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Bonds in the order of priority contemplated by the proceedings authorizing their issuance.

Section 8.08. Use of Remaining Money.

All money remaining in the Gross Revenue Fund after making the payments required by Sections 8.01 to 8.07 hereof, shall be disposed of to acquire, construct, improve, enlarge, operate or maintain the System, including payment of debt service on revenue obligations of the System, in such manner as the District shall from time to time determine, or for other corporate purposes of the District.

ARTICLE IX  
AGREEMENT TO FURNISH  
INFORMATION WITH RESPECT TO SYSTEM

Section 9.01. Keeping Records.

The District recognizes that those who may from time to time hereafter be Bondholders will, throughout the life of the Bonds, require full information with respect to the System, the fiscal affairs of the System, and all matters incident to each. To that end it is covenanted and agreed that it will install and thereafter at all times maintain proper books of records and accounts, in which complete and correct entries shall be made of all transactions relating to the System, and all revenues and receipts derived therefrom, directly or indirectly. Such books and records shall be kept in such fashion as to reveal in detail:

- (A) The number of customers who may from time to time make use of the System;
- (B) Gross Revenues and the source from whence derived;
- (C) All expenses incurred in the operation of the System suitably identified as to purpose;
- (D) Net Earnings;
- (E) All expenditures made from the several funds established by this Bond Resolution, and Series Resolutions authorizing the issuance of the Bonds; and
- (F) The rate schedules that may from time to time be in force.

Section 9.02. Audit Required.

The District further covenants and agrees that so long as any Bonds are Outstanding, it will, not later than 150 days after the close of each Fiscal Year, cause to be made and completed by the Auditors, an audit of the records, books and accounts pertaining to the System, made in accordance with recognized accounting practices, showing, among other things, Net Earnings and to furnish a copy of such audit to the Trustee. Such audit shall comment upon any violation of any provision of any Resolution authorizing the issuance of any Bonds or Junior Lien Bonds and any violation of any provision of this Bond Resolution noted by the auditing accountants, and such other matters as to them seem pertinent. The cost of such audit shall be treated as a part of the cost of operating and maintaining the System. Any copies so furnished need not be certified.

ARTICLE X  
INSURANCE

Section 10.01. Requirement of Insurance.

The District covenants and agrees that so long as any Bonds are Outstanding:

(A) That it will insure and at all times keep the System insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in such amount as private corporations engaged in similar endeavors would customarily insure for;

(B) That it will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the District against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System, other than the Trustee or any paying agent;

(C) That all premiums on all bonds or insurance policies shall be deemed a part of the cost of operating and maintaining the System;

(D) That all insurance policies shall be open to the inspection of any Bondholder at any reasonable time;

(E) That all money received by the District as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the District from insurance policies covering the System may, to the extent necessary, be applied to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the Renewal and Extension Fund; and

(F) That it will comply with the requirements of State law regarding the mandatory purchase of liability insurance contained in Section 15-78-140(b) of the Code of Laws of South Carolina, 1976, as amended from time to time.

Notwithstanding anything herein to the contrary, the Trustee shall have no duty hereunder to hold the insurance policies or certificates or surety bonds referred to in this Article.

Section 10.02. Provision for Employing Insurance Consultant; Self-Insurance.

In the event that the insurance required by Section 10.01 hereof is not commercially available, or if the District deems such coverage to be available only at an unreasonable cost, the District may maintain coverage under a self-insurance program. In order to effect such self-insurance, the District shall confer with its Insurance Consultant (hereinafter referred to as the "Insurance Consultant") for the purpose of reviewing the insurance coverage of and insurance required for the District and the System and making recommendations respecting the types, amounts, and provisions of insurance that should be carried by the District, including any self-insurance or alternate risk management program. The Insurance Consultant employed by the District shall be a person or firm, not an officer or employee of the District, qualified to survey risks and to recommend insurance coverage for utility systems and services, and having a favorable national reputation for skill and experience in such surveys and recommendations, and who may be a broker or agent with whom the District transacts business. A signed copy of the report of the Insurance Consultant

shall be filed with the Trustee and the District, and the program of insurance recommended therein shall be implemented as soon as practicable and in such event, the insurance requirements specified in Section 10.01 hereof shall be deemed modified to conform with the recommendations contained in the report.

The types and amounts of insurance maintained by the District pursuant to the report referred to above shall be reviewed by the Insurance Consultant not less frequently than every two years, and the District shall promptly modify its coverage to meet the recommendations of the Insurance Consultant.

ARTICLE XI  
ADDITIONAL COVENANTS

Section 11.01. Additional Covenants to Secure Bonds.

The District further covenants and agrees:

(A) Neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for;

(B) It will permit no free service to be rendered, or use to be made of the services and facilities of the System and for the services and facilities of the System used by the District, the reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the District shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;

(C) It will permit no water customer to be connected to the System, or to receive any service afforded by the System, unless a proper meter shall be installed, and such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force; provided, however, that the provisions of this covenant and the covenants in paragraph (B) above shall not apply to fire protection service afforded by the System;

(D) It will permit no sewer customer to be connected to the System, or to receive any service afforded by the System, unless a proper account is established and charges are levied against such account for services rendered, and such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force;

(E) So long as there are any Bonds Outstanding and unpaid, it will perform all duties with reference to the System required by the Constitution and statutes of the State, and the District hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage or otherwise encumber the System or any part thereof, or any revenues therefrom, except in the manner herein authorized, and it will not sell, lease or dispose of any portion of the System, necessary or useful (as determined by the District) in the operation of the System, until all Bonds shall be paid in full, or unless and until provision shall have been made for the payment of all Bonds and the interest thereon in full, and the District further obligates itself and covenants and agrees with the Bondholders to maintain in good condition and to operate said System, and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System will be sufficient at all times to meet the requirements of this Bond Resolution. If, pursuant to this Section, anything belonging to the System which is not deemed by the District to be necessary or useful therefor shall be sold or disposed of, the proceeds of such sale or disposition shall be deposited at the direction of the District in either of the Renewal and Extension Fund or in the Gross Revenue Fund;

(F) It will permit, so long as there are any Bonds Outstanding, any Bondholder to inspect the System and all records and accounts thereof under reasonable terms and conditions and after reasonable notice has been given;

(G) It will not make any use, and it shall direct the Trustee and each fiduciary not to make any use of the proceeds of any Series of Bonds which Bonds were intended upon the issuance thereof to be exempt from federal income taxation, which, if such use had been reasonably expected on the date of the



issuance of the Bonds of such Series would have caused such Bonds or any other Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and will observe and not violate the requirements of Section 148 of the Code;

(H) As to any Series of Bonds which were intended at the time of their issuance to be exempt from federal income taxation, it will take all actions required of it under the Code that are necessary to preserve the tax-exempt status of such Bonds, including without limitation, actions necessary to comply with all information reporting requirements and any obligation to rebate arbitrage earnings on the proceeds of such Bonds to the United States Government;

(I) It will make all payments or deposits required under Articles VII and VIII of this Bond Resolution in a timely manner; and

(J) It will, at the time of the delivery of any Bonds issued under this Bond Resolution and upon the occurrence of a change in the individual who serves as Executive Director, forward to the Trustee, in writing, a certificate setting forth the name of the Executive Director and any designee of such Executive Director, together with a specimen signature of such individual or individuals.

ARTICLE XII  
MODIFICATION OF RESOLUTION

Section 12.01. Modification Without Bondholder Approval.

(A) Provided always that the security of the Bonds shall not be lessened, or in any manner impaired, the District may for any one or more of the following purposes at any time, or from time to time, adopt a Resolution amending or supplementing this Bond Resolution, which supplemental Resolution shall be fully effective in accordance with its terms:

(1) To provide for the issuance of a Series of Bonds in accordance with Article IV of this Bond Resolution;

(2) To add to the covenants and agreements of the District in this Bond Resolution, other covenants and agreements thereafter to be observed;

(3) To surrender any right, power or privilege reserved to or conferred upon the District by this Bond Resolution; and

(4) To cure, correct and remove any ambiguity or inconsistent provisions contained in this Bond Resolution.

(5) To permit changes to this Bond Resolution so that interest on any Series of Bonds intended to be excluded from gross income of the Holders thereof for federal income tax purposes is or remains so excluded.

(B) It is further provided that, except for a Series Resolution as permitted by subsection (A) (1) above, such supplemental Resolution shall not become effective until (1) a copy thereof, duly certified, shall have been filed in the Office of the Clerk of Court for Georgetown County and (2) the District shall have received an opinion of Bond Counsel to the effect that such supplemental Resolution has been lawfully adopted and is in full force and effect.

Section 12.02. Modification with Bondholder Approval.

The rights and duties of the District and the Bondholders and the terms and provisions of this Bond Resolution may be modified or altered in any respect by an Resolution adopted by the District with the consent of the Holders of a majority in principal amount of all Bonds of each Series which would be affected by such modification or alteration then Outstanding and with the written consent of any municipal bond insurance company which has insured a Series of Bonds and of any provider of a surety bond, insurance policy, line of credit or letter of credit in accordance with Section 7.05(D) hereof, such consent to be evidenced by an instrument or instruments executed by such Holders and duly acknowledged or proved in the manner of a deed capable of being recorded, but no such modification or alteration shall:

(A) Extend the maturity of any payment of principal or interest due upon any Bond;

(B) Effect a reduction in the amount which the District is required to pay by way of principal, interest or redemption premium on any Bonds;

(C) Effect a change as to the type of currency in which the District is obligated to effect payment of the principal, interest and redemption premiums of any Bond;

(D) Permit the creation of a pledge of or lien upon the revenues of the System prior to or equal to the Bonds, [except the pledge and lien securing the Prior Lien Bonds.]

(E) Permit preference or priority of any Bonds to others;

(F) Alter or modify the provisions of Section 4.02 or of Articles V, VII, and VIII hereof; or

(G) Reduce the percentage required for the written consent to the modification or alteration of the provisions of this Bond Resolution, without the consent of the Holders of all Bonds affected by such change or modification.

Section 12.03. Procedure for Procuring Bondholder Approval.

The District and the Trustee may rely upon the registry books maintained by the Registrar to determine who are the Holders of the Bonds. Any and all modifications made in the manner hereinabove provided for shall not become effective until (1) there has been filed with the Clerk of Court for Georgetown County and with the Trustee a copy of such amendatory Resolution hereinabove provided for, duly certified, (2) there has been filed with the Trustee an opinion of Bond Counsel stating that such amendatory Resolution has been duly and lawfully adopted by the District in accordance with the provisions of this Bond Resolution and is valid and binding upon the District and (3) proof of consent to such modification by the Holders of a majority in principal amount of the Bonds of each Series then Outstanding shall be filed with the Trustee.

For purposes of obtaining Bondholder approval, the Trustee is fully empowered to establish a special record date in order to determine the Holders of the Bonds.

ARTICLE XIII  
EVENTS OF DEFAULT

Section 13.01. Events of Default.

(A) Each of the following events is hereby declared to be an “Event of Default” hereunder:

(1) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption;

(2) Payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable;

(3) The District shall for any reason be rendered incapable of fulfilling its obligations hereunder;

(4) An order or decree shall be entered with the consent or acquiescence of the District appointing a receiver, or receivers, of the System, or of the revenues thereof, or any proceedings shall be instituted with the consent or acquiescence of the District for the purpose of affecting a composition between the District and its creditors whose claims relate to the System, or for the purpose of adjusting claims of such creditors, pursuant to any federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the District, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof, or if such proceeding having been instituted without the consent or acquiescence of the District, shall not be withdrawn or any orders entered shall not be vacated, discharged, or stayed on appeal within 60 days after the institution of such proceedings or the entry of such orders;

(5) The District shall fail to operate the System in an efficient and businesslike fashion so as to materially impair the operations of the System or shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in this Bond Resolution, and such default as to efficient operation or otherwise shall continue for 30 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the District by any Bondholder, provided that in the case of default specified in this subparagraph (5), if the default be such that it cannot be corrected within the said 30 day period, it shall not constitute an event of default if corrective action is instituted by the District within said 30 day period and diligently pursued until the default is corrected; and

(6) The occurrence of an event of default on the part of the District under any reimbursement agreement between the District and a provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) hereof.

The foregoing provisions of subparagraph (5) are subject to the following limitations: If by reason of force majeure the District is unable in whole or in part to carry out its agreements herein contained (other than the obligations on the part of the District contained in any of Section 4.02 or Articles V, VII and VIII hereof as to which this paragraph shall have no application), the District shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake;

fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, tunnels or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the District, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the District, and the District shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the District unfavorable to the District.

ARTICLE XIV  
REMEDIES

Section 14.01. Acceleration; Annulment of Acceleration.

(A) Except as specifically provided herein, upon the occurrence of an Event of Default, 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, by notice in writing to the District, declare all Bonds Outstanding immediately due and payable; provided, however, in the event a Series of Bonds has been insured by a municipal bond insurance company, the Trustee shall obtain the written consent of such municipal bond insurance company prior to declaring the Bonds of such Series due and payable. Such Bonds having been declared due and payable in accordance with the provisions of this paragraph shall become and be immediately due and payable, anything in the Bonds or in this Bond Resolution to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(B) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if:

(1) Moneys shall have been deposited in the Debt Service Funds sufficient to pay all matured installments of interest and principal (other than principal then due only because of such declaration) of all Outstanding Bonds;

(2) Moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee;

(3) All other amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and

(4) Every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 14.02. Additional Remedies and Enforcement of Remedies.

(A) Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall proceed forthwith to protect and enforce its rights and the rights of the Bondholders under this Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(1) Requiring the District to carry out its duties and obligations under the terms of this Bond Resolution and under the Enabling Act;

- (2) Bringing suit upon all or any part of the Bonds;
- (3) Filing a civil action to require the District to account as if it were the trustee of an express trust for the Holders of Bonds;
- (4) Filing a civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders of the Bonds; and
- (5) Enforcing any other right of the Bondholders conferred by law or by this Bond Resolution including the right to make application for the appointment of a receiver to administer and operate the System.

(B) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, together with indemnification of the Trustee, shall institute and maintain such suits and proceedings as it may be advised by counsel shall be necessary or expedient:

- (1) To prevent any impairment of the security under this Bond Resolution by any acts which may be unlawful or in violation of this Bond Resolution; or
- (2) To preserve or protect the interests of the Bondholders, provided that such requests in accordance with law and the provisions of this Bond Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

Section 14.03. Application of Revenues and Other Moneys After Default.

(A) The District covenants that if an Event of Default shall happen and shall not have been remedied, the District, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee:

- (1) Forthwith, all moneys and securities then held by the District which are credited to any fund under this Bond Resolution; and
- (2) As promptly as practicable after receipt thereof, all Gross Revenues.

(B) During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, Gross Revenues, payments and receipts in its possession and the income therefrom as follows and in the following order:

- (1) To the payment of the reasonable and proper charges of the Trustee and its reasonable counsel fees and expenses;
- (2) To the payment of the interest and principal (and redemption premium, if any) then due on the Bonds as follows:
  - (a) Unless the principal of all of the Bonds shall have become or has been declared due and payable,
  - (i) First: To the payment of the persons entitled thereto of all installments of interest on any Bonds then due in the order of the maturity of such installments, and, if the

amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

(ii) Second: To the payment to the persons entitled thereto of the unpaid principal installments (and redemption premiums, if any) of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal (plus redemption premium, if any) due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any differences as to the respective rates of interest specified in the Bonds;

(3) To the payment of the necessary costs of operating and maintaining the System; and

(4) For the purposes and to the respective funds set forth in Article VIII hereof, in the order set forth herein.

#### Section 14.04. Remedies Not Exclusive.

No remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Resolution or existing at law or in equity or by statute (including the Enabling Act) on or after the date hereof.

#### Section 14.05. Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Bond Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 14.03 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

#### Section 14.06. Majority of Bondholders Control Proceedings.

If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Bond Resolution to the contrary, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this



Bond Resolution (including indemnity to the Trustee) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Bondholders not joining in such direction and provided further that nothing in this Section 14.06 shall impair the right of the Trustee in its discretion to take any other action under this Bond Resolution which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 14.07. Individual Bondholder Action Restricted.

