
A RESOLUTION

AUTHORIZING THE ISSUANCE OF A NOT EXCEEDING \$18,000,000 TAX ANTICIPATION NOTE, SERIES 2016, OF THE SCHOOL DISTRICT OF BEAUFORT COUNTY, SOUTH CAROLINA; AUTHORIZING THE SALE OF SAID NOTE TO THE SOUTH CAROLINA ASSOCIATION OF GOVERNMENTAL ORGANIZATIONS PURSUANT TO THE TERMS OF ITS SC TAN PROGRAM; PRESCRIBING THE TERMS AND CONDITIONS UNDER WHICH THE NOTE MAY BE ISSUED; PROVIDING FOR THE FORM OF NOTE; PROVIDING FOR THE PAYMENT THEREOF; AUTHORIZING CERTAIN OFFICIALS OF THE SCHOOL DISTRICT TO DETERMINE CERTAIN MATTERS RELATING TO THE NOTE; AND OTHER MATTERS RELATING THERETO.

Adopted: June 21, 2016

BE IT RESOLVED, BY THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT OF BEAUFORT COUNTY, SOUTH CAROLINA, AS FOLLOWS:

Section 1. Definitions. Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall have, for all purposes of this Resolution, the meanings hereinafter specified, with the definitions equally applicable to both the singular and plural forms and vice versa. The term:

“Authorized Officer” shall mean any one of the following: Chair of the Board, Vice-Chair of the Board, Secretary of the Board, District Superintendent, or Director of Finance (or the equivalent position) of the School District.

“Board” shall mean the Board of Education of the School District of Beaufort County, South Carolina.

“Business Day” shall mean any day of the week other than Saturday, Sunday or a day which shall be in the State or the state in which the principal office of the Trustee (hereinafter defined) is located a legal holiday or a day on which banking corporations are authorized or obligated by law or executive order to close.

“Certificate” or “Certificates” shall mean any one or all of the Certificates authorized by and secured under the Trust Agreement.

“County Treasurer” shall mean the Beaufort County, South Carolina, Treasurer.

“Constitution” shall mean the Constitution of the State of South Carolina, 1895, as amended.

“Constitutional Intercept” shall mean Article X, Section 15(4) of the Constitution which states if at any time any school district shall fail to effect the punctual payment of the principal and interest of its general obligation debt, the State Treasurer shall withhold from such school district sufficient moneys from any state appropriation to which such school district may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the school district then due.

“Discharge Date” shall mean the last Business Day of March 2017, or such other date as determined by an Authorized Officer.

“Enabling Acts” shall mean the sections of the Constitution, the provisions of the S. C. Code, and the Acts and Joint Resolutions of the General Assembly of the State referenced in Section 2 hereof.

“IRC” shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor internal revenue laws of the United States enacted by the Congress of the United States in replacement thereof. References to the Internal Revenue Code and sections of the Internal Revenue Code include relevant applicable regulations, temporary regulations and proposed regulations thereunder and any successor provisions to those sections, regulations, temporary regulations or proposed regulations.

“Note” shall mean the Tax Anticipation Note, Series 2016, in the aggregate principal amount of not exceeding \$18,000,000 authorized to be issued pursuant to Section 3 hereof.

“Owner” shall mean the person or entity in whose name the Note is registered.

“Penalty Rate” shall mean the stated interest rate set forth in the Note plus an additional interest rate as determined by the Chair or Vice-Chair of the Board or the District Superintendent and as set forth in the Note.

“Principal Office” shall mean the principal office of the Trustee at which the Trustee conducts corporate trust business.

“Resolution” shall mean this Resolution.

“S. C. Code” shall mean the Code of Laws of South Carolina, 1976, as amended.

“SCAGO” shall mean the South Carolina Association of Governmental Organizations, a nonprofit corporation organized and existing under the laws of the State.

“School District” shall mean the School District of Beaufort County, South Carolina.

“Sinking Fund Payments” shall each be one-third of the amount, which together with the amount in the Disbursement Account (as described in the Trust Agreement) on January 8, 2017, will be sufficient to pay the principal of and interest on the Note and to otherwise discharge this Resolution under the provisions of Section 20 hereof.

“Sinking Fund Payment Dates” shall mean the last Business Day of January, February and March, in the year the Note shall mature.

“State” shall mean the State of South Carolina.

“State Appropriations” shall mean all amounts received by the School District from the State other than State Reimbursement.

“State Reimbursement” shall mean amounts paid to the School District pursuant to Section 12-37-220(B)(47)(a) and Section 11-11-156(A)(B) of the S. C. Code, as more fully described in Section 1.

“Statutory Intercept” shall mean Section 59-71-155 of the S.C. Code which establishes a mechanism for the timely advance of funds from the General Fund of the State to provide funds to a county treasurer to make payments of principal and interest due on general obligation bonds of a school district.

“Trust Agreement” shall mean the Trust Agreement to be dated as determined by SCAGO and the Trustee and to be entered into by and between SCAGO and a trustee to be named (the “Trustee”).

Section 2. Findings and Determinations. The Board of the School District hereby finds and determines:

(a) Pursuant to Act No. 582 (1971 Acts), the central authority of Beaufort County’s education system is vested in the Board. The Board is ex officio the board of trustees of the School District, and all functions and powers vested in school district trustees by general or special enactment are vested in the Board.

(b) Article X, Section 15 of the Constitution empowers school districts to incur general obligation debt in anticipation of the collection of *ad valorem* taxes (tax anticipation notes) under such terms and conditions as the General Assembly may prescribe by law.

(c) Section 11-27-50(4) of the S. C. Code authorizes and empowers school districts to incur general obligation debt in anticipation of the collection of *ad valorem* taxes (tax anticipation notes). Tax anticipation notes shall be expressed to mature not later than ninety (90) days from the date as of which such taxes may be paid without penalty.

(d) The Board is responsible for adopting the School District's budget each fiscal year, which must be approved by the Beaufort County Council.

(e) Pursuant to Section 12-37-220(B)(47)(a) of the S.C. Code, one hundred percent of the fair market value of owner-occupied residential property is exempt from all property taxes imposed for school operating purposes but not including millage imposed for the repayment of general obligation debt. Section 11-11-156(A) of the S.C. Code provides that beginning with fiscal year 2007-2008, school districts of the State must be reimbursed from the Homestead Exemption Fund in the manner provided therein. For fiscal year 2016-2017, each school district of the State should be reimbursed an amount equal to the reimbursements it received in fiscal year 2007-2008 plus an increase in the tier three reimbursement by an inflation factor based on the Consumer Price Index, Southeast Region, and the percentage increase in the previous year in the population of the State, not to exceed a total of four percent. Section 11-11-156(B) of the S.C. Code provides that the total reimbursement from the Homestead Exemption Fund for all school districts within a county must be at least \$2,500,000. The amount to be received by the School District under the above-described provisions is herein referred to as "State Reimbursement."

(f) Notices for collection of *ad valorem* taxes on real property are expected to be mailed to the respective taxpayers of the School District in October 2016, and such taxes are payable without penalty on or before January 15, 2017.

(g) The Constitutional Intercept will apply to the payment, if necessary, of the principal and interest on the Note authorized herein if at any time the School District shall fail to effect the punctual payment of the principal and interest on its Note.

(h) The Statutory Intercept defines general obligation bonds as obligations expressly secured by the full faith, credit, and taxing power of the operating school unit that issues the bonds. To the extent allowed by law, the Statutory Intercept will apply to the payment, if necessary, of the principal of and interest on the Note authorized herein.

(i) Pursuant to a Resolution adopted by the Board on June 5, 2012, the School District has adopted Written Procedures Related to Tax-Exempt Bonds.