(A) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Resolution or for the execution of any trust hereunder or for any remedy under this Bond Resolution unless:

(1) An Event of Default has occurred:

(a) under Paragraph (1) or (2) of subsection (A) of Section 13.01 hereof;

(b) as to which the Trustee has actual notice; or

(c) as to which the Trustee has been notified in writing; and

(2) The Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Bond Resolution or to institute such action, suit or proceeding in its own name; and

(3) Such Bondholders shall have offered the Trustee reasonable indemnity, the sufficiency of which is determined by the Trustee; and

(4) The Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(B) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Bond Resolution or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(C) Nothing contained in this Bond Resolution shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond:

(1) To receive payment of the principal of or interest on such Bond on the due date thereof; or

(2) To institute suit for the enforcement of any such payment on or after such due date.

Section 14.08. Termination of Proceedings.

In case any proceeding taken by the Trustee or any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the District, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 14.09. Waiver and Nonwaiver of Event of Default.

(A) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. Every power and remedy given by this Article XIV to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(B) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Resolution, or before the completion of the enforcement of any other remedy under this Bond Resolution.

(C) Notwithstanding anything contained in this Bond Resolution to the contrary, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of all Bonds then outstanding of each such Series), shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (B) of Section 14.01 hereof or subsection (B) of this Section 14.09, a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time outstanding.

(D) In case of any waiver by the Trustee of an Event of Default hereunder, the District, the Trustee and the Bondholders shall be restored to their former positions and rights under the Bond Resolution, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 14.09.

Section 14.10. Notice of Defaults.

(A) Within 30 days after:

(1) The receipt of notice of an Event of Default as provided in Section 14.07(A) (1) hereof; or

(2) The occurrence of an Event of Default under paragraph (1) or (2) of subsection (A) of Section 13.01 hereof, as to which the Trustee shall be deemed to have notice,

the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Holder of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal (together with premium, if any) of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment it determines that the withholding of such notice is in the best interests of the Bondholders.

(B) The Trustee shall immediately notify the District of any Event of Default known to the Trustee.

## ARTICLE XV

### TRUSTEE AND ITS FUNCTIONS; OTHER FIDUCIARIES

#### Section 15.01. Appointment and Vesting of Powers in Trustee; Limitation of Rights of Bondholders to Appoint Trustee.

The District hereby appoints \_\_\_\_\_ as Trustee. The Trustee shall be and is hereby vested with all rights and powers necessary to enable it to discharge its duties hereunder, but the right of the Bondholders to appoint a Trustee hereunder is limited to the circumstances contemplated by Section 15.10 hereof.

#### Section 15.02. Duties of the Trustee; Written Acceptance Required.

The Trustee hereby accepts the powers, duties and obligations conferred and imposed upon it by this Bond Resolution and agrees to perform the same but only upon and subject to the following express terms and conditions:

(a) The Trustee, undertakes to perform such duties and only such duties as are expressly and specifically set forth in this Bond Resolution;

(b) The Trustee may perform any of its duties and obligations by or through attorneys, agents, receivers or employees and shall be entitled to act upon an opinion of counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the performance of the duties set forth herein. The Trustee may act upon an opinion of counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such opinion of counsel;

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the registered owner of any of the Bonds with the same rights which it would have if not the Trustee;

(d) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the District by the Executive Director, or such other person as may be designated for such purpose by a certified Resolution, as sufficient evidence of the facts therein contained;

(e) The permissive right of the Trustee to do things enumerated in this Bond Resolution shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful default;

(f) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the District to cause to be made any of the payments to the Trustee required to be made by Article VIII hereof, unless the Trustee shall be specifically notified in writing of such default by the District, or by the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding, and all notices or other instruments required by this Bond Resolution to be delivered to the Trustee, must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is not default except as aforesaid;

(g) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect the books and records of the District pertaining to the System;

(h) Notwithstanding anything in this Bond Resolution contained, the Trustee shall have the right, but shall not be required, to demand in respect of the execution and delivery of any Bonds, the withdrawal of any cash, or any action whatsoever within the provisions of this Bond Resolution, any showings, certificates, opinions, appraisals or other information, or action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the District to the execution and delivery of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee; and

(i) Before taking any action hereunder the Trustee may require that satisfactory indemnity be furnished to it by the Bondholders for the reimbursement of all expenses which it may incur and to protect it against all liability, except liability which may result from its negligence or willful default, by reason of any action so taken, as the furnishing of such indemnity may be permitted under the laws of the State of South Carolina.

Prior to the delivery of any Bonds, the Trustee appointed pursuant to Section 15.01 hereof shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Bond Resolution, by executing and delivering to the District a written acceptance thereof.

Section 15.03. Functions of Trustee.

Unless otherwise provided by the District in a series resolution, the Trustee shall have the following additional functions:

- (A) To authenticate the Bonds of all Series that may be issued;
- (B) To act as custodian of each Debt Service Fund and Debt Service Reserve Fund, if any;
- (C) To act as paying agent for the Bonds;
- (D) In the event Bonds are issued in registered form, to act as Registrar for the Bonds, and to maintain a set of registration books therefor, which shall at all times accurately reflect the names and addresses of all those who may be Holders of any Bonds;
- (E) To make reports to the District on a monthly basis:
  - (1) Establishing balances on hand;
  - (2) Listing investments made for any fund handled by the Trustee; and
  - (3) Establishing the market value of each Debt Service Reserve Fund, if any.

Section 15.04. Duty of Trustee with Respect to Deficits in Debt Service Funds.

It shall be the further duty of the Trustee to give written notice to the District ten calendar days prior to each Bond Payment Date, if there is any deficiency in the Debt Service Funds which would result in a need for further moneys to meet the payment of interest and/or principal falling due on the next ensuing Bond

Payment Date, and the extent, if any, to which resort must be had to a particular Debt Service Reserve Fund, if any, to meet such deficiency.

Section 15.05. Liability as to Recitals in Bond Resolution and Bonds.

The recitals of fact made in this Bond Resolution and in the Bonds shall be taken as statements of the District, and the Trustee shall not be deemed to have made any representation as to the correctness of the same, nor shall the Trustee be deemed to have made any representation whatsoever as to the validity or sufficiency of this Bond Resolution or of the Bonds issued hereunder except with respect to the authentication of any Bonds. Nor shall the Trustee be under responsibility or duty with respect to the issuance of said Bonds, or the application of the proceeds thereof, except to the extent provided for herein. Nor shall the Trustee be liable in connection with the performance of its duties hereunder, except for its own gross negligence or willful default.

Section 15.06. Trustee May Rely on Notices, etc.

The Trustee shall at all times be protected in acting upon any notice, Resolution, request, consent, order, certificate, statement, opinion, bond, or other paper or document believed to be genuine and to have been signed by the proper party or parties.

Section 15.07. Trustee Permitted to Resign.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving to the District and the Bondholders written notice of such resignation, specifying a date (not less than 60 days after such notice) when such resignation shall take effect. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment and qualification of such successor.

Section 15.08. Removal of Trustee.

(A) The Trustee may be removed at any time by the Holders of not less than 50% of the principal amount of Bonds at such time Outstanding.

(B) The Trustee may likewise be removed at any time by the District with the consent and approval of the Holders of not less than 50% of the principal amount of the Bonds at such time Outstanding.

Section 15.09. Appointment of Successor Trustee Upon Resignation or Removal of Trustee.

(A) In case at any time the Trustee shall resign, or be removed or become incapable of acting, or be adjudged a bankrupt or insolvent, or a receiver of its property shall be appointed, or any public officer shall take charge or control of its property or affairs, a successor thereto shall be promptly appointed by an Resolution of the District duly adopted. Such successor shall in all instances be a bank duly chartered pursuant to the laws of the United States or of the State, and shall have a combined working capital and surplus of not less than \$100,000,000.

(B) Immediately following such appointment the District shall give written notice of such appointment to the Bondholders and any Registrar, and paying agent, in the event either is other than the Trustee.

Section 15.10. When Bondholder May Seek Successor Trustee.

If, in a proper case, no appointment of a successor Trustee shall be promptly made pursuant to Section 15.09, any Bondholder may make application to any court of competent jurisdiction for the appointment of a successor and said court may thereupon, after such notice, if any, as such court may prescribe, appoint a successor.

Section 15.11. Acceptance by Successor Trustee.

Any successor Trustee appointed hereunder shall execute and deliver to its predecessor and to the District a written acceptance of such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named as such Trustee and its predecessor shall be obligated to pay over, transfer, assign and deliver all moneys, securities and other property held by it to its successor, and on the written request of the District, or the successor, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for the vesting and confirming in such successor all the right, title and interest of the predecessor in and to any property held by it.

Section 15.12. Effect of Trustee Merging With Another Bank.

Any bank or trust company into which the Trustee may be merged, or with which it may be consolidated, or any bank or trust company resulting from any merger or consolidation to which it shall be a party, or any bank to which the Trustee may sell or transfer all or substantially all of its business, shall become the successor without the execution or filing of any paper or the performance of any further act; provided, always, that if the District shall be dissatisfied with the institution resulting from the merger, consolidation or other action spoken of above, then the District may at any time within 30 days after such action name a new Trustee (with the qualifications prescribed by Section 15.09 hereof) in lieu of the Trustee then acting.

Section 15.13. Trustee to Secure Funds and Securities Held in Trust.

(A) Unless the same be secured as trust funds in the manner provided by applicable law and regulations, as from time to time in effect, all funds or securities in the custody of the Trustee, in excess of the amount of such deposit insured by the Federal Deposit Insurance Corporation, shall be secured and kept secured by direct obligations of the United States of a market value at least equal to the sum on deposit and not insured as aforesaid by the Federal Deposit Insurance Corporation.

(B) All securities which shall be given to secure any fund as required by the provisions of this Article, shall be placed in the custody of a duly chartered bank, other than the Trustee, which is a member of the Federal Deposit Insurance Corporation. Such other bank shall have a combined working capital and surplus of not less than \$25,000,000.

Section 15.14. Disposition of Paid Bonds.

It shall be the duty of the Registrar to cancel all Bonds which shall have been paid, whether upon their maturity or redemption prior to maturity; such cancellation shall be done in such fashion as to render such Bonds incapable of further negotiation or hypothecation. In any event it shall, if requested, furnish appropriate certificates to the District indicating the disposition of such Bonds. Upon effecting such

cancellation, the Registrar shall, if requested, furnish appropriate certificates to the District setting forth the disposition made of the Bonds so cancelled.

Section 15.15. Appointment of Substitute Registrar or Paying Agent.

The District may, from time to time, appoint a Registrar or Registrars or paying agent or paying agents to act in the place and stead of the Trustee as Registrar or paying agent of the Bonds of one or more Series. The District shall cause written notice of such appointment to be mailed to the Holders of all Bonds affected by such appointment 30 days prior to the effective date of such appointment.

ARTICLE XVI  
DEFEASANCE

Section 16.01. Defeasance Generally.

If all of the Bonds issued pursuant to this Bond Resolution and any other amounts required to be paid to a provider of a surety bond, insurance policy, line of credit or letter of credit in accordance with Sections 8.04 and 8.06 hereof, shall have been paid and discharged, then the obligations of the District under this Bond Resolution, the pledge of revenues made hereby, and all other rights granted hereby shall cease and determine. Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances viz.:

(A) The Trustee shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, sufficient money for the payment thereof;

(B) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred on the stated maturities of such Bonds, and thereafter tender of such payment shall have been made, and the Trustee shall then hold in trust and irrevocably appropriated thereto, sufficient money for the payment thereof to the date of the tender of such payment; or

(C) If the District shall have deposited with the Trustee, in an irrevocable trust money or Defeasance Obligations, the principal of and interest on which when due (without reinvestment thereof) will provide money which, together with the money, if any, deposited at the same time, shall be sufficient to pay, when due, the principal, interest and redemption premium, if any, due and to become due on and prior to the maturity or, if the District has irrevocably elected to redeem Bonds, on and prior to the redemption date of such Bonds.

Section 16.02. Money to be Held in Trust When Returnable to the District.

Any money which at any time shall be deposited with the Trustee, by or on behalf of the District, for the purpose of paying and discharging any Bonds or the interest thereon, shall be and is hereby assigned, transferred and set over to the Trustee in trust for the respective Holders of the Bonds, and such money shall be and is hereby irrevocably appropriated to the payment and discharge thereof. But if, through lapse of time or otherwise, the Holders of said Bonds shall no longer be entitled to enforce payment of their obligations, then, in such event, it shall be the duty of the Trustee to forthwith return said funds to the District.

Section 16.03. Deposits With Trustee Subject to Conditions of Article XVI.

The District covenants and agrees that any money which it shall deposit with the Trustee shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of this Article, and that whenever it shall have elected to redeem Bonds it will irrevocably bind and obligate itself to give notice of redemption thereof, and will further authorize and empower the Trustee to cause the publication of such notice of redemption in its name and on its behalf.



ARTICLE XVII  
MISCELLANEOUS

Section 17.01. Purpose of Covenants in Bond Resolution.

Every covenant, undertaking and agreement made on behalf of the District, as set forth in this Bond Resolution is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the District and the Bondholders and shall be enforceable accordingly. In this connection, any provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) hereof may enforce the terms, conditions and obligations under this Bond Resolution as a third party beneficiary hereunder.

Section 17.02. Municipal Bond Insurance Company Deemed Holder.

In the event that a Series of Bonds has been insured by a municipal bond insurance company, such municipal bond insurance company shall be deemed to be the Holder of all of the Bonds of such Series for purposes of exercising the rights of Holders under Article XIV (except Section 14.01 thereof) and Section 15.08 hereof.

Section 17.03. Breach of Municipal Bond Insurance Company.

Notwithstanding anything in this Bond Resolution to the contrary, in the event a municipal bond insurance company is in breach of its obligations under the applicable municipal bond insurance policy insuring payment of a Series of Bonds, or is subject to bankruptcy or receivership proceedings, such municipal bond insurance company shall have none of the rights or powers provided to it pursuant to Article XIV and Section 17.02 hereof at the time of such breach or upon institution of such proceedings.

Section 17.04. Parties Interested Herein.

Nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Trustee, a municipal bond insurance company that has insured a Series of Bonds and the Holders of the Bonds, any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution made by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Trustee, such municipal bond insurance company and the Holders of the Bonds.

Section 17.05. Effect of Invalidity of Provisions of Bond Resolution.


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

Section 17.06. Repealing Clauses.

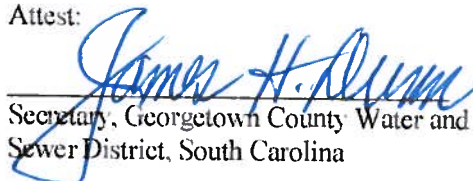
All Resolutions, or parts thereof, inconsistent herewith be and the same are hereby repealed to the extent of such inconsistencies.

DONE, RATIFIED AND ADOPTED this 9<sup>th</sup> day of July, 2015.

(SEAL)

  
\_\_\_\_\_  
Chairman, Georgetown County Water and Sewer District,  
South Carolina

Attest:

  
\_\_\_\_\_  
Secretary, Georgetown County Water and  
Sewer District, South Carolina

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A SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000, AND OTHER MATTERS RELATING THERETO

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2025 SERIES RESOLUTION

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Adopted March 13, 2025

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Exhibit A – Form of Bond  
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**BE IT RESOLVED BY THE GEORGETOWN COUNTY WATER AND SEWER DISTRICT, IN A MEETING DULY ASSEMBLED, AS FOLLOWS:**

**ARTICLE I**

**FINDINGS AND DETERMINATIONS**

Section 1.01 Findings and Determinations.

Incident to the adoption of this Series Resolution (this “**2025 Series Resolution**”), and the issuance of the bonds provided for herein, the Georgetown County Water and Sewer District, South Carolina (the “**Issuer**”), finds that the facts set forth in this Article exist and the following statements are in all respects true and correct:

(a) The Issuer has made general provision for the issuance of water and sewer system revenue bonds (“**Bonds**”), through the means of a bond resolution adopted on July 9, 2015, entitled “A RESOLUTION SETTING FORTH THE GENERAL TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO, as amended by a resolution adopted on August 13, 2015,” (the “**Master Bond Resolution**”). Capitalized terms used herein and not otherwise defined shall have the meaning given to such term in the Master Bond Resolution.