(j) The administrative officers of the School District have advised the Board that funds for the operational expenditures of the School District will most probably be insufficient to meet operational expenditures of the School District during the 2016-2017 fiscal year. The cost of conducting the operations of the School District must be met pending the collection of the aforesaid *ad valorem* taxes. No previous moneys have been borrowed by the School District in anticipation of the collection of *ad valorem* taxes herein mentioned, and no pledge of the proceeds of such *ad valorem* taxes has heretofore been made.

(k) It is necessary and in the best interest of the School District to provide for the issuance of a tax anticipation note in the principal amount of not to exceed \$18,000,000 in anticipation of the collection of the *ad valorem* taxes and State Reimbursement for the 2016-2017 fiscal year, the millage for such tax to be levied by the Beaufort County Auditor.

(l) SCAGO has established a program (the "SC TAN Program") for the purchase of tax anticipation notes issued by school districts of the State, including the School District and to, thereupon, cause the execution and delivery of Certificates pursuant to the Trust Agreement between SCAGO and the Trustee, with respect thereto in order to provide an efficient system of cash flow borrowing for school districts in the State. Participation in the SC TAN Program is in the best interest of the School District and is hereby approved and authorized.

Section 3. Authorization. The Board hereby authorizes the issuance of its not to exceed \$18,000,000 tax anticipation note (the "Note") in the aggregate principal amount and with the specific terms set forth in the form of the Note provided for hereby. The interest rate on the Note shall, except to the extent a penalty rate may apply due to a default by the School District, be the per annum rate accepted by SCAGO as a result of the sale of the Certificates. The Chair or Vice-Chair of the Board or the District Superintendent, or any of them acting alone, is hereby authorized to accept such interest rate on behalf of the School District, such acceptance to be conclusively evidenced by the execution of the Note by the Chair or Vice-Chair of the Board. The Note shall provide that if the School District fails to make the sinking fund deposit on or before the date required for such deposit under the terms of this Resolution, the Note shall bear interest from such date until the date of deposit at the per annum rate set forth in the Note plus two percent (2%) to and including the date of final payment thereunder.

Section 4. Form. The Note shall be issued as a fully registered Note; shall be designated "School District of Beaufort County, South Carolina, Tax Anticipation Note, Series 2016"; and shall be substantially in the form set forth in Exhibit A. The Note shall be of a single denomination, which shall be an integral multiple of \$1,000, in the principal amount of not to exceed \$18,000,000. The Note shall bear interest at the stated interest rate on the principal amount thereof, payable at maturity, except to the extent a penalty rate may apply due to a payment default by the School District.

The Note shall not be subject to redemption prior to maturity, shall be negotiable, shall be dated the date of its initial delivery to SCAGO, and, subject to the provisions of Section 7 hereof, shall be payable as to principal and interest not later than April 14, 2017, in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment.

Section 5. Execution and Delivery of Note; Disbursement of Funds. The Note shall be executed by the Chair or Vice-Chair of the Board and duly attested by the Secretary of the Board or other Authorized Officer of the School District. Any of the Authorized Officers are further authorized and directed to deliver the Note to SCAGO or its assignee, upon the terms and conditions provided herein and under the SC TAN Program; to receive or cause the proceeds therefor to be received; execute and deliver such certificates and other closing documents and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Note including, but not limited to, a Certificate as to Collections and Expenditures and an IRS Form 8038-G.

Each school district participating in the SC TAN Program will be the issuer of its own tax anticipation note. Undivided proportionate interests in the tax anticipation notes of the other school districts including the Note will be evidenced by the Certificates. The Board approves and consents to the assignment and pledge by SCAGO of the Note to the Trustee and approves the execution and delivery by the Trustee of the Certificates upon payment of the purchase price thereof, as contemplated by the SC TAN Program.

Upon purchase and delivery of the Note there shall be established with the Trustee a disbursement account in the name of the School District of Beaufort County, South Carolina to be known as the "School District of Beaufort County, South Carolina Tax Anticipation Note, Series 2016

Disbursement Account” (the “Disbursement Account”), which shall be the Disbursement Account for the Note required to be established under the Trust Agreement. An amount equal to the principal amount of the Note shall be deposited in the Disbursement Account upon delivery of the Note. The School District may withdraw amounts from the Disbursement Account on the date of delivery of the Note and thereafter on any Business Day, to and including the last Business Day before the amount of the Sinking Fund Payments is identified pursuant to Section 8 hereof.

Disbursements from the Disbursement Account shall be made upon the written order of an Authorized Officer of the School District or the County Treasurer, as designated on the appropriate form, subject to any SC TAN Program limitations regarding withdrawals for purposes of reinvestment. The School District may redeposit amounts in the Disbursement Account, as permitted by SC TAN Program limitations, up to an amount that, together with other amounts on deposit in the Disbursement Account (exclusive of any interest earned), does not exceed the original principal amount of its Note. On the first Sinking Fund Payment Date, all amounts in the Disbursement Account shall be transferred by the Trustee to the related Sinking Fund Account established under Section 8 hereof. Earnings on amounts on deposit in the Disbursement Account which remain therein after discharge of this Resolution shall be payable to the School District as provided in the Trust Agreement.

Section 6. Payment. Payment of or on account of the principal of and interest on the Note shall be made by the School District or the County Treasurer directly to the Trustee as assignee of SCAGO under the Trust Agreement. All such payments shall be valid and effectual to satisfy and discharge the liability of the School District under the Note to the extent of the sum or sums so paid.

Section 7. Security; Issuance of Additional Notes. In order to provide for the respective payments required to be made on each Sinking Fund Payment Date and the payment of principal of and interest on the Note as the same respectively mature, there are hereby pledged (a) the *ad valorem* taxes authorized to be levied and collected for the School District’s operating purposes; (b) State Reimbursement; (c) State Appropriations; and (d) the full faith, credit and taxing power of the School District (collectively, the “Pledged Revenues”).

To the extent permitted by applicable law, in the event of any default on any Sinking Fund Payment Date on any Note or hereunder, the School District agrees to pay the reasonable expenses of the Owner thereof (including court costs, attorney’s fees and Trustee’s reasonable fees) incurred in collecting any amounts due under the Note.

The School District reserves the right to issue additional notes secured by the Pledged Revenues, the pledge of which may be issued on a parity with the Note as determined by an Authorized Officer.

Section 8. Sinking Fund; Sinking Fund Payments; Payment of Note. The Trustee is hereby appointed Sinking Fund Depository with respect to the Note.

There is hereby established with the Trustee a sinking fund for the Note issued in the name of the School District of Beaufort County, South Carolina, to be known as the “School District of Beaufort County, South Carolina Tax Anticipation Note, Series 2016 Sinking Fund” (“Sinking Fund”), which shall be the Sinking Fund Account required to be established under the Trust Agreement.

No later than January 8, 2017, the Trustee shall determine the amount in the Disbursement Account. The difference between the amount on deposit in the Disbursement Account and the amount required to pay the principal and interest on the Note in full on the Discharge Date shall be the total amount of the Sinking Fund Payments. On each Sinking Fund Payment Date, one-third of the total amount of the Sinking Fund Payments shall be paid by the School District or the County Treasurer to the Trustee. The School District or

the County Treasurer shall be notified by the Trustee of the amounts which will be required to be paid on each Sinking Fund Payment Date. The District Superintendent or the County Treasurer are hereby authorized and directed to deposit or cause to be deposited to the Sinking Fund, notwithstanding the maturity date of the Note, the Sinking Fund Payments.

As provided in Sections 13 and 15 hereof, the failure of the School District or County Treasurer to make any Sinking Fund Payment when due shall be an Event of Default and the full amount due necessary to pay the principal of and interest on the Note shall become immediately due and payable.

The Trustee shall, without further authorization from the School District, withdraw from the Sinking Fund, at the maturity date of the Note, the amounts necessary to pay principal of and interest on the Note to the Owner thereof, without presentation and surrender of the Note; however, the Owner agrees to surrender the Note before or within a reasonable time after its final maturity. Earnings on amounts on deposit in the Sinking Fund Account which remain therein after discharge of this Resolution shall be payable to the School District as provided in the Trust Agreement.