(b) Pursuant to the General Bond Resolution of the Issuer dated February 8, 1996 (the “**Senior Bond Resolution**”), the Issuer currently has outstanding the following Prior Lien Bonds:

(1) The \$4,050,571 final principal amount Water and Sewer System Revenue Bond, Series 2011A, dated March 30, 2011 (State Drinking Water Revolving Fund, Loan Number x3-051-10-2220004-01);<sup>1</sup>

(2) The \$2,238,682 final principal amount Water and Sewer Revenue Bond, Series 2011B, dated June 24, 2011 (State Drinking Water Revolving Fund, Loan Number x3-050-10-2220004-02);<sup>2</sup>

(3) The \$4,170,000 original principal amount Water and Sewer System Revenue Refunding Bond, Series 2012A, dated January 26, 2012;<sup>3</sup> and

(4) The \$4,034,500 original principal amount Water and Sewer System Revenue Bond, Series 2012B, dated October 12, 2012;<sup>4</sup>

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<sup>1</sup> Final maturity is scheduled for March 1, 2032.

<sup>2</sup> Final maturity is scheduled for June 1, 2032.

<sup>3</sup> Final maturity is scheduled for March 1, 2027.

<sup>4</sup> Final maturity is scheduled for October 12, 2052.

(c) Pursuant to the Master Bond Resolution, the Issuer has Outstanding the following Series of Bonds, each issued on a parity and subordinate and junior in all respects to the Prior Lien Bonds (collectively, the “**Parity Bonds**”):

(1) The \$21,050,000 original principal amount Water and Sewer System Revenue Refunding Bonds, Series 2015 dated August 26, 2015; and

(2) The \$3,104,820 original principal amount Water and Sewer System Revenue Parity Bond, Series 2020 dated March 25, 2020 (State Drinking Water Revolving Fund, Loan Number x3-088-20-2220010-01).<sup>5</sup>

(d) It is provided in and by the Master Bond Resolution that, upon adoption of a “Series Resolution,” there may be issued one or more Series of Bonds for the purposes of (1) obtaining funds for the expansion and improvement of the System and enabling the Issuer to recoup expenditures for the same, including interest on the Bonds during construction as may be permitted pursuant to the Enabling Act; (2) providing funds for the payment of any bond anticipation note or notes that may have been issued in anticipation of the issuance and sale of Bonds; (3) refunding Bonds or other obligations issued to provide land or facilities which are or are to become a part of the System or which are or were payable in whole or in part from revenues of the System; (4) funding any Debt Service Reserve Funds (including the purchase of a surety bond, insurance policy, line of credit or letter of credit as provided under Section 7.05(D) of the Master Bond Resolution) or restoring the value of the cash and securities in any Debt Service Reserve Funds to an amount equal to the applicable Reserve Requirement; (5) paying the costs of issuance of Bonds, including any credit enhancement for any Series of Bonds; and (6) funding capitalized interest on Bonds.

(e) On the basis of the authority provided in the Senior Bond Resolution, the Issuer has determined to issue the Series 2025 Bonds (as defined herein) to: (1) to defray or reimburse the costs of renovating, improving, and equipping all or a portion of the following projects: (i) water main upgrades (Highway 521); (ii) Red Hill water project; (iii) raw water intake improvements; (iv) water plant capacity expansions and upgrades; and (v) other expansion, additions and improvements to the System (collectively, the “**Project**”); and (2) pay the costs of issuance of the Series 2025 Bonds, including the costs of any credit enhancement premiums therefor.

(f) Upon issuance, the Series 2025 Bonds, together with all additional Series of Bonds issued pursuant to terms of the Senior Bond Resolution, shall be issued on a parity with the Parity Bonds.

(g) By reason of the foregoing, the Issuer has determined to adopt this 2025 Series Resolution in accordance with the terms and provisions of the Bond Resolution in order to issue bonds for the purposes described in Paragraph (f) above.

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<sup>5</sup> The full balance of the Series 2020 Bond has not been drawn. As a result, the loan balance has not been finalized.

Section 1.02 Determinations Required by Section 4.01(B) of the Master Bond Resolution.

- (a) The Issuer shall hereby specify and determine:
- (1) the System is expected to have a period of usefulness of not less than 45 years;
  - (2) the Date of Issue of any Series 2025 Bonds shall be the date on which the same are executed and delivered, or such other date as shall be determined by an Authorized Officer pursuant to Article V hereof;
  - (3) the maximum aggregate authorized principal amount of the Series 2025 Bonds is set forth at Section 4.01 hereof, and the exact principal amount of any Series of Series 2025 Bonds shall be determined by an Authorized Officer at the closing thereof pursuant to Article V hereof;
  - (4) the Bond Payment Dates and the date of maturity and amounts of maturity of Series 2025 Bonds shall be determined by an Authorized Officer at the closing of such Series 2025 Bonds pursuant to Article V hereof, provided, however, no such Series 2025 Bond shall mature later than 45 years from the Date of Issue thereof;
  - (5) Series 2025 Bonds are necessary to provide funds to be used and expended for purposes set forth in Section 4.01(A) of the Master Bond Resolution, as such purposes are particularly described at Sections 1.01 and 4.02 hereof;
  - (6) the title and designation of the Series 2025 Bonds shall be as set forth at Section 4.01 hereof or as otherwise determined by an Authorized Officer pursuant to Article V hereof;
  - (7) Series 2025 Bonds shall be sold in accordance with Article VIII hereof;
  - (8) the initial maturity of the Series 2025 Bonds shall be numbered R-1 and any other Series 2025 Bonds thereafter shall be sequentially numbered "R- " thereafter, and shall be issued in denominations of \$5,000 or any integral multiple thereof in one or more Series in the denomination of the principal amount of such Series of Series 2025 Bonds;
  - (9) the date or dates of maturity and amounts of maturity of Series 2025 Bonds shall be determined by an Authorized Officer at the closing of such Series 2025 Bonds pursuant to Article V hereof;
  - (10) Series 2025 Bonds shall bear interest at rates as determined by an Authorized Officer through the sale procedures of Article VIII hereof, and the Issuer will not enter into any interest rate swap or similar transaction with respect to the Series 2025 Bonds;



- (11) the Record Date shall be determined by an Authorized Officer at the closing of such Series 2025 Bonds pursuant to Article V hereof;
- (12) the redemption prices and dates applicable to any Series of Series 2025 Bonds shall be as determined by an Authorized Officer at the closing of such Series 2025 Bonds pursuant to Article V hereof;
- (13) The Bank of New York Mellon Trust Company, N.A. (the “*Trustee*”) shall serve as Trustee, Paying Agent, and Registrar for the Series 2025 Bonds;
- (14) Series 2025 Bonds may be issued as either Serial Bonds or Term Bonds (with appropriate mandatory redemption provisions), as determined by an Authorized Officer pursuant to Article V hereof;
- (15) No other applicable redemption requirements for the Series 2025 Bonds are imposed hereby
- (16) Series 2025 Bonds shall be in the form as provided at Section 4.09 hereof and Exhibit A hereof, with such revisions as may be approved by an Authorized Officer pursuant to Article V hereof upon the advice of Bond Counsel, the execution thereof being conclusive evidence of such approval;
- (17) no 2025 Debt Service Reserve Fund is contemplated to be established in connection with the Series 2025 Bonds, and thus no Reserve Requirement is anticipated to be established, however if the Authorized Officer determines that a Debt Service Reserve Fund shall assist the Issuer in obtaining more advantageous terms, he may establish both a Debt Service Reserve Fund and establish a Reserve Requirement to be met from proceeds of the Series 2025 Bonds or available funds of the Issuer;
- (18) the proceeds of Series 2025 Bonds shall be applied as set forth at Article VII hereof;
- (19) the Issuer estimates that the cost of the Project to be funded with the Series 2025 Bonds, exclusive of financing and related costs, will not exceed \$10,000,000.

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## ARTICLE II

### DEFINITIONS AND CONSTRUCTION

#### Section 2.01 Definitions.

(a) Except as provided in subsection (b) below, all capitalized terms which are defined in Section 2.02 of the Master Bond Resolution shall have the meanings given the same in this 2025 Series Resolution.

(b) As used in this 2025 Series Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“**2025 Project Fund**” means the fund of that name created at Section 7.02 hereof.

“**2025 Debt Service Fund**” means the fund of that name created at Section 4.06 hereof pursuant to Section 7.03 of the Master Bond Resolution.

“**2025 Series Resolution**” has the meaning ascribed thereto in Section 1.01 hereof.

“**Authorized Officer**” means the Chairman, the Secretary, the Executive Director, Chief Financial Officer or any temporary, or interim holder of the foregoing offices or positions, and other officers or employees of the Issuer designated from time to time as such by the Issuer by resolution or ordinance; each person listed above, or designated from time to time as an Authorized Officer, may act individually as the Authorized Officer or on behalf of the Authorized Officers.

“**BAN Act**” means Title 11, Chapter 17 of the South Carolina Code.

“**Book-Entry System**” means, with respect to the Series 2025 Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Series 2025 Bonds may be transferred only through a book-entry, and (ii) physical Series 2025 Bonds in fully registered form are registered only in the name of a Securities Depository or its Securities Depository Nominee. The book-entry maintained by the Securities Depository is the record that identifies the owners of participatory interests in the Series 2025 Bonds, when subject to the Book-Entry System.

“**Capitalized Interest**” shall mean with respect to the interest due or to become due on the Bonds during the Capitalized Interest Period, all or part of which is expected to be paid from the proceeds of the Series 2025 Bonds.

“**Capitalized Interest Period**” shall mean the period of time beginning from the Date of Issue of the Series 2025 Bonds through such date as may be determined by an Authorized Officer.

“**DTC**” means The Depository Trust Company, New York, New York.

“**Governmental Unit**” means a state or local governmental unit within the meaning of Section 141(b) of the Code.

**“Nongovernmental Person”** means any Person other than a Governmental Unit.

**“Person”** means firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

**“Project”** means the project defined at Section 1.01(e) hereof.

**“Rule 15c2-12”** means United States Securities and Exchange Commission Rule 15c2-12, as amended.

**“Securities Depository”** shall mean DTC, or another recognized securities depository selected by the Issuer, which securities depository maintains a Book-Entry System in respect of the Series 2025 Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

**“Securities Depository Nominee”** shall mean, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Registrar the Series 2025 Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System. Cede & Co. shall serve as the initial Securities Depository Nominee hereunder.

**“Serial Bonds”** shall mean any Series 2025 Bonds which are stated to mature in installments and for which there are no mandatory sinking fund provisions.

**“Series 2025 Bonds”** means the one or more Series of Bonds authorized and designated by Section 4.01 of this 2025 Series Resolution.

**“Series 2025 Note”** means the one or more bond anticipation notes authorized and designated by Section 9.01 of this 2025 Series Resolution.

**“South Carolina Code”** shall mean the Code of Laws of South Carolina 1976, as from time to time amended.

**“Taxable Bonds”** has the meaning given such term in Section 10.01(g) hereof.

**“Term Bonds”** shall mean any of the Series 2025 Bonds which are stated to mature in a single year and which are subject to mandatory sinking fund redemption prior to the stated maturity date.

Section 2.02 Authority for this 2025 Series Resolution; Article Ends.

This 2025 Series Resolution is adopted as a “Series Resolution” pursuant to the provisions of the Master Bond Resolution. Three asterisks mark the end of each Article of this Series Resolution.

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**ARTICLE III**

**USEFUL LIFE**

Section 3.01 Determination of the Useful Life of the System.

The period of usefulness of the System is hereby determined to be not less than 45 years.

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## ARTICLE IV

### AUTHORIZATION AND TERMS OF THE SERIES 2025 BONDS

#### Section 4.01 Principal Amount; Designation of Series 2025 Bonds.

(a) Pursuant to the provisions of the Master Bond Resolution, the Series 2025 Bonds of the Issuer, entitled to the benefits, protection, and security of the provisions of the Master Bond Resolution, are hereby authorized in the aggregate principal amount of not exceeding \$10,000,000; such Series of Bonds so authorized shall be designated as the “Georgetown County Water and Sewer District, South Carolina Water and Sewer System Revenue Bonds, Series 2025,” and shall bear a numeric or alphanumeric Series designation as may be necessary to distinguish them from the Bonds of every other Series, and shall designate the year in which the Series is issued. The Series 2025 Bonds may be sold as a single Series or from time to time as multiple Series bearing any such designation as appropriate. References herein to the Series 2025 Bonds shall include all Series of Bonds authorized by this 2025 Series Resolution. As authorized by Section 10.01(g) hereof, any Series of the Series 2025 Bonds may be issued as Taxable Bonds and in such event it shall bear an appropriate designation so as to distinguish its tax status.

(b) Should the Series 2025 Bonds not be issued in calendar year 2025, the designation for the Series 2025 Bonds and all other references to “2025” recited herein shall be changed to appropriately reflect the year of such actual issuance. References herein to the Series 2025 Bonds shall include all Series of Bonds authorized hereunder.

#### Section 4.02 Purposes of the Series 2025 Bonds.

The Series 2025 Bonds are authorized for the principal purposes of:

- (1) defraying or reimbursing the costs of the Project;
- (2) providing funds for the payment of interest on the Series 2025 Bonds during the Capitalized Interest Period, if any; and
- (3) paying costs of issuance of the Series 2025 Bonds, including the costs of any credit enhancement premiums therefor.

#### Section 4.03 Date of Issue; Interest Rates; Maturity; Redemption.

(a) The Date of Issue of each Series of Series 2025 Bonds shall be the date of delivery thereof, subject to an alternate designation by the Authorized Officer pursuant to Article V hereof. Series 2025 Bonds shall mature on such dates and in such principal amounts, and shall bear interest at such rates, not to exceed 6.00% per annum, as may be determined by an Authorized Officer pursuant to Article V hereof, provided that the final maturity of any Series of Series 2025 Bonds shall not extend beyond June 1, 2055. Series 2025 Bonds shall mature as Serial Bonds or Term Bonds, with such mandatory sinking fund installments as are set forth in a schedule approved by the Authorized Officer prior to or simultaneously with the issuance of such Series 2025 Bonds.

(b) Interest on any Series of Series 2025 Bonds shall be payable on such Bond Payment Dates as are determined by the Authorized Officer pursuant to Article V hereof. Such interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Consistent with the terms of the Master Bond Resolution, the Record Dates for the payment of interest on Series 2025 Bonds shall be the 15th day of the month prior to each Bond Payment Date.

(c) Series 2025 Bonds may be subject to redemption prior to maturity, upon such terms and conditions, and at such redemption prices, as may be established by an Authorized Officer pursuant to Article V hereof, prior to or simultaneously with the issuance of the applicable Series of Series 2025 Bonds.

#### Section 4.04 Authentication; Payment of Series 2025 Bonds.

(a) The Series 2025 Bonds shall be authenticated by the Registrar on or before such date as it shall, in each case, be delivered. Each of the Series 2025 Bonds shall bear interest from its respective Date of Issue if no interest has yet been paid; otherwise from the last date to which interest has been paid and which date is on or prior to the date of authentication of such Series 2025 Bonds.

(b) The interest on the Series 2025 Bonds shall be paid by check or draft mailed from the office of the Trustee to the person in whose name each of the Series 2025 Bonds is registered at the close of business on the Record Date; provided, however, that any Holder of such Series 2025 Bonds in the aggregate principal amount of \$1,000,000 or more may request (in writing, delivered to the paying agent at least 20 days prior to the applicable Bond Payment Date) that interest payments be made by wire transfer to such Holder at an account maintained by a financial institution located in the continental United States specified in such request.

(c) Presentment of the Series 2025 Bonds for payment shall not be required, except for the final payment of the principal and interest thereon or upon such other condition or indicia of satisfaction as may be mutually agreed upon by the Issuer and the Holder of such Series 2025 Bonds, notice of which shall be provided to the Trustee in advance of such final payment.

#### Section 4.05 Denomination of the Series 2025 Bonds.

(a) Series 2025 Bonds shall be issued in denominations of \$5,000 or any multiple thereof. Each Series 2025 Bond shall be numbered by the Trustee in such a fashion as to reflect the fact that it is one of the Series 2025 Bonds, and to identify the owner thereof on the books kept by the Registrar. The initial maturity of the Series 2025 Bonds shall be numbered R-1, and thereafter sequentially "R-" numbered for identification.

(b) As necessary for the marketability and sale of the Series 2025 Bonds, the Authorized Officer may determine to authorize any Serial Bonds to be issued with split serial maturities. However, the preference is given for each separate maturity to have the same single rate of interest for each Series 2025 Bond of that maturity.

Section 4.06 Establishment of 2025 Debt Service Fund.

In accordance with Section 7.03 of the Master Bond Resolution, the Trustee is hereby directed to establish the 2025 Debt Service Fund on the Date of Issue of the Series 2025 Bonds for the benefit of the Holders of the Series 2025 Bonds. In the event that more than one Series of Bonds is issued pursuant to the terms of this 2025 Series Resolution, separate Debt Service Funds shall be established for each such Series.

Section 4.07 Debt Service Reserve Fund.

In accordance with Section 7.05 of the Master Bond Resolution and the terms hereof, if an Authorized Officer determines that the 2025 Debt Service Reserve Fund is necessary and desirable, he shall direct the Trustee in writing to establish such 2025 Debt Service Reserve Fund. If established, the 2025 Debt Service Reserve Fund shall be maintained by the Trustee in accordance with the provisions of the Master Bond Resolution in an amount equal to the Reserve Requirement, as may be determined by an Authorized Officer in accordance with Article V hereof.

Section 4.08 Appointment of Trustee, Paying Agent and Registrar.

The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Trustee, Paying Agent, and Registrar under the Master Bond Resolution and this 2025 Series Resolution. The Trustee shall signify its acceptance of the duties of Trustee, Paying Agent, and Registrar upon delivery of the Series 2025 Bonds. The Issuer shall pay to the Trustee from time to time reasonable compensation based on the then-standard fee schedule of such parties for all services rendered under the Master Bond Resolution and this 2025 Series Resolution, and also all reasonable expenses, charges, counsel fees, costs and expenses, and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Master Bond Resolution and this 2025 Series Resolution.

The Series 2025 Bonds shall be presented for registration of transfers and exchanges and notices and demands to or upon the Trustee and the Issuer in respect of the Series 2025 Bonds shall be served, at the corporate trust office of the Trustee.

The Trustee (or any affiliate thereof which holds the funds and accounts hereunder as depository on behalf of the Trustee) shall be a member of the Federal Deposit Insurance Corporation (the “*FDIC*”) and shall remain such a member throughout the period during which it shall act as Trustee, Paying Agent, and Registrar. The Trustee, in its capacity as Trustee, Paying Agent, and Registrar, shall accept its appointment by a written instrument embodying its agreement to remain, or maintain an affiliate that serves as depository that is, a member of the FDIC. Unless the same be secured as trust funds in the manner provided by the applicable regulations of the Comptroller of the Currency of the United States of America, and unless otherwise provided for in the Master Bond Resolution and in this 2025 Series Resolution, all moneys in the custody of the Trustee (or such affiliate thereof) in excess of the amount of such deposit insured by the FDIC shall be secured in Authorized Investments at the written direction of the Authorized Officer that are at least equal to the sum on deposit and not insured by the FDIC.



Section 4.09 Form of Series 2025 Bonds.

Series 2025 Bonds, together with the certificate of authentication, certificate of assignment and/or statement of insurance, if any, are to be in substantially the form attached hereto as Exhibit A with such necessary and appropriate variations, omissions and insertions as permitted or required upon advice of Bond Counsel and as determined by an Authorized Officer, or as otherwise authorized by the Master Bond Resolution or this 2025 Series Resolution. The execution of Series 2025 Bonds shall constitute conclusive evidence of the approval of any changes to the form of any Series 2025 Bond.

Section 4.10 Book-Entry System.

Pursuant to Section 4.19 of the Master Bond Resolution, any Series of Series 2025 Bonds may be held under a Book-Entry System of a securities depository as determined pursuant to Article V hereof.

(a) Notwithstanding anything to the contrary herein, so long as the Series 2025 Bonds are being held under a Book-Entry System of a Securities Depository, transfers of beneficial ownership of the Series 2025 Bonds will be effected pursuant to rules and procedures established by such Securities Depository. If held under a Book-Entry System, the initial securities depository for the Series 2025 Bonds will be DTC. DTC and Cede & Co., and any-successor securities depositories and successor securities depository nominees, are hereinafter referred to as the “Securities Depository” and “Securities Depository Nominees,” respectively.

(b) As long as a Book-Entry System is in effect for the Series 2025 Bonds, the Securities Depository Nominee will be recognized as the Holder of the Series 2025 Bonds for the purposes of: (i) paying the Principal Installments, interest, and redemption price, if any, on such Series 2025 Bonds, (ii) selecting the portions of such Series 2025 Bonds to be redeemed, if Series 2025 Bonds are to be redeemed in part, (iii) giving any notice permitted or required to be given to Bondholders under this 2025 Series Resolution, (iv) registering the transfer of Series 2025 Bonds, and (v) requesting any consent or other action to be taken by the Holders of such Series 2025 Bonds, and for all other purposes whatsoever, and the Issuer shall not be affected by any notice to the contrary.

(c) The Issuer shall not have any responsibility or obligation to any participant, any beneficial owner or any other person claiming a beneficial ownership in any Series 2025 Bonds which are registered to a Securities Depository Nominee under or through the Securities Depository with respect to any action taken by the Securities Depository as Holder of such Series 2025 Bonds.

(d) The Paying Agent shall pay all Principal Installments, interest and redemption price, if any, on Series 2025 Bonds issued under a Book-Entry System, only to the Securities Depository or the Securities Depository Nominee, as the case may be, for such Series 2025 Bonds, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the Principal Installments of, interest on, and redemption price, if any, of such Series 2025 Bonds.

(e) In the event that the Issuer determines that it is in the best interest of the Issuer to discontinue the Book-Entry System of transfer for the Series 2025 Bonds, or that the interests of the beneficial owners of the Series 2025 Bonds may be adversely affected if the Book-Entry System is continued, then the Issuer shall notify the Securities Depository of such determination. In such event, the Registrar shall authenticate, register, and deliver physical certificates for the Series 2025 Bonds in exchange for the Series 2025 Bonds registered in the name of the Securities Depository Nominee. Prior to any transfer of the Series 2025 Bonds that is outside of a Book-Entry System (including, but not limited to, the initial transfer outside of a Book-Entry System) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(f) In the event that the Securities Depository for the Series 2025 Bonds discontinues providing its services, the Issuer shall either engage the services of another Securities Depository or arrange with the Registrar for the delivery of physical certificates in the manner described in subsection (e) above.

(g) In connection with any notice or other communication to be provided to the Holders of Series 2025 Bonds by the Issuer or by the Registrar with respect to any consent or other action to be taken by the Holders of Series 2025 Bonds, the Issuer or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository Nominee notice of such record date not less than 15 days in advance of such record date to the extent possible.

(h) At the closing of any Series 2025 Bonds and the delivery of the same to the purchaser thereof through the facilities of DTC, the Registrar may maintain custody of Bond certificates on behalf of DTC in accordance with DTC's "FAST" closing procedures.

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## ARTICLE V

### CERTAIN DELEGATIONS AND AUTHORIZATIONS

#### Section 5.01 Certain Delegations.

The Issuer hereby expressly delegates to the Authorized Officer the authority, with respect to the Series 2025 Bonds, to determine, in connection with any Series of Series 2025 Bonds issued hereunder:

- (1) whether to issue the Series 2025 Bonds as a single Series or from time to time in several Series;
- (2) the manner of sale of such Series 2025 Bonds in accordance with Article VIII hereof;
- (3) whether to create and distribute preliminary and final Official Statements in connection with the issuance of such Series 2025 Bonds;
- (4) the award, or selection of underwriter, of such Series 2025 Bonds in accordance with Article VIII hereof;
- (5) the final form of such Series 2025 Bonds, whether to modify the Series designation in accordance with Section 4.01 hereof, and the exact principal amount of any Series of such Series 2025 Bonds, provided that the aggregate principal amount of all Series 2025 Bonds shall not exceed \$10,000,000;
- (6) whether and the extent to which such Series of Series 2025 Bonds shall be issued as Term Bonds or Serial Bonds, or some combination thereof;
- (7) the Date of Issue, Bond Payment Dates, rate or rates of interest obtained using the sale procedures of Article VIII hereof, the maturity schedule, and the final maturity of each Series of Series 2025 Bonds, provided, however, that no Series 2025 Bonds shall mature later than June 1, 2055;
- (8) whether any Series of the Series 2025 Bonds shall be subject to optional or mandatory redemption prior to maturity, and if so, the redemption provisions and redemption prices applicable thereto;
- (9) whether such Series 2025 Bonds shall be issued in book-entry form and held under a Book-Entry System as permitted by Section 4.18 of the Master Bond Resolution and as further described in Section 4.10 hereof;
- (10) whether to use bond insurance or other forms of credit enhancement, and if so, to make appropriate arrangements therefor;

- (11) whether to establish a Reserve Requirement for such Series 2025 Bonds and to establish a 2025 Debt Service Reserve Fund in accordance with Section 4.07 hereof;
- (12) whether one or more Series of the Series 2025 Bonds will be designated as “qualified tax-exempt obligations” pursuant to the Code;
- (13) whether such Series 2025 Bonds (or any Series thereof) shall be issued as a Taxable Bond;
- (14) the form of any Continuing Disclosure Undertaking (as defined herein), and any continuing financial and operating disclosures associated therewith under Section 10.02 hereof; and
- (15) such other matters regarding the Series 2025 Bonds as are necessary or appropriate to effect the issuance and sale thereof.

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## ARTICLE VI

### EXECUTION; NO RECOURSE

#### Section 6.01 Execution of the Series 2025 Bonds.

The Series 2025 Bonds shall be executed and attested by the Chairman and the Secretary, respectively, in accordance with the applicable provisions of the Master Bond Resolution; however, in the absence of the Chairman or the Secretary for any reason, an Authorized Officer shall be authorized to either execute the Series 2025 Bonds or attest to the execution of the Series 2025 Bonds on behalf of the absent party; however, in no event shall the same Authorized Officer be permitted to both execute and attest to the Series 2025 Bonds. If acting on behalf of an absent person, such Authorized Officer shall be authorized to execute, sign, certify or attest any documentation otherwise required of the Chairman or Secretary respecting the issuance and delivery of the Series 2025 Bonds.

Facsimiles or electronic signatures by the Chairman or the Secretary, or any Authorized Officer are expressly authorized and permitted with respect to the Series 2025 Bonds and all closing documents and certificates associated therewith.

#### Section 6.02 No Recourse on the Series 2025 Bonds.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Master Bond Resolution or in this 2025 Series Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not those of any officer or employee of the Issuer 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 2025 Bonds or for any claim based thereon or on the Master Bond Resolution or on this 2025 Series Resolution, either jointly or severally, against any officer or employee of the Issuer or any person executing the Series 2025 Bonds.

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**ARTICLE VII**

**APPLICATION OF BOND PROCEEDS**

Section 7.01 Use and Disposition of Bond Proceeds.

Upon the delivery of any Series 2025 Bonds and receipt of the proceeds thereof, net of underwriter’s discount or premium, such funds shall be disbursed as follows:

- (1) if an Authorized Officer determines to fund the 2025 Debt Service Reserve Fund, the sum require to the Reserve Requirement (as determined by an Authorized Officer in accordance with the Code), whether by cash or payment of the premium of an available credit facility, shall be deposited or credited, as applicable, to the 2025 Debt Service Reserve Fund;
- (2) the sum necessary to pay Capitalized Interest, if any, on the Series 2025 Bonds during the Capitalized Interest Period shall be deposited into the 2025 Capitalized Interest Account (described below); and
- (3) the remaining net proceeds shall be deposited in the 2025 Project Fund and used to defray the costs of the Project and the costs of issuance of the Series 2025 Bonds, including the costs of any credit enhancement premiums therefor.

Section 7.02 Establishment of 2025 Project Fund; 2025 Cost of Issuance Account; 2025 Capitalized Interest Account; Excess Funds.

(a) There is hereby established the 2025 Project Fund, and within such fund there may be additionally created “2025 Costs of Issuance Account” and a “2025 Capitalized Interest Account”. If Capitalized Interest is not funded with the proceeds of the Series 2025 Bonds, no 2025 Capitalized Interest Account shall be created.

(b) There shall be paid into the 2025 Project Fund the sums prescribed by paragraph (3) of Section 7.01 hereof. The 2025 Project Fund shall be held and controlled by the Issuer in compliance with the provisions of the Code. Moneys held in the 2025 Project Fund, including all subaccounts thereunder, shall be invested and reinvested at the written direction of the Authorized Officer in Authorized Investments. If there are any funds remaining in the 2025 Project Fund, including any subaccounts thereunder, upon completion of the Project, such funds shall be transferred to the 2025 Debt Service Fund and used to pay principal of and interest on the Series 2025 Bonds as the same come due. Notwithstanding the foregoing, at the end of the Capitalized Interest Period, any moneys remaining in the 2025 Capitalized Interest Account shall be transferred to the 2025 Debt Service Fund.

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**ARTICLE VIII**  
**SALE OF BONDS**

Section 8.01      Sale of Bonds.

The Series 2025 Bonds may be sold on a competitive basis as set forth at Section 8.02 hereof, or on a negotiated basis as set forth at Section 8.03 hereof, as determined by an Authorized Officer.

Section 8.02      Competitive Sale.

The Series 2025 Bonds may be sold at a date and time certain after public notice thereof. Bids may be received at such time and date and in such manner as determined by an Authorized Officer. Unless all bids are rejected, the award of the Series 2025 Bonds may be made by an Authorized Officer to the bidder offering the most advantageous terms to the Issuer, with the basis of such award and the date and time certain for opening bids to be set forth in a request for proposals used in connection with the sale of the Series 2025 Bonds (the “**RFP**”).

Any Series of Series 2025 Bonds sold on a competitive sale basis may be sold pursuant to either of the following methods as determined by an Authorized Officer:

(a)      *Competitive Direct Placement.* Any Series 2025 Bonds may be sold to an institution or institutions as a single instrument as a means of making a commercial loan (a “**Direct Placement Purchaser**”). An Authorized Officer is authorized to distribute the RFP to prospective purchasers of Series 2025 Bonds and award such Series 2025 Bonds to a Direct Placement Purchaser on the basis of the terms and conditions contained therein. Such Series 2025 Bonds shall be issued as a single Bond (or separate single Bonds if the Series 2025 Bonds are sold in multiple Series), without CUSIP identification (unless otherwise agreed by the Direct Placement Purchaser and an Authorized Officer on behalf of the Issuer), and shall not be issued in book-entry-only form. No official statement shall be prepared in connection with the sale of such Series 2025 Bonds; however, a limited offering memorandum may be prepared upon the advice of the Financial Advisor (as defined herein). The Direct Placement Purchaser of any such Series 2025 Bonds shall execute an investor letter to the Issuer acknowledging its purchase of such Series 2025 Bonds as a means of making a commercial loan.

(b)      *Competitive Public Offering.* Any Series 2025 Bonds may be sold in the public capital markets to an underwriter for the purpose of reselling such Series 2025 Bonds. In such case, the Issuer hereby authorizes an Authorized Officer to prepare, or cause to be prepared, a preliminary official statement and distribute the preliminary official statement and the RFP (or official notice of sale) to prospective purchasers of Series 2025 Bonds. The Issuer authorizes an Authorized Officer to designate the preliminary official statement as “final” for purposes of Rule 15c2-12. The Authorized Officer is further authorized to see to the completion of the final form of the official statement upon the sale of such Series 2025 Bonds so that it may be provided to the underwriter of such Series 2025 Bonds. The execution and delivery of the final official statement by an Authorized Officer shall constitute conclusive evidence of the Issuer’s approval thereof. In

connection with any Competitive Public Offering, an Authorized Officer is authorized to perform all actions necessary to comply with Rule 15c2-12 and any other applicable securities laws.

Section 8.03      Negotiated Sale.

Any Series 2025 Bonds sold on a negotiated basis may be sold pursuant to either of the following methods as determined by an Authorized Officer:

(a) *Negotiated Direct Placement.* Any Series 2025 Bonds may be sold to a Direct Placement Purchaser as a means of making a commercial loan pursuant to negotiation, with or without providing for distribution of an RFP. In such case, the Issuer authorizes an Authorized Officer to solicit, or cause to be solicited, financing proposals from prospective purchasers of Series 2025 Bonds and award the Series 2025 Bonds after negotiation with prospective purchasers. Such Series 2025 Bonds shall be issued as a single Series (or separate single Bonds if the Series 2025 Bonds are sold in multiple Series), without CUSIP identification (unless otherwise agreed by the Direct Placement Purchaser and an Authorized Officer on behalf of the Issuer). The Direct Placement Purchaser of such Series 2025 Bonds shall execute an investor letter to the Issuer acknowledging its purchase of the Series 2025 Bonds as a means of making a commercial loan.