Section 9. Direction to and Authorization for the County Treasurer. The School District hereby authorizes and directs the County Treasurer to withhold and set aside sufficient amounts collected from *ad valorem* taxes authorized to be levied and collected for School District operations and from any and all of the School District's State Reimbursements and State Appropriations for the 2016-17 fiscal year and any subsequent fiscal years as needed to make the Sinking Fund Payments. Without further authorization, the County Treasurer is directed to make the Sinking Fund Payments on each Sinking Fund Payment Date upon receipt of an invoice from the Trustee. This authorization and direction is irrevocable and the County Treasurer shall make the required Sinking Fund Payments without any further action from the School District. The Form of the Direction to and Authorization for the County Treasurer in the form attached hereto as Exhibit B and incorporated herein by reference is hereby approved and will be acknowledged by the County Treasurer.

Section 10. Constitutional Intercept; Statutory Intercept. The School District agrees and acknowledges that the provisions of the Constitutional Intercept apply to the payment of the Note and to each Sinking Fund Payment. The failure of the School District and/or the County Treasurer to make a Sinking Fund Payment shall result in application of the Constitutional Intercept. The School District agrees and acknowledges that the Statutory Intercept applies to the payment of the Note and to each Sinking Fund Payment to the extent allowed by State law.

Section 11. Tax Covenants and Determinations.

(a) The School District hereby covenants with SCAGO and the Trustee that it will make no use of the proceeds of the Note which, if such use had been reasonably expected on the date of issue of the Note, would have caused the Note to be an "arbitrage bond" within the meaning of Section 148 of the IRC and that it will not take any action which will, or fail to take any action which failure will, cause interest on the Note to become includable in the gross income of the Owner thereof for federal income tax purposes pursuant to the provisions of the IRC in effect on the date of original issuance of the Note.

(b) The School District expects that the Note will qualify for an exception from arbitrage rebate imposed by Section 148 of the IRC because (i) the School District is a governmental unit with general taxing powers; (ii) the Note is not a private activity bond within the meaning of the IRC; (iii) at least ninety-five percent (95%) of the net proceeds of the Note are to be used for local government activities of the School District; and (iv) the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the School District (and all subordinate entities thereof) during the calendar year of 2016 is not reasonably expected by the School District to exceed \$5 million for purposes

other than construction of school facilities and bonds issued for construction of school facilities purposes will not exceed \$10 million OR the cumulative cash flow deficit of the School District occurring within six months of the date of issuance of the Note will be at least equal to ninety percent (90%) of the principal amount of the Note (calculated in accordance with Section 1.148(f)(4)(B)(iii) of the IRC and Section 1.148-6(d)(3)(iii) of the Treasury Regulations).

(c) To the extent that the Note does not qualify for either of the exceptions from arbitrage rebate described in Section 11(b) above (or any other applicable exception from arbitrage rebate), the School District hereby covenants and agrees to determine the amount, if any, that the School District is required to rebate to the U.S. Treasury because the earnings on such investments exceed the amount that would have been earned if such proceeds had been invested at the yield on the Note. The School District will make the calculation of its liability, file such reports and make any required payments no later than sixty (60) days after the maturity date of the Note.

(d) The School District hereby covenants and agrees with SCAGO and the Trustee that it will not use the proceeds of the Note in a manner which will cause interest on the Note to become includable in the gross income of the Owner thereof for federal income tax purposes, and to that end the School District hereby shall:

(i) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the IRC so long as the Note is outstanding;

(ii) 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 IRC relating to required arbitrage rebate of certain amounts to the United States; and

(iii) make such returns at the time and places required by the IRC.