(b) *Negotiated Public Offering.* Any Series 2025 Bonds may be sold to an underwriter pursuant to the terms of a bond purchase agreement for resale in the public capital markets. The underwriter shall be selected by the Authorized Officer upon the advice of the Financial Advisor and the bond purchase agreement shall be executed by an Authorized Officer upon advice of Bond Counsel and the Financial Advisor. The execution of the bond purchase agreement by such Authorized Officer shall constitute conclusive evidence of his or her approval thereof. In such case, the Issuer hereby authorizes an Authorized Officer to prepare, or cause to be prepared, a preliminary official statement and authorize the distribution of the preliminary official statement by the underwriter. The Issuer authorizes an Authorized Officer to designate the preliminary official statement as “final” for purposes of Rule 15c2-12. Such Authorized Officer is further authorized to see to the completion of the final form of the official statement upon the sale of such Series 2025 Bonds so that it may be provided to the underwriter. The execution and delivery of the final official statement by an Authorized Officer shall constitute conclusive evidence of the Issuer’s approval thereof. In connection with any Negotiated Public Offering, an Authorized Officer is authorized to perform all actions necessary to comply with Rule 15c2-12 and any other applicable securities laws.

Section 8.04      Certain Financial Information to be Provided to Purchaser.

As requested by a Direct Placement Purchaser of the Series 2025 Bonds, the Issuer may furnish, or agree or arrange to provide, financial information related to or affecting the System as the Direct Placement Purchaser may reasonably request or require, and as may be agreed upon between such Direct Placement Purchaser and the Issuer. Upon reasonable notice, the Issuer shall permit any Holder of the Series 2025 Bonds, or its agents and representatives, to inspect during regular business hours the Issuer’s books and records relating to or affecting the System and to make extractions therefrom.

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## ARTICLE IX

### SERIES 2025 NOTES

#### Section 9.01 Authority to Issue Series 2025 Note.

(a) If the Authorized Officer should determine that issuance of a Series 2025 Note, in one or more series, pursuant to the BAN Act would be in the best interest of the Issuer, upon the advice of the Financial Advisor, the Authorized Officer is hereby directed and authorized to effect the issuance of a Series 2025 Note pursuant to the BAN Act. If a Series 2025 Note is issued and if, upon the maturity thereof the Authorized Officer should determine that renewal or refunding of any Series 2025 Note would be in the best interest of the Issuer, the Authorized Officer is directed and authorized to continue the renewal or refunding of the Series 2025 Note until the Authorized Officer determines to issue Series 2025 Bonds on the basis as aforesaid, and such Series 2025 Bonds are issued. However, in no event shall the Series 2025 Note or any renewal or refunding notes issued hereunder be issued more than four times under the terms and provisions of this 2025 Series Resolution. Notwithstanding anything in the 2025 Series Resolution to the contrary, all references in this 2025 Series Resolution to Series 2025 Note shall, as the context may require, be read as referring to the any applicable renewal or refunding notes.

(b) The aggregate stated principal amount of all Series 2025 Notes outstanding from time to time shall not exceed \$10,000,000.

(c) The proceeds of any Series 2025 Note issued hereunder shall be applied for the purpose for which proceeds of the Series 2025 Bonds may be applied pursuant to Section 7.01 hereof, to provide for the renewal or refunding of any Series 2025 Note, or to provide for the costs of issuance thereof, or any combination thereof.

#### Section 9.02 Details of Series 2025 Note.

Subject to changes in terms required for any particular issue of Series 2025 Notes (to include date changes to denote the applicable calendar year of issuance), a Series 2025 Note and additional series thereof, if any, shall be subject to the following particulars:

(a) Series 2025 Notes shall be dated and bear interest either from the original date of deliver thereof or in such manner as shall be determined by the Authorized Officer; shall be payable upon the stated maturity thereof at the interest rate or rates determined by the Authorized Officer in the manner prescribed by Sections 9.02(c) or 9.02(d) below on the basis determined by an Authorized Officer; and shall mature on such date, not to exceed one year from the date of delivery thereof. Series 2025 Notes may be issued as draw-down obligations, in which event interest shall accrue and be payable thereon based on the dates of and principal amounts advanced.

(b) Series 2025 Notes shall be numbered from R-1 upwards for each issue and shall be in the denomination of \$1,000 or any integral multiple thereof requested by the purchaser thereof or as may be specified by the Authorized Officer. The Authorized Officer shall determine the paying agent and registrar for any Series 2025 Note, if any, prior to the sale thereof. Series 2025 Notes shall be payable, both as to principal and interest, in legal tender upon maturity.

(c) Series 2025 Notes shall bear such rate or rates of interest as shall at the sale of Series 2025 Note referred to in Section 9.02(d) hereof be determined by the Authorized Officer to be in the best interest of the Issuer; provided, however, that:

- (1) the interest rate named shall be expressed multiples of 1/20th or 1/8th of 1.00%;
- (2) all other restrictions as may be imposed by the Authorized Officer prior to the sale of the Series 2025 Note that are deemed to be in the best interest of the Issuer shall apply; and
- (3) a zero (0.0) percentage point rate is prohibited;
- (4) no rate of interest shall exceed 6.00% per annum.

(d) In the discretion of the Authorized Officer, Series 2025 Notes may be sold at a time certain after public notice or through negotiation.

(e) Series 2025 Notes shall be sold as tax-exempt obligations pursuant to the Code, subject to the tax covenants set forth at Section 10.01 hereof, unless the Authorized Officer determines, upon the advice of Bond Counsel, to issue such Series 2025 Note as a taxable obligation.

(f) Series 2025 Notes shall be issued in fully registered form, in substantially the form attached hereto as Exhibit B, provided, however, that such form may be substantially revised upon advice of Bond Counsel to achieve the objectives of the Issuer as determined by the Authorized Officer, including any modification to accommodate a draw-down structure. Each series of the Series 2025 Notes shall state on their face that they are issued in anticipation of the issuance of the Series 2025 Bonds and are payable, both as to principal and interest, from the proceeds thereof.

(g) In the event any Series 2025 Note is mutilated, lost, stolen or destroyed, the Issuer may execute a new Series 2025 Note of like date and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Series 2025 Note, such mutilated Series 2025 Note shall first be surrendered to the Issuer or to its designated agent, and in the case of any lost, stolen or destroyed Series 2025 Note, there shall be first furnished to the Issuer or its agent evidence of such loss, theft or destruction satisfactory to the Issuer or its agent, together with indemnity satisfactory to it; provided that, in the case of a holder which is a bank or insurance company, the agreement of such bank or insurance company to indemnify shall be sufficient. In the event any such Series 2025 Note shall have matured, instead of issuing a duplicate Series 2025 Note, the Issuer may pay the same without surrender thereof. The Issuer or its agent may charge the holder of such Series 2025 Note with its reasonable fees and expenses in this connection.

(h) Any Series 2025 Note issued in fully-registered form shall be transferable only upon the books of registry of the Issuer, which shall be kept for that purpose at the office of the registrar (the "**Note Registrar**"), by the registered owner thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Note Registrar, duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any Series 2025 Note, the Note Registrar shall issue, subject to the provisions of Paragraph (i) below, in the name of the transferee, a new Series 2025 Note or Series 2025 Notes

of the same aggregate principal amount as the unpaid principal amount of the surrendered Series 2025 Note or Series 2025 Notes. Any holder of a Series 2025 Note in fully registered form requesting any transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Series 2025 Note in fully registered form, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal and interest of any Series 2025 Note in fully-registered form shall be made only to or upon the order of the registered holder thereof, or his duly authorized attorney, and the Issuer, the Note Registrar shall not be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2025 Note to the extent of the sum or sums so paid.

(i) Any Series 2025 Note issued in fully-registered form, upon surrender thereof at the office of the Note Registrar, with a written instrument of transfer satisfactory to the Note Registrar, duly executed by the holder of the Series 2025 Note or his duly authorized attorney, may, at the option of the holder of the Series 2025 Note, and upon payment by such holder of any charges which the Issuer or the Note Registrar may make as provided in Paragraph (j) below, be exchanged for a principal amount of Series 2025 Note in fully-registered form of any other authorized denomination equal to the unpaid principal amount of surrendered Series 2025 Note.

(j) In all cases in which the privilege of exchanging or transferring Series 2025 Note in fully registered form is exercised, the Issuer shall execute and deliver a Series 2025 Note in accordance with the provisions hereof. All Series 2025 Notes in fully-registered form surrendered in any such exchanges or transfers shall forthwith be cancelled by the Issuer. There shall be no charge to the holder of such Series 2025 Note for such exchange or transfer of a Series 2025 Note in fully registered form except that the Issuer and Note Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(k) The Authorized Officer, in his discretion and on advice received, shall determine whether the Series 2025 Note shall be subject to redemption prior to maturity at the option of the Issuer, including applicable redemption dates and prices. In the event that the Issuer shall elect to redeem a Series 2025 Note, it shall give notice to the Note Registrar and paying agent, if any, of such optional redemption. Such notice shall specify the date fixed for redemption.

(l) To the extent the Issuer has not issued and does not intend to issue tax-exempt obligations in calendar year 2025 or any subsequent year to which such designation may apply, which together with the Series 2025 Note do not add up to more than \$10,000,000 in the aggregate, the Series 2025 Note is hereby accordingly designated a “qualified tax-exempt obligation” in accordance with Section 265(b)(3) of the Code.

### Section 9.03 Security for Series 2025 Note.

The Issuer hereby obligates itself to issue the Series 2025 Bonds in an amount and in time sufficient to pay the principal of and interest on any Series 2025 Note. For the payment of any Series 2025 Note, there are hereby pledged the proceeds derived from the sale of the Series 2025 Bonds issued pursuant to this 2025 Series Resolution or if such Series 2025 Bonds are not issued prior to the maturity of any Series 2025 Note, from the sale, issuance and delivery of renewal or

refunding Series 2025 Note. The proceeds of such Series 2025 Bonds, when received by the Issuer, shall be applied first to the payment of principal of and interest on any Series 2025 Notes. The Issuer shall either issue such Series 2025 Bonds and apply the proceeds to the redemption of any Series 2025 Notes or shall provide funds therefor from other sources, including the issuance of renewal or refunding Series 2025 Notes.

\* \* \*

## ARTICLE X

### TAX AND DISCLOSURE COVENANTS

#### Section 10.01 Tax Covenants.

(a) *General Tax Covenant.* The Issuer will comply with all requirements of the Code in order to preserve the tax-exempt status of the Series 2025 Bonds, including without limitation, (i) the requirement to file Form 8038-G, *Information Return for Tax-Exempt Governmental Bonds*, with the Internal Revenue Service, and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code. In this connection, the Issuer covenants to execute any and all agreements or other documentation as it may be advised by Bond Counsel will enable it to comply with this Section 10.01, including its certification on reasonable grounds that the Series 2025 Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code.

(b) *Tax Representations.* The Issuer hereby represents and covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2025 Bonds to become includable in the gross income of the Holders thereof for federal income tax purposes pursuant to the provisions of the Code and the United States Treasury Regulations (the “*Regulations*”). Without limiting the generality of the foregoing, the Issuer represents and covenants that:

- (1) All property financed or refinanced with the proceeds of the Series 2025 Bonds will be owned by the Issuer or another political subdivision of the State so long as the Series 2025 Bonds are Outstanding in accordance with the rules governing the ownership of property for federal income tax purposes.
- (2) The Issuer shall not use, and will not permit any party to use, the proceeds of the Series 2025 Bonds, or any bonds refunded thereby, in any manner that would result in (i) 10% or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any Nongovernmental Person, (ii) 5% or more of such proceeds being considered as having been used directly or indirectly in any trade or business of any Nongovernmental Person that is either “unrelated” or “disproportionate” to the governmental use of the financed facility by the Issuer or by any other Governmental Unit (as the terms “unrelated” and “disproportionate” are defined for purposes of Section 141(b)(3) of the Code) or (iii) 5% or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any Nongovernmental Person.
- (3) The Issuer is not a party to, and will not enter into or permit any other party to enter into, any contract with any person involving the management of any facility financed or refinanced with the proceeds of the Series 2025 Bonds or by notes paid by the Series 2025 Bonds that does not conform to the guidelines set forth in Revenue Procedure 2017-13, or a successor revenue procedure, Code provision or Regulations.

- (4) The Issuer will not sell, or permit any other party to sell, any property financed or refinanced with the Series 2025 Bonds to any person unless it obtains an opinion of nationally recognized bond counsel that such sale will not affect the tax-exempt status of the Series 2025 Bonds.
- (5) The Series 2025 Bonds will not be “federally guaranteed” within the meaning of Section 149(b) of the Code. The Issuer shall not enter into, or permit any other party to enter into, any leases or sales or service contract with any federal government agency with respect to any facility financed or refinanced with the proceeds of the Series 2025 Bonds and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax-exempt status of the Series 2025 Bonds.

(c) *Arbitrage Bonds, Rebate.* The Issuer covenants that no use of the proceeds of the sale of the Series 2025 Bonds shall be made which, if such use had been reasonably expected on the date of issue of such Series 2025 Bonds, would have caused the Series 2025 Bonds to be “arbitrage bonds” as defined in the Code, and to that end the Issuer shall:

- (1) comply with the applicable regulations of the Treasury Department previously promulgated under Section 103 of the Internal Revenue Code of 1954, as amended, and any regulations promulgated under the Code, so long as the Series 2025 Bonds are Outstanding;
- (2) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code and Regulations relating to required rebate of certain amounts to the United States Government;
- (3) make such reports of such information at the time and places required by the Code and Regulations; and
- (4) take such other action as may be required to assure that the tax-exempt status of the Series 2025 Bonds will not be impaired.

(d) *Tax Certificate.* An Authorized Officer is hereby authorized and directed to execute, at or prior to delivery of any Series of Bonds, a certificate or certificates specifying actions taken or to be taken by the Issuer, and the reasonable expectations of such officials, with respect to such Series of Bonds, the proceeds thereof, or the Issuer.

(e) *Bank Qualified.* The Series 2025 Bonds may be designated by the Authorized Officer pursuant to Article V hereof as “qualified tax-exempt obligations” in accordance with Section 265(b)(3)(B) of the Code.

(f) *Reimbursement Declaration.* The Issuer previously declared its intention to reimburse itself for certain costs of the Project with the proceeds of the Series 2025 Bonds or Series 2025 Note, as applicable under the terms of that certain reimbursement resolution dated February 13, 2025. The Issuer ratifies and confirms such declaration by the terms of this 2025 Series Resolution.

(g) *Taxable Bonds.* Prior to the issuance of a Series of Series 2025 Bonds, the Authorized Officer may, pursuant to Article V hereof, in consultation with Bond Counsel, designate such Series of Bonds as taxable under the Code. The election to issue a Series of Taxable Bonds shall be clearly indicated by including the phrase “Taxable Series,” or words to that effect, in the series designation of such Taxable Bonds. The above provisions of this Section 10.01 shall not be applicable to any Series of Taxable Bonds.

(h) The Trustee shall have no responsibility to monitor the Issuer’s compliance with the covenants set forth in this Section 10.01.

Section 10.02 Disclosure Covenants.

(a) The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of any continuing disclosure certificate or agreement, executed by an Authorized Officer and dated the date of delivery of the Series 2025 Bonds, which will meet the requirements, as applicable, of Section 11-1-85 of the South Carolina Code, which may require, among other things, that the Issuer file with a central repository when requested:

- (1) a copy of its annual independent audit within 30 days of its receipt and acceptance, and
- (2) event-specific information, within 30 days of an event adversely affecting more than five percent of its revenues or five percent of its tax base.

The only remedy for failure by the Issuer to comply with the covenants in this Section 10.02 shall be an action for specific performance of this covenant. The Issuer specifically reserves the right to amend this covenant to reflect any change in Section 11-1-85 of the South Carolina Code, without the consent of any Bondholder.

(b) The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of any continuing disclosure certificate, which will meet the requirements, as applicable, of Rule 15c2-12 (the “*Continuing Disclosure Undertaking*”). The Continuing Disclosure Undertaking shall be executed by an Authorized Officer and dated the date of delivery of the Series 2025 Bonds. Notwithstanding any other provision of this 2025 Series Resolution, failure of the Issuer to comply with the Continuing Disclosure Undertaking shall not be considered an event of default hereunder; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Section. The execution of the Continuing Disclosure Undertaking shall constitute conclusive evidence of the approval by the person executing the same of any and all modifications and amendments thereto. Additionally, an Authorized Officer is authorized to contract with a dissemination agent for certain dissemination services associated with the execution and delivery of the Continuing Disclosure Undertaking.