Section 12. Exemption from State Taxes. Both the principal of and interest on the Note shall in accordance with the provisions of Section 12-2-50 of the S.C. Code, as amended, be exempt from all State, county, municipal, school district, and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

Section 13. Events of Default. Each of the following events is hereby defined as, and is declared to be and to constitute, an "Event of Default" hereunder:

(a) If default shall be made in the due and punctual payment of principal of or any interest on the Note, including failure to make when due any Sinking Fund Payment under Section 8; or

(b) If the School District shall default in the performance of any covenant, agreement or condition on its part to be performed under the Note or this Resolution other than a default in payment, and such default shall continue for a period of 30 days.

Section 14. Enforcement of Covenants and Conditions. In any case of an Event of Default, the Owner of the Note or the Trustee on behalf of the Owner may take such action or actions for the enforcement of its rights, including commencement of an action for mandamus or other appropriate action to require the School District to comply with the terms of this Resolution.

Section 15. Remedies. The School District consents to the inclusion of provisions in the Trust Agreement which provide that:

(a) In any case of an Event of Default (as defined herein and in the Trust Agreement), the Trustee may take such action or actions for the enforcement of the rights of the registered holders of the Certificates as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care, including commencement of an action for mandamus or other appropriate action to require the School District in default to comply with the terms of this Resolution.

(b) If any Sinking Fund Payment is not paid when due, the full amount necessary to pay the principal of and interest on the Note shall become immediately due and payable.

(c) If the School District shall fail or refuse to make a Sinking Fund Payment, the Trustee shall, within two (2) Business Days of such failure, (i) notify any agency of the State or any political subdivision thereof which may collect and distribute taxes or revenues for such School District to seek any available necessary or proper remedial action; and (ii) upon being indemnified against cost and expense, exercise any remedy provided at law or in equity for the benefit of the registered holders of the Certificates or any assignee of the Note, and shall disburse all funds so collected to the holders of such Certificates or assignee of the Note as payment of the Note.

(d) The Trustee may also enforce any such other appropriate legal or equitable remedy as it shall deem most effectual to protect and enforce any of its rights or any of the rights of the registered holders of the Certificates, including but not limited to such rights and remedies as may be available under the Enabling Acts.

Section 16. Award. The Authorized Officers are hereby authorized to sell the Note at private sale by negotiation to SCAGO, at no less than par, in accordance with the terms and conditions of the SC TAN Program.

Section 17. Acknowledgement of Certificates; Limitation of Liability. The School District, by participating in the SC TAN Program, recognizes the rights of the registered holders of the Certificates, acting directly or through the Trustee, to enforce the obligations and covenants contained in the Note and this Resolution; provided that in no event shall the School District be liable for any obligations, covenants or damages except those which arise out of the Note herein authorized and this Resolution, and, in particular, the School District shall not be liable for any obligations, liabilities, acts or omissions of SCAGO or any other school district participating in the SC TAN Program.

Section 18. Further Authorization. Other than the amount of the Note, the interest rate of the Note and the due date of the Note (not later than April 14, 2017), the Board delegates to the Chair or Vice-Chair of the Board and the District Superintendent, or any of them acting alone, the authority to, without further action of the Board, amend the form of the Note, approve the form of the Trust Agreement or other legal documents securing and providing for payment of the Note to cure any formal defect, omission, inconsistency, or any other ambiguity and to add provisions necessary for the SC TAN Program to be rated appropriately by a nationally recognized rating agency or agencies.

Section 19. Resolution a Contract; Amendment. This Resolution shall be a contract with the Owner, from time to time, of the Note. This Resolution may be amended, without the consent of the registered holders of the Certificates or assignee of the Note, but only for the purpose of (a) adding to the covenants and agreements of the School District, additional covenants, or surrendering any right or power therein reserved to the School District; (b) curing any ambiguity, correcting defects, or supplementing any ambiguous provision contained herein; (c) answering questions arising under the Trust Agreement and this Resolution; (d) maintaining federal tax exemption of interest on the Certificates and the Note; or (e) for any

other purpose which shall not adversely affect the respective interests of the Owner of the Note or the registered holder of the Certificates.

Section 20. Discharge of Resolution. If the School District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of the Note the total principal and interest due or to become due thereon through maturity (as determined in accordance with the Trust Agreement), in the manner stipulated therein and in this Resolution, then the pledge of current taxes and current revenues under this Resolution, and all covenants, agreements and other obligations of the School District hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied with respect to the Note for which such payment was made.

Section 21. Disclosure. In compliance with Section 11-1-85 of the S.C. Code, the School District covenants 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 annual audit of the School District within thirty (30) days of the School District's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, relevant information of an event which, in the sole opinion of the School District, adversely affects more than five percent (5%) of the School District's revenue or its tax base.

Section 22. Authority to Execute Documents. The Board hereby authorizes the Authorized Officers to execute such certificates, documents and instruments as necessary to effect the issuance of the Note. The Board hereby authorizes the District Superintendent to retain McNair Law Firm, P.A., as Bond Counsel and Compass Municipal Advisors, LLC as Financial Advisor with regard to the issuance of the Note. The District Superintendent is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these or additional engagements.

Section 23. Severability. If any one or more of the provisions of this Resolution should be determined by a court of competent jurisdiction to be contrary to law then such provisions shall be deemed to be severable from all remaining provisions and shall not affect the validity of such other provisions.

Section 24. Inconsistent Actions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed.

Section 25. Effective Date. This Resolution shall become effective immediately upon adoption, as provided by law.

[Signature Page to follow]

Duly adopted by the Board of Education of the School District on June 21, 2016.

SCHOOL DISTRICT OF BEAUFORT COUNTY,
SOUTH CAROLINA

Chair, Board of Education

(SEAL)

ATTEST:

Secretary, Board of Education

Signature Page to Resolution

EXHIBIT A

**FORM OF
SCHOOL DISTRICT OF BEAUFORT COUNTY, SOUTH CAROLINA
TAX ANTICIPATION NOTE
SERIES 2016**

Issuance Date: _____, 2016
First Sinking Fund Payment Date: _____, 2017
Second Sinking Fund Payment Date: _____, 2017
Discharge Date: _____, 2017
Maturity Date: _____, 2017
Principal Amount: \$ _____
Interest Rate: _____%

The School District of Beaufort County, South Carolina (the "School District"), for value received and intending to be legally bound, hereby acknowledges itself indebted and promises to pay to the South Carolina Association of Governmental Organizations ("SCAGO") or its assignee, the Principal Amount set forth above, together with interest thereon from the Issuance Date hereof at the interest rate per annum shown above (calculated on the basis of a 360-day year of twelve 30-day months) payable on the Maturity Date hereof, at the principal corporate trust office of Regions Bank in Atlanta, Georgia, as trustee (the "Trustee"), in such coin or currency of the United States of America as at the time and place of payment is legal tender for the payment of public and private debts without presentation and surrender of this Note; however, SCAGO agrees to surrender this Note before or within a reasonable time after its final maturity, all as hereinafter contained and in the Resolution (hereinafter referred to) authorizing this Note. This Note is not subject to redemption prior to its Maturity Date.

The School District has agreed to cause the amount necessary to discharge its obligation to pay the principal amount and interest due on this Note to be deposited in one-third increments into a sinking fund on the First Sinking Fund Payment Date, the Second Sinking Fund Payment Date and the Discharge Date shown above.

This Note is issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina (the "State"), including Article X, Section 15, paragraph (7) of the Constitution of the State of South Carolina, 1895, as amended; Section 11-27-50(4) Code of Laws of South Carolina 1976, as amended; and the Resolution authorizing the issuance of this Note duly adopted by the governing body of the School District (the "Resolution").

This Note is issued in anticipation of the collection of ad valorem taxes heretofore authorized by due corporate action of the governing body of the School District and any other legal entity with statutory authority, if any, to approve the School District's budget, State Reimbursement and State Appropriation (each as referred to in the Resolution), and is payable, both as to principal and interest, from the collection thereof.