(c) In the event any Series 2025 Bonds are not sold as securities, but rather sold to a Direct Placement Purchaser as a commercial loan, no Continuing Disclosure Undertaking shall be required as to such Series 2025 Bonds, but the Issuer may covenant to provide information to the Direct Placement Purchaser as may be mutually agreed.

(d) The Trustee shall have no responsibility to monitor the Issuer's compliance with the covenants set forth in this Section 10.02.

\* \* \*



## ARTICLE XI

### MISCELLANEOUS

#### Section 11.01 Severability.

If any one or more of the covenants or agreements provided in this 2025 Series Resolution on the part of the Issuer 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 2025 Series Resolution.

#### Section 11.02 Further Action.

The Issuer authorizes the Authorized Officers to execute and sign all other documents, certificates, and agreements necessary or convenient to effect the purchase and sale of the Series 2025 Bonds.

#### Section 11.03 Professional Services.

The Issuer hereby authorizes, approves, or ratifies, as applicable, the engagement of Compass Municipal Advisors, LLC to act as Financial Advisor (the “*Financial Advisor*”) and Pope Flynn, LLC to act as Bond Counsel and disclosure counsel (if applicable) in connection with the issuance of the Series 2025 Bonds and authorizes (or ratifies, as applicable) an Authorized Officer to engage the services of such other professionals and institutions of a type and in a manner customary in connection with the issuance of municipal bonds, including, but not limited to, contractual arrangements with other professionals, rating agencies, verification agents, financial and trust institutions, printers and the suppliers of other goods and services in connection with the sale, execution and delivery of the Series 2025 Bonds, as is necessary and desirable.

#### Section 11.04 Table of Contents and Section Headings Not Controlling.

The Table of Contents and the headings of the several articles and sections of this 2025 Series Resolution 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 2025 Series Resolution.

#### Section 11.05 2025 Series Resolution to Constitute Contract.

In consideration of the purchase and acceptance of Series 2025 Bonds by those who shall purchase and hold the same from time to time, the provisions of this 2025 Series Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holder from time to time of the Series 2025 Bonds, and such provisions are covenants and agreements with such Holder which the Issuer hereby determines to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit, protection, and security of the Holder of the Series 2025 Bonds.

Section 11.06 Series 2025 Bonds Issued as Multiple Series.

In the event Series 2025 Bonds are sold in more than one Series, separate funds and accounts shall be created and maintained for each Series of Series 2025 Bonds and appropriate numeric or alphanumeric designations shall be established so as to appropriately account for the funds established pursuant to Article VII hereof, as contemplated by Article VII of the Master Bond Resolution. Notwithstanding anything in the 2025 Series Resolution to the contrary, in the event that Series 2025 Bonds are sold in more than one Series, all references in this 2025 Series Resolution to Series 2025 Bonds shall, as the context may require, be read as referring to the applicable Series of Series 2025 Bonds.

Section 11.07 Ratification of Prior Action.

All prior actions of Authorized Officers in furtherance of the purposes of this 2025 Series Resolution (including, but not limited to, any negotiated sale of Series 2025 Bonds or any solicitation of bids under the provisions of Article VIII hereof) are hereby approved, ratified and confirmed.


Section 11.08 General Repealer; Effective Date.

All rules, regulations, resolutions, and ordinances and parts thereof, procedural or otherwise in conflict herewith or the proceedings authorizing the issuance of the Series 2025 Bonds are, to the extent of such conflict, hereby repealed and this 2025 Series Resolution shall take effect and be in full force upon adoption thereof.

\* \* \*

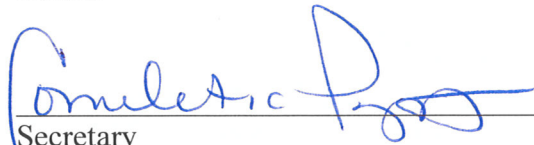
**DONE, RATIFIED, AND ADOPTED** this 13th day of March 2025.

**GEORGETOWN COUNTY WATER AND  
SEWER DISTRICT, SOUTH CAROLINA**

By:   
Chair

(SEAL)

Attest:

  
Secretary

**EXHIBIT A  
FORM OF BOND**

GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA  
WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2025

No. R-1 \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
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Registered Holder: Cede & Co.

Principal Amount: \_\_\_\_\_ (\$ \_\_\_\_\_)

THE GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA (the “*Issuer*”), acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder named above, or registered assigns, the Principal Amount stated above, on the Maturity Date set forth 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 Bank of New York Mellon Trust Company, N.A. (the “*Paying Agent*”), and to pay interest on such principal sum at the Interest Rate set forth above (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the Issuer with respect to the payment of such principal sum shall be discharged.

This bond is a Series 2025 Bond issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina (the “*State*”) including particularly Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended (the “*South Carolina Code*”), and by a bond resolution adopted on July 9, 2015, entitled “A RESOLUTION SETTING FORTH THE GENERAL TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO” and amended by resolution adopted on August 13, 2015 (collectively, the “*Master Bond Resolution*”), and a Series Resolution entitled, “A SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000, AND OTHER MATTERS RELATING THERETO” (the “*2025 Series Resolution*”) duly adopted by the Issuer on March 13, 2025 (the Master Bond Resolution and the 2025 Series Resolution are hereinafter together referred to as the “*Resolutions*”).

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolutions. Certified copies of the Resolutions are on file in the office of the Trustee and in the offices of the Issuer.

**EXHIBIT A  
FORM OF BOND**

This bond bears interest from the \_\_\_\_ 1 or the \_\_\_\_ 1 to which interest has been paid next preceding the authentication date hereof, unless the authentication date hereof is a \_\_\_\_ 1 or a \_\_\_\_ 1, in which event this 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 authentication date hereof precedes \_\_\_\_ 1, 20\_\_, or if the Issuer shall fail to pay interest on \_\_\_\_ 1, 20\_\_, then this bond will bear interest from \_\_\_\_ 1, 20\_\_. Interest on this bond is payable on \_\_\_\_ 1 and \_\_\_\_ 1 of each year beginning \_\_\_\_ 1, 20\_\_. The interest so payable on any \_\_\_\_ 1 or \_\_\_\_ 1 will be paid to the person in whose name this bond is registered at the close of business on the 15th day of \_\_\_\_ or \_\_\_\_ as the case may be next preceding such \_\_\_\_ 1 or \_\_\_\_ 1.

Interest hereon is payable by check or draft mailed at the times provided herein from the Corporate Trust 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 kept by The Bank of New York Mellon Trust Company, N.A., in Jersey City, New Jersey (the “*Registrar*”). 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.

[So long as Cede & Co., as nominee of The Depository Trust Company, is the Registered Holder of the Bonds, references in this Bond to the Bondholders or Registered Holders of the Series 2025 Bonds shall mean Cede & Co. and shall not mean the beneficial owners.]

For the payment of the principal of and interest on this Bond and the issue of which it forms a part, there are hereby irrevocably pledged the Revenues after of principal and interest on the Prior Lien Bonds and all Operation and Maintenance Expenses. The pledge and lien given by the Issuer to secure the Series 2025 Bonds is junior and subordinate in all respects with the pledge of Revenues given by the Issuer to secure all outstanding Prior Lien Bonds, but is on a parity in all respect with the pledge of revenues of the System given to secure the Issuer’s (“*Parity Bonds*”):

- (1) The \$21,050,000 original principal amount Water and Sewer System Revenue Refunding Bonds, Series 2015; and
- (2) The \$3,104,820 original principal amount Water and Sewer System Revenue Parity Bond, Series 2020 dated March 25, 2020 (State Drinking Water Revolving Fund, Loan Number x3-088-20-2220010-01).

**THE FULL FAITH, CREDIT AND TAXING POWERS OF THE STATE OF SOUTH CAROLINA OR THE ISSUER ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND, AND THIS BOND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN THOSE PROVISIONS PROVIDING FOR INDEBTEDNESS PAYABLE FROM A REVENUE-PRODUCING PROJECT OR A SPECIAL SOURCE, WHICH SOURCE DOES NOT INVOLVE REVENUES FROM ANY TAX OR LICENSE PURSUANT TO THE PROVISIONS OF S.C. CONST. ART. X, SEC.**

**EXHIBIT A  
FORM OF BOND**

**14 (10)), BUT SHALL BE PAYABLE SOLELY FROM THE GROSS REVENUES OF THE SYSTEM AS REMAIN AFTER PAYMENT OF ALL OPERATION AND MAINTENANCE EXPENSES.**

In addition, the Master Bond Resolution authorizes the issuance of additional bonds from time to time on a parity with the Parity Bonds and the Series 2025 Bonds which, when issued in accordance with the provisions of the Bond Resolution, will rank equally and be on a parity therewith, but in all events will be junior and subordinate to the Prior Lien Bonds (the “*Additional Bonds*”). The Parity Bonds, the Series 2025 Bonds, and any Additional Bonds are hereinafter collectively referred to as the “*Bonds*.”

The Issuer 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 (i) to provide for the payment of Operation and Maintenance Expenses, (ii) to pay, when due, the principal of and interest on the Prior Lien Bonds, (iii) to provide for the punctual payment of principal of and interest on all Bonds that may from time to time be Outstanding, (iv) to maintain the Debt Service Fund and thus provide for the punctual payment of the principal of and interest on all Bonds, (v) to maintain the Debt Service Reserve Funds, if any, in the manner prescribed in the applicable Series Resolution, (vi) 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, (vii) to pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit as contemplated under the Master Bond Resolution, (viii) to provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time hereafter be outstanding, and (ix) to discharge all obligations imposed by the Enabling Act and the Resolutions.

The Master Bond Resolution provides that, in addition to other remedies, upon a default in payment of principal of or interest on any Bond, the Trustee shall, upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding, declare all Bonds Outstanding immediately due and payable.

This Series 2025 Bond is transferable, as provided in the Master Bond Resolution, only upon the registration books of the Issuer kept for that purpose and maintained by the Registrar, by the holder hereof in person or by his duly authorized attorney, upon (i) surrender of this Series 2025 Bond and an assignment with a written instrument of transfer satisfactory to the Trustee or any other Registrar, as the case may be, duly executed by the Holder hereof or his duly authorized attorney and (ii) payment of the charges, if any, prescribed in the Resolutions. Thereupon a new Series 2025 Bond of the then outstanding principal amount, then current maturity schedule and interest rate shall be issued to the transferee in exchange therefor as provided in the Master Bond Resolution. The Issuer, the Trustee, and the Registrar may deem and treat the person in whose name this Series 2025 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.

**EXHIBIT A  
FORM OF BOND**

For every exchange or transfer of the Series 2025 Bonds, the Issuer 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.

[Insert Redemption Provisions]

[If less than all of the Series 2025 Bonds are to be redeemed, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed will be selected by the Trustee. Series 2025 Bonds in 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 Resolutions.]

This Series 2025 Bond and the interest hereon are exempt from all State, City, 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, transfer and certain franchise taxes.

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 Series 2025 Bond, exist, have been performed and have happened, that the amount of this Series 2025 Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by such Constitution or statutes.

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 GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA, has caused this Bond to be signed by the signature of the Chairman of the Issuer, its corporate seal to be reproduced hereon and the same to be attested by the signature of the Secretary.

GEORGETOWN COUNTY WATER AND  
SEWER DISTRICT, SOUTH CAROLINA

By: \_\_\_\_\_  
Chairman

(SEAL)

Attest:

\_\_\_\_\_  
Secretary  
Georgetown County Water and Sewer District

**CERTIFICATE OF AUTHENTICATION**

This bond is a Series 2025 Bond as described in the within mentioned Resolutions.

THE BANK OF NEW YORK TRUST COMPANY, N.A.,  
as Registrar

By: \_\_\_\_\_  
Authorized Officer

Date: \_\_\_\_\_, 2025



**EXHIBIT A  
FORM OF BOND**

(FORM OF 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.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Authorized Individual or Officer

(Signature Guaranty)

NOTICE: Signature(s) to the assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or any change whatever.

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

**EXHIBIT B**  
**FORM OF NOTE**

[WITH THE CONSENT OF THE PURCHASER, AND NOTWITHSTANDING ANY CONTRARY PROVISION CONTAINED IN THE 2025 SERIES RESOLUTION, THIS SERIES 2025 NOTE MAY BE SOLD OR TRANSFERRED ONLY TO PURCHASERS WHO EXECUTE AN INVESTMENT LETTER DELIVERED TO THE DISTRICT, IN FORM SATISFACTORY TO THE DISTRICT, CONTAINING CERTAIN REPRESENTATIONS, WARRANTIES AND COVENANTS AS TO THE SUITABILITY OF SUCH PURCHASERS TO PURCHASE AND HOLD THIS SERIES 2025 NOTE. SUCH RESTRICTION SHALL BE COMPLIED WITH BY EACH TRANSFEREE OF THIS SERIES 2025 NOTE.]

GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA  
WATER AND SEWER SYSTEM REVENUE  
BOND ANTICIPATION NOTE, SERIES 20\_\_

No. \_\_\_\_\_

REGISTERED HOLDER: \_\_\_\_\_

PRINCIPAL SUM: \_\_\_\_\_ \$ \_\_\_\_\_

GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA (the “*Issuer*”), hereby acknowledges itself indebted, and for value received, promises to pay to \_\_\_\_\_ at its principal offices in \_\_\_\_\_, South Carolina, the sum of \_\_\_\_\_ (\$\_\_\_\_\_), [MATURITY DATE], or on the occasion of the issuance and delivery of a refunding combined public utility system revenue bond anticipation note issued for the purposes of refunding this Water and Sewer System Revenue Bond Anticipation Note, Series 2025 (this “*Note*”) or the \$\_\_\_\_\_ Water and Sewer System Revenue Bond, Series 20\_\_ of the Georgetown County Water and Sewer District, South Carolina (the “*Series 20\_\_ Bond*”), and to pay interest on said principal sum, from the delivery date hereof, at the rate of \_\_\_\_\_ per centum (\_\_\_\_%) per annum (computed on the basis of [an actual over 365-day year]), payable upon the stated maturity or earlier redemption date of this Note.

[This Note shall be redeemable upon payment of the principal amount due hereon, plus interest hereon to the redemption date, upon written notice of redemption to the payee hereof, seven (7) days prior to the date fixed for redemption.]

Both the principal of and interest on this Note are payable in any coin or currency of the United States of America, which is, at the time of payment, legal tender for the payment of public and private debts.

This Note is issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Title 11, Chapter 17, Code of Laws of South Carolina 1976, as amended (the “*Act*”), a master bond resolution adopted on July 9, 2015, as amended on August 13, 2015, and a Series Resolution adopted by the Issuer on March 13, 2025, in anticipation of the issuance of the Series 20\_\_ Bond to be issued by the Issuer pursuant to Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended. The proceeds of this Note shall be used to provide interim financing pending issuance of the Series 20\_\_ Bond for a portion of the cost of certain improvements to the water and sewer system of the Issuer.

**EXHIBIT B  
FORM OF NOTE**

For the payment of the principal of and interest on this Note, there shall be irrevocably pledged a sufficient amount of the proceeds of a Refunding Note or the Series 20\_\_ Bond.

This Note is issued in fully registered form shall be transferable only upon the books of registry of the Issuer, which shall be kept for that purpose at the office of the Issuer, as note registrar (the "**Note Registrar**"), by the registered owner thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Note Registrar, duly executed by the registered owner or his duly authorized attorney.

This Note and the interest hereon are exempt from all state, municipal, school, city and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

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, or to be performed precedent to or in the issuance of this Note and the Series 20\_\_ Bond, do exist, have happened and have been performed in regular and due time, form and manner, and that the Issuer has irrevocably obligated itself to issue and sell prior to the stated maturity hereof, in the manner prescribed by law, a Refunding Note or the Series 20\_\_ Bond, in anticipation of which this Note is issued.

IN WITNESS WHEREOF, the GEORGETOWN COUNTY WATER AND SEWER DISTRICT, SOUTH CAROLINA has caused this Note to be signed by the signature of the Chairman of the Issuer, its corporate seal to be reproduced hereon and the same to be attested by the signature of the Secretary.

GEORGETOWN COUNTY WATER AND  
SEWER DISTRICT, SOUTH CAROLINA

By: \_\_\_\_\_  
Chairman

(SEAL)

Attest:

\_\_\_\_\_  
Secretary  
Georgetown County Water and Sewer District

**CERTIFICATE OF AUTHENTICATION**

This Note is one of the Notes of the issue described in the within-mentioned Resolutions.

\_\_\_\_\_  
NOTE REGISTRAR

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication: \_\_\_\_\_, 2025

**EXHIBIT B  
FORM OF NOTE**

(FORM OF ASSIGNMENT)

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

\_\_\_\_\_  
(Please print or typewrite Name, Social Security or Taxpayer Identification Number and address of Transferee)

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
Authorized Individual or Officer

(Signature Guaranty)

NOTICE: Signature(s) to the assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or any change whatever.

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

**APPENDIX C**

**Economic and Demographic Data for Georgetown County**

## APPENDIX C

This Appendix C contains demographic information on Georgetown County, South Carolina (“*Georgetown*” or alternatively, the “*County*”). Neither the full faith, credit and taxing power of the County nor the District **is pledged** to secure the Series 2025 Bonds.

### INFORMATION REGARDING GEORGETOWN COUNTY, SOUTH CAROLINA

#### Location

Georgetown is located in the southeastern coastal region of the State of South Carolina (the “*State*”). The County is bordered by Horry County to the north, Williamsburg County to the west, Charleston and Berkeley Counties to the South, and the Atlantic Ocean to the east.

#### Commerce and Industry

In August 2023, Zilmet, a global expansion tank and heat exchanger manufacturer, announced plans to establish its first U.S. manufacturing operations in Georgetown County. In response to increased worldwide project demand and the need for additional production capacity, the company chose Georgetown to better serve the customer base. The company’s \$32.7 million investment will create approximately 50 new jobs.

In May 2022, WingIts, a specialty designer and manufacturer of bathroom accessories, fastening systems and Americans with Disabilities (ADA)-compliant products, announced plans to establish operations in Georgetown. The company’s \$7.4 million investment is expected to create more than 40 new jobs.

In January 2020, GreenCore Materials, a new manufacturer of composite materials used to strengthen plastic extruded profiles, announced plans to establish operations in Georgetown. The company’s more than \$10 million investment is projected to create 74 new jobs.

#### Capital Investment

The following table sets forth the total capital investment for new and expanded industry within Georgetown for the last five years for which information is available.

<u>Year</u>	<u>Announced Investment</u>	<u>Announced Employment</u>
2020	\$10,000,000	74
2021	--	--
2022	7,400,000	40
2023	32,700,000	50
2024	--	--

Source: South Carolina Department of Commerce

#### Labor Force

The labor force participation rates of residents of Georgetown (regardless of place of employment) for the five calendar years shown are as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Civilian Labor Force	25,213	26,175	25,745	25,971	26,509
Employment	24,287	24,210	24,532	25,001	25,647
Unemployment	926	1,965	1,213	970	862
Percent of Labor Force Unemployed	3.7%	7.5%	4.7%	3.7%	3.3%

Source: South Carolina Department of Employment and Workforce, Labor Market Information Division

Note: Not seasonally adjusted.

## Principal Employers

The following table shows the ten largest employers located within the County, the business sector for each, and each company's approximate number of employees as of June 30, 2024:

<u>Name</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Georgetown Hospital System	Health Care Provider	2,500
Georgetown County School District	School System	1,300
International Paper Company	Paper Manufacturing	860
Georgetown County	Local Government	700
Safe Rack	Metal Products Fabrication	370
Agru-America	Geosynthetics Manufacturing	300
Interfor	Saw Mill	300
3V, Inc.	Chemical Manufacturing	180
EnviroSep	Machinery & Equipment	150
American Gypsum	Sheetrock	110

Source: Georgetown County Economic Development Office; County's FY2024 ACFR

## Median Age and Education Levels

The following table illustrates the changes in the median age of Georgetown and the percentage of the population 25 years old and older with a bachelor's degree or higher (comparison of 2010 against 2020). Median age and education statistics for the State and the United States are included for comparison purposes.

	<u>Median Age (in years)</u>			<u>Percentage over 25 with bachelor's degree</u>		
	<u>Georgetown</u>	<u>South Carolina</u>	<u>United States</u>	<u>Georgetown</u>	<u>South Carolina</u>	<u>United States</u>
2010	45.4	37.9	37.2	21.8%	24.0%	27.9%
2020	51.0	40.5	38.8	33.4	31.5	37.5

Source: U.S. Department of Commerce, Bureau of the Census

## Retail Sales

The following table shows the gross retail sales for Georgetown businesses for the five most recent years currently available:

<u>Calendar Year</u>	<u>Retail Sales</u>
2020	\$1,558,334,869
2021	1,939,270,523
2022	2,118,917,251
2023	2,150,712,600
2024	2,130,662,329

Source: South Carolina Department of Revenue



## Construction Activity

The following table shows the approximate number of building permits issued in Georgetown and the estimated cost of construction in each of the last five years for which information is available.

<u>Year</u>	<u>Residential</u>		<u>Commercial/Industrial</u>		<u>Total</u>	
	<u>Permits</u>	<u>Construction Cost</u>	<u>Permits</u>	<u>Construction Cost</u>	<u>Permits</u>	<u>Construction Cost</u>
2020	1,762	\$182,161,300	205	\$17,051,250	1,967	\$199,212,550
2021	1,795	216,591,430	189	28,293,558	1,984	244,884,988
2022	2,428	236,157,943	512	37,073,720	2,940	273,231,663
2023	2,147	198,137,094	427	53,520,358	2,574	251,657,452
2024	1,426	219,084,829	226	345,604,903*	1,652	564,689,732

Note: Permits for single-family, multi-family, and additions or alterations to existing structures are included in the residential permit figures above.

\* Increase attributable to increasing commercial activity, including \$252,005,560 for a solar panel farm.

Source: County Building Department

## Per Capital Personal Income

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

<u>Year</u>	<u>Georgetown</u>	<u>State</u>	<u>United States</u>
2019	\$49,606	\$46,143	\$55,566
2020	52,640	48,770	59,123
2021	57,506	53,224	64,460
2022	59,303	54,429	66,244
2023	61,924	57,332	69,810

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

## Unemployment Rate

The average unemployment rates in Georgetown, the State and the United States for each of the last five years are shown below:

<u>Year</u>	<u>Georgetown</u>	<u>State</u>	<u>United States</u>
2020	7.3%	6.0%	8.1%
2021	4.7	3.9	5.3
2022	3.7	3.2	3.6
2023	3.3	3.0	3.6
2024	N/A	4.1	4.0

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

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

<u>Month</u>	<u>Unemployment Rate</u>
February 2024	4.6%
March 2024	4.3
April 2024	3.6
May 2024	3.9
June 2024	4.8
July 2024	5.2
August 2024	5.4
September 2024	4.6
October 2024	4.6
November 2024	4.8
December 2024	4.6
January 2025	5.7 <sup>(P)</sup>

<sup>(P)</sup> Preliminary

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

### Population Growth

The following table shows the population increases in Georgetown, State and the United States, for the last four decades for which census figures are available:

<u>Year</u>	<u>Georgetown</u>		<u>South Carolina</u>		<u>United States</u>	
	<u>Population</u>	<u>% change</u>	<u>Population</u>	<u>% change</u>	<u>Population</u>	<u>% change</u>
1990	46,302	9%	3,486,703	12%	248,709,873	10%
2000	55,797	21	4,012,012	15	281,421,960	13
2010	60,158	8	4,625,364	15	308,745,538	10
2020	63,404	5	5,118,425	11	331,449,281	7

Source: U.S. Department of Commerce, Bureau of the Census

The following tables shows the populations (based on 2010 and 2020 Census data) of all incorporated municipalities located within Georgetown:

<u>Municipality</u>	<u>2010 Census</u>	<u>2020 Census</u>
City of Georgetown	8,950	8,884
Town of Andrews	2,861	2,575
Town of Pawley's Island	103	130

Source: U.S. Department of Commerce, Bureau of the Census

### Transportation

Commercial air service to the County is through Myrtle Beach International Jetport in Horry County. Non-commercial airports are in Georgetown and Andrews. The County is served by U.S. highways 17, 521 and 701 and by four South Carolina highways. CSX Transportation provides freight rail facilities.

The Intracoastal Waterway cuts through the eastern side of the County and Winyah Bay offers a direct water link to the Atlantic Ocean.

## **Healthcare Services**

Tidelands Georgetown Memorial Hospital has delivered high-quality care to the people of Georgetown and surrounding counties since 1950. The 131-bed, acute-care facility is an accredited chest pain center and an advanced primary stroke center. It offers a wide range of inpatient and outpatient services, including 24-hour emergency care, critical care and general medical and surgical services. The hospital features new patient care areas, including modern patient rooms, a state-of-the-art labor and delivery unit, a Level II nursery, a new cardiac catheterization suite and an expanded onsite laboratory. Tidelands Waccamaw Community Hospital opened in November 2002 in Murrells Inlet and has 167 total beds. Of those, 124 beds are for the hospital and 43 beds are part of Waccamaw Rehabilitation Center, an acute care rehabilitation facility located inside Tidelands Waccamaw Community Hospital.

## **Recreation**

Georgetown offers more than 100 golf courses as well as quail hunting and sporting-clay shooting facilities. The Waccamaw Neck offers the Bike the Neck path, a paved cycling trail that meanders through woods and residential areas from Murrells Inlet to Pawley's Island, encompassing 12 scenic miles.

## **Financial Institutions**

According to the Federal Deposit Insurance Corporation, as of June 30, 2024, Georgetown had 11 branches of commercial banks, with total deposits in all financial institutions in Georgetown of \$2,043,062,000. The continuing reorganization of the banking system in the United States, with its attending mergers and consolidations, is likely to affect the total number of branch offices in Georgetown.

**APPENDIX D**

**Form of Opinion of Bond Counsel**

May \_\_, 2025

Georgetown County Water and Sewer District  
Georgetown, South Carolina

Re: \$\_\_\_\_ Georgetown County Water and Sewer District, South Carolina Water and Sewer System Revenue Bonds, Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to Georgetown County Water and Sewer District, South Carolina (the “*Issuer*”), in connection with the issuance of its \$\_\_\_\_ Water and Sewer System Revenue Bonds, Series 2025 (the “*Series 2025 Bonds*”). In such capacity, we have examined such laws and certified proceedings and other documents as we have deemed necessary to render this opinion.

The Series 2025 Bonds are issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina (the “*State*”), including particularly (i) Article X, Section 14(10) of the Constitution of the State of South Carolina 1895, as amended; (ii) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended; and (iii) a Bond Resolution adopted by the Issuer on July 9, 2015, as amended on August 13, 2015 (the “*Bond Resolution*”), and a Series Resolution adopted by the Issuer on March 13, 2025 (the “*Series Resolution*,” and together with the Bond Resolution, the “*Resolutions*”). Under the Resolutions, the Issuer has pledged that portion of the Revenues of the System which remain after the payment of principal and interest on Prior Lien Bonds and all Operation and Maintenance Expenses (as such terms are defined in the Bond Resolution) for the payment of principal, premium, if any, and interest on the Series 2025 Bonds, when due. Terms using initial capitals herein and not otherwise defined shall have the meanings assigned thereto in the Resolutions.

Regarding questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolutions and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The Issuer is duly created and validly existing special purpose district of the State, with the power to adopt the Resolutions, perform the agreements on its part contained therein, and issue the Series 2025 Bonds.
2. The Resolutions have been duly and lawfully adopted by the Issuer, are in full force and effect, and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms.
3. The Resolutions create a valid pledge of and lien on the Revenues after provision has been made for the payment of principal and interest on the Prior Lien Bonds and all Operation and Maintenance Expenses for the payment of the Series 2025 Bonds on a parity with the pledge and lien in favor of other Bonds issued or to be issued under the Resolutions.
4. The Series 2025 Bonds have been duly and lawfully authorized, executed, and issued by the Issuer and are valid and binding upon, and enforceable against, the Issuer in accordance with their terms. The Series 2025 Bonds are limited obligations of the Issuer, payable solely from the Revenues of the System that remain after the payment of principal and interest on the Prior Lien Bonds and all Operation and Maintenance Expenses as provided in the Resolutions.
5. Interest on the Series 2025 Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the “*Code*”). Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section

59(k) of the Code) for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations.

Our opinion as to the exclusion of interest on the Series 2025 Bonds from gross income is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order for that interest to be, and continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date of issuance of the Series 2025 Bonds.

The District has designated the Series 2025 Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to interest on the Series 2025 Bonds.

6. Under existing laws of the State, the Series 2025 Bonds and the interest thereon are exempt from all income taxation in said State, except estate, transfer and certain franchise taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank, which includes interest paid on the Series 2025 Bonds.

We express no opinion regarding federal, state, or local tax consequences arising with respect to the Series 2025 Bonds except as stated above.

The rights of the owners of the Series 2025 Bonds and the enforceability of the Series 2025 Bonds and the Resolutions are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

In our capacity as bond counsel, we express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Series 2025 Bonds.

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

We have been advised on this date that there is no litigation threatened or pending which, in any manner, affects the validity of the Series 2025 Bonds.

Sincerely,

Pope Flynn, LLC

**APPENDIX E**

**Form of Disclosure Dissemination Agent Agreement**

## DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “**Disclosure Agreement**”), dated May \_\_, 2025, is executed and delivered by Georgetown County Water and Sewer District, South Carolina (the “**District**” or “**Issuer**”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “**Disclosure Dissemination Agent**” or “**DAC**”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the District in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “**Rule**”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the District through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Act**”). DAC will not provide any advice or recommendation to the District or anyone on the District’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“**Annual Filing Date**” means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

“**Annual Financial Information**” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

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

“**Audited Financial Statements**” means the annual financial statements of the District for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3 of this Disclosure Agreement.

“**Bonds**” means the Bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“**Certification**” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the District and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.



**“Disclosure Dissemination Agent”** means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the District pursuant to Section 9 hereof.

**“Disclosure Representative”** means the Executive Director of the Issuer, or his designee, or such other person as the District shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

**“Failure to File Event”** means the District’s failure to file an Annual Report on or before the Annual Filing Date.

**“Financial Obligation”** as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**“Force Majeure Event”** means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

**“Holder”** means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

**“Information”** means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

**“Notice Event”** means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

**“Obligated Person”** means any person, including the District, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

**“Official Statement”** means that Official Statement prepared by the District in connection with the Bonds, as listed on Exhibit A.

“*Trustee*” means the institution, if any, identified as such in the document under which the Bonds were issued.

“*Voluntary Event Disclosure*” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“*Voluntary Financial Disclosure*” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports.

(a) The District shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than February 1 after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2025. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the District of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the District will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the District irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the District are prepared but not available prior to the Annual Filing Date, the District shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the District pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  - 1. “Principal and interest payment delinquencies;”
  - 2. “Non-Payment related defaults, if material;”
  - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
  - 4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
  - 5. “Substitution of credit or liquidity providers, or their failure to perform;”
  - 6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
  - 7. “Modifications to rights of securities holders, if material;”
  - 8. “Bond calls, if material;”
  - 9. “Defeasances;”
  - 10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
  - 11. “Rating changes;”
  - 12. “Tender offers;”
  - 13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
  - 14. “Merger, consolidation, or acquisition of the obligated person, if material;”
  - 15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
  - 16. “Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;” and
  - 17. “Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the District pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”
2. “change in obligated person;”
3. “notice to investors pursuant to bond documents;”
4. “certain communications from the Internal Revenue Service;”
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;” and
10. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the District pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “timing of annual disclosure;”
3. “change in fiscal year/timing of annual disclosure;”
4. “change in accounting standard;”
5. “interim/additional financial information/operating data;”
6. “budget;”
7. “investment/debt/financial policy;”
8. “information provided to rating agency, credit/liquidity provider or other third party;”
9. “consultant reports;” and
10. “other financial/operating data.”

(viii) provide the District evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The District may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused

by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) The Annual Report shall include the Audited Financial Statements for the preceding fiscal year, which shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or if not in conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Report when they become available.

(b) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings:

- THE SYSTEM – Water Unit – *Usage*;
- THE SYSTEM – Water Unit – *Number of Water Customers*;
- THE SYSTEM – Water Unit – *Number of Customers - Total*;
- THE SYSTEM – Water Unit – *Major Water Users*;
- THE SYSTEM – Sewer Unit – *Usage*;
- THE SYSTEM – Sewer Unit – *Number of Sewer Customers*;
- THE SYSTEM – Sewer Unit – *Major Sewer Users*;
- THE SYSTEM – Ratemaking – *Water Service Rates*;
- THE SYSTEM – Ratemaking – *Water Connection Fees*;
- THE SYSTEM – Ratemaking – *Water Impact Fee*;
- THE SYSTEM – Ratemaking – *Irrigation Charges*;
- THE SYSTEM – Ratemaking – *Sewer Service Rates*;
- THE SYSTEM – Ratemaking – *Sewer Connection Fees*;
- THE SYSTEM – Ratemaking – *Sewer Impact Fee*;
- THE SYSTEM – Summary of Recent Rate History;
- FINANCIAL INFORMATION – Five-Year Operating History; and
- FINANCIAL INFORMATION – Historical Revenues and Expenditures; Debt Service Coverage (Total Coverage Percentage – Prior Lien Bonds and Parity Bonds, only).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the District is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in this Agreement related to the Bonds, the District is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The District will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District; provided that the District will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties.

The District shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the District desires to make, contain the written authorization of the District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the District desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the District or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the District determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the District desires to make, contain the written authorization of the District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the District desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the District as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The District will provide the Disclosure Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule

and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The District acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the District, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The District acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The District may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the District desires to make, contain the written authorization of the District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the District desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the District as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The District may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the District desires to make, contain the written authorization of the District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the District desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the District as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the District is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual



Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the District and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the District is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The District has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The District may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the District or DAC, the District agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the District shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the District.

SECTION 10. Remedies in Event of Default. In the event of a failure of the District or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the District has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the District and shall not be deemed to be acting in any fiduciary capacity for the District, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the District's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the District has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the District at all times.

The obligations of the District under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the District.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the District and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the District nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the District. No such amendment shall become effective if the District shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank; Signatures Follow on Next Page]

The Disclosure Dissemination Agent and the District have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as  
Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

GEORGETOWN COUNTY WATER AND SEWER  
DISTRICT, SOUTH CAROLINA, as Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer:	Georgetown County Water and Sewer District, South Carolina
Obligated Person(s):	Georgetown County Water and Sewer District, South Carolina
Name of Bond Issue:	\$____ Water and Sewer System Revenue Bonds, Series 2025
Date of Issuance:	May __, 2025
Date of Official Statement	April __, 2025
CUSIP Numbers:	_____

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Georgetown County Water and Sewer District, South Carolina  
Obligated Person(s): Georgetown County Water and Sewer District, South Carolina  
Name of Bond Issue: \$\_\_\_\_\_ Water and Sewer System Revenue Bonds,  
Series 2025  
Date of Issuance: May \_\_, 2025  
Date of Disclosure Agreement: May 7, 2025  
CUSIP Numbers: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Dissemination Agent Agreement between the District and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The District has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

Digital Assurance Certification, L.L.C., as  
Disclosure Dissemination Agent, on behalf of the  
District

\_\_\_\_\_

cc:

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

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

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

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

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

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ "Principal and interest payment delinquencies;"
2. \_\_\_\_\_ "Non-Payment related defaults, if material;"
3. \_\_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. \_\_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. \_\_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform;"
6. \_\_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material;"
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. \_\_\_\_\_ "Rating changes;"
12. \_\_\_\_\_ "Tender offers;"
13. \_\_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. \_\_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;"
15. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16. \_\_\_\_\_ "Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
17. \_\_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the District or its agent to distribute this information publicly.

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-2  
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of May \_\_, 2025 between the District and DAC.

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

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

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

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ "amendment to continuing disclosure undertaking;"
2. \_\_\_\_\_ "change in obligated person;"
3. \_\_\_\_\_ "notice to investors pursuant to bond documents;"
4. \_\_\_\_\_ "certain communications from the Internal Revenue Service;"
5. \_\_\_\_\_ "secondary market purchases;"
6. \_\_\_\_\_ "bid for auction rate or other securities;"
7. \_\_\_\_\_ "capital or other financing plan;"
8. \_\_\_\_\_ "litigation/enforcement action;"
9. \_\_\_\_\_ "change of tender agent, remarketing agent, or other on-going party;" and
10. \_\_\_\_\_ "other event-based disclosures."

I hereby represent that I am authorized by the District or its agent to distribute this information publicly.

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-3  
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary financial disclosure” may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of May \_\_, 2025, between the District and DAC.

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

\_\_\_\_\_

Issuer’s Six-Digit CUSIP Number:

\_\_\_\_\_

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

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ “quarterly/monthly financial information;”
2. \_\_\_\_\_ “change in fiscal year/timing of annual disclosure;”
3. \_\_\_\_\_ “change in accounting standard;”
4. \_\_\_\_\_ “interim/additional financial information/operating data;”
5. \_\_\_\_\_ “budget;”
6. \_\_\_\_\_ “investment/debt/financial policy;”
7. \_\_\_\_\_ “information provided to rating agency, credit/liquidity provider or other third party;”
8. \_\_\_\_\_ “consultant reports;” and
9. \_\_\_\_\_ “other financial/operating data.”

I hereby represent that I am authorized by the District or its agent to distribute this information publicly.

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date:



## **APPENDIX F**

### **Description of Book-Entry-Only System**

## APPENDIX F

### Book-Entry-Only System

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds (if any) and principal and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the District and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained Series 2025 Bond certificates are required to be printed and delivered to DTC.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

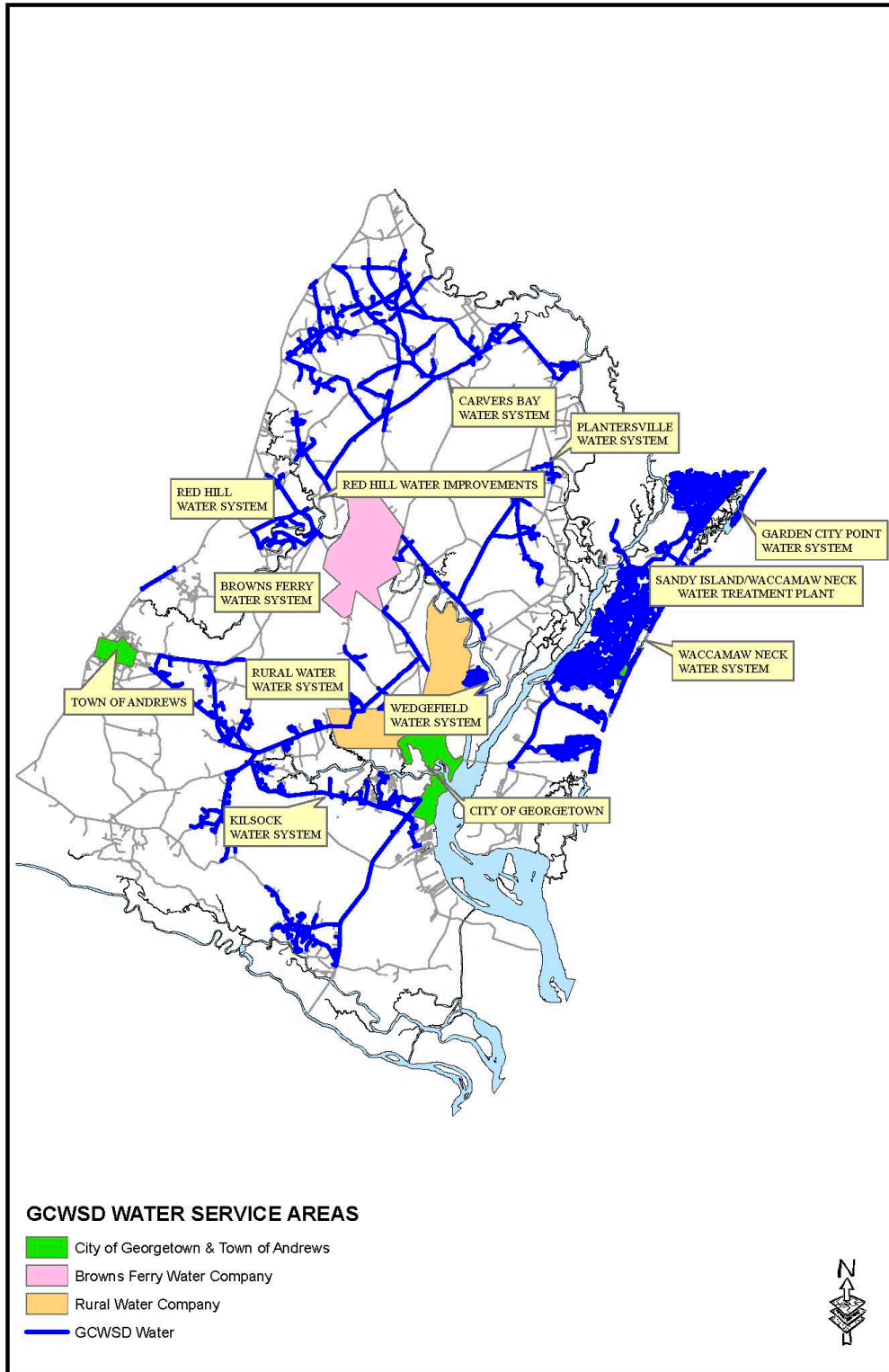
The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

NEITHER THE DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE SERIES 2025 BONDS UNDER THE TERMS OF THE RESOLUTIONS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2025 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

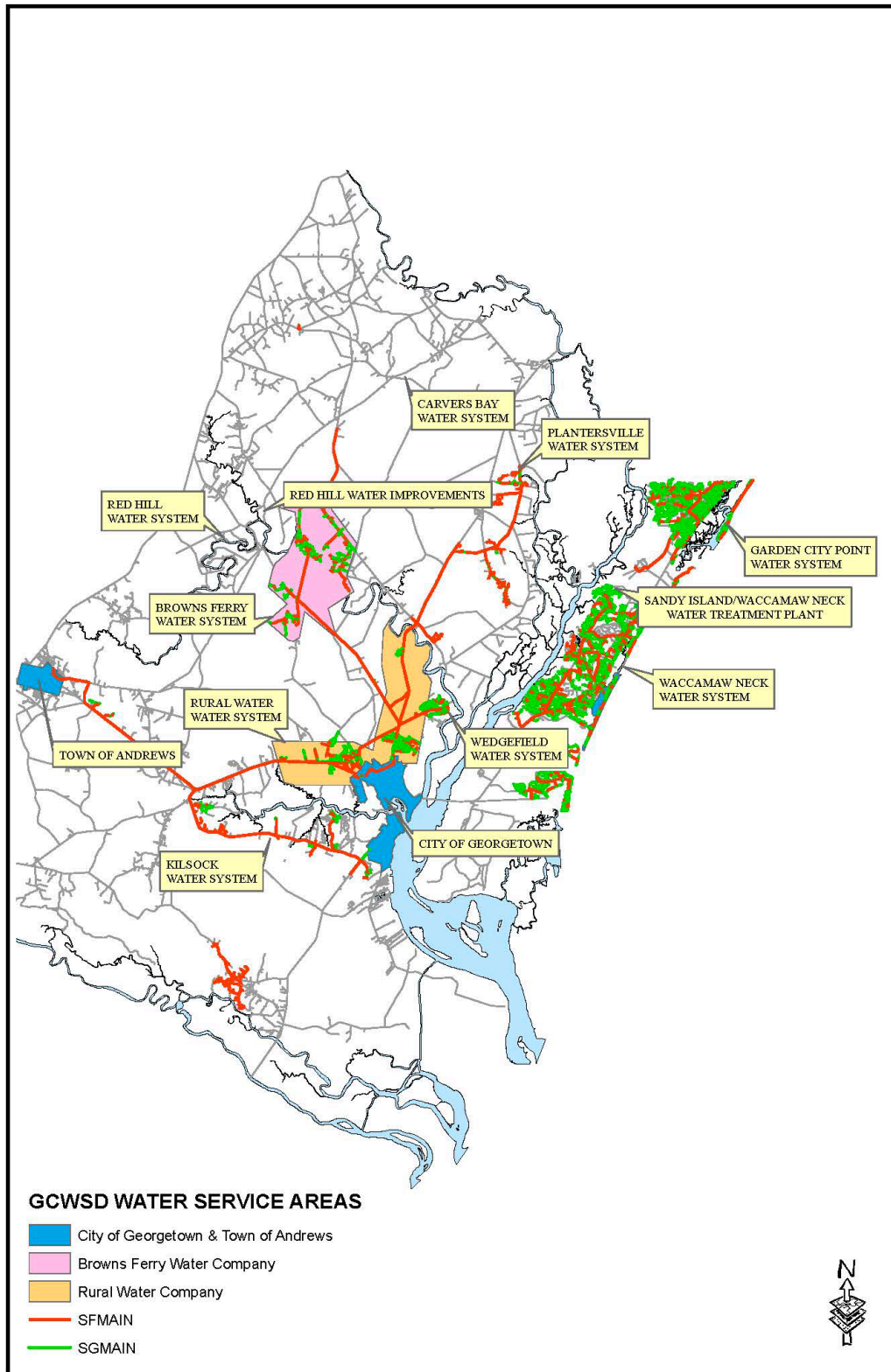
**APPENDIX G**

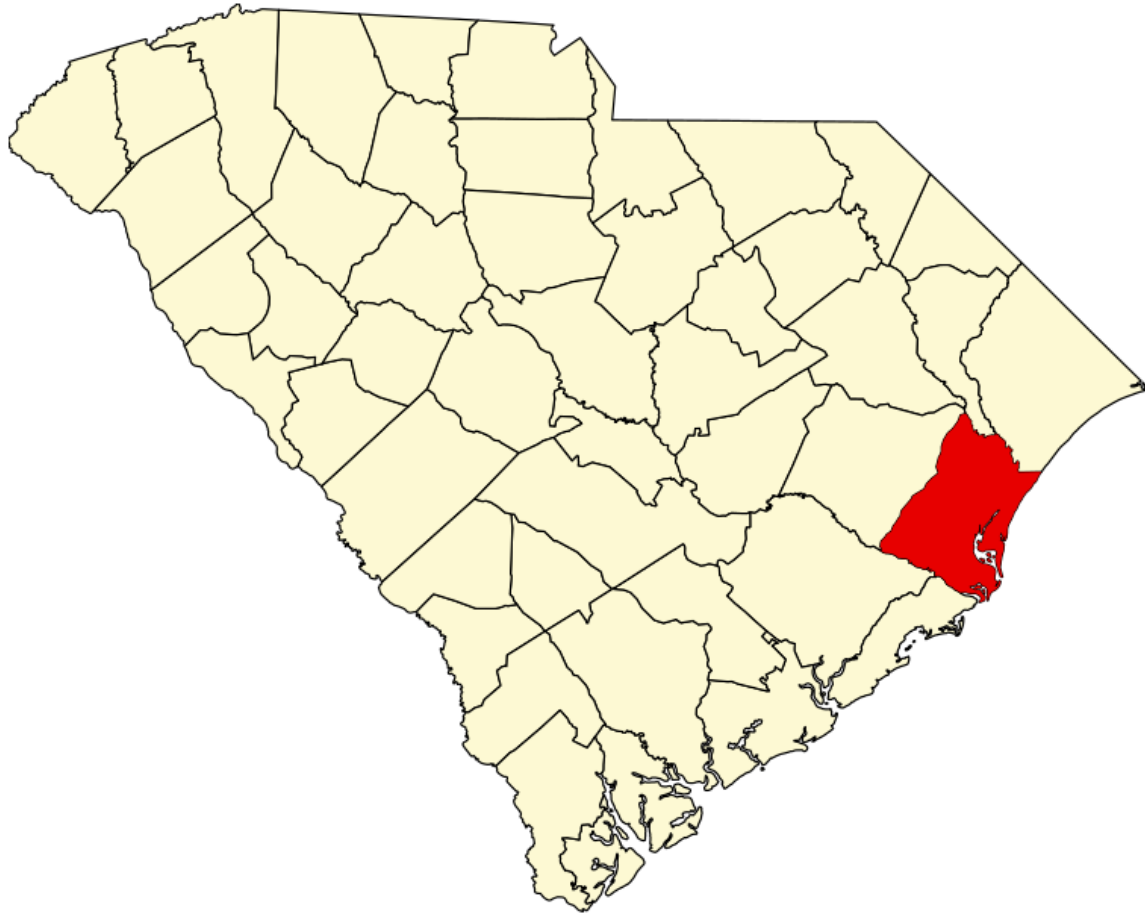
**MAPS OF THE DISTRICT AND GEORGETOWN COUNTY**

## Georgetown County Water & Sewer District Water Service Areas



## Georgetown County Water & Sewer District Sewer Service Areas





Source: David Benbennick