This Note is a general obligation of the School District, and there is hereby pledged to the payment of the principal hereof and interest hereon all ad valorem taxes levied by the School District pursuant to the aforesaid corporate action for the fiscal year beginning July 1, 2016, and ending June 30, 2017, and the full faith, credit and taxing power of the School District.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, against any officer, agent or employee, past, present or future, of the School District, as such, either directly or through the School District, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents or employees is hereby renounced, waived and released as a condition of and as consideration for the issuance, execution and acceptance of this Note.

Notwithstanding the Interest Rate set forth above, if the School District fails to make the sinking fund deposit on or before the date required for such deposit under the Note Resolution, this Note shall bear interest from such date until the date of deposit at the per annum rate set forth above plus ____ percent (____%) per annum to and including the date of final payment hereunder.

This Note will be assigned to the Trustee under a Trust Agreement dated as of _____, 2016, between the Trustee and SCAGO.

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

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State to exist, to happen, and to be performed precedent to or in the issuance of this Note exist, have happened and have been done and performed in regular and due time, form and manner as required by law; that provision has been made for the levy and collection of ad valorem taxes sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that the amount of this Note, together with all other indebtedness of the School District does not exceed the applicable limitation of indebtedness under the laws of the State.

IN WITNESS WHEREOF, THE SCHOOL DISTRICT OF BEAUFORT COUNTY, SOUTH CAROLINA has caused this Note to be executed in its name by the manual or facsimile signature of the Chair of the Board of Education and attested by the manual or facsimile signature of the Secretary of the Board of Education under the seal of the School District and this Note to be dated as of the _____ day of _____, 2016.

SCHOOL DISTRICT OF BEAUFORT COUNTY,
SOUTH CAROLINA

Chair, Board of Education

(SEAL)

ATTEST:

Secretary, Board of Education

REGISTRATION

This Note has been registered in the name of the South Carolina Association of Governmental Organizations on registration books kept by the School District.

Dated this ____ day of _____, 2016.

Secretary, Board of Education, School District of
Beaufort County, South Carolina

ASSIGNMENT

The within Tax Anticipation Note is hereby assigned to _____, as Trustee under a Trust Agreement dated as of _____, 2016, between such Trustee and the South Carolina Association of Governmental Organizations, a South Carolina nonprofit corporation.

**SOUTH CAROLINA ASSOCIATION OF
GOVERNMENTAL ORGANIZATIONS**

By _____
Chair

Date: _____, 2016.

EXHIBIT B

FORM OF WRITTEN AUTHORIZATION AND DIRECTION BY THE SCHOOL DISTRICT TO THE COUNTY TREASURER

I, the undersigned, Chair of the Board of Education (the "Board") of the School District of Beaufort County, South Carolina (the "School District"), on behalf of the School District, hereby directs as follows regarding the payment of the School District's \$_____ Tax Anticipation Note, Series 2016 (the "Note"):

1. Pursuant to Section 8 of a resolution adopted by the Board authorizing the Note (the "Resolution"), the District Superintendent and County Treasurer are hereby authorized and directed to deposit or cause to be deposited to the Sinking Fund, notwithstanding the maturity date of the Note, the Sinking Fund Payments. Each Sinking Fund Payment Date shall be the last Business Day of January 2017, February 2017, and March 2017.

2. Pursuant to Section 9 of the Resolution, the School District has authorized and directed the County Treasurer to withhold and set aside sufficient amounts collected from *ad valorem* taxes authorized to be levied and collected for the School District's operating purposes and from any and all of the School District's State Reimbursements and State Appropriations for the 2016-17 fiscal year as needed to make the Sinking Fund Payments. Without further action of the School District, you are authorized and directed to make the Sinking Fund Payments on each Sinking Fund Payment Date upon receipt of an invoice from the Trustee. This authorization and direction is irrevocable.

3. In the event you do not have sufficient funds to make a Sinking Fund Payment 15 days prior to a Sinking Fund Payment Date, you are hereby authorized and directed to notify the State Treasurer of such shortfall pursuant to the Statutory Intercept (Section 59-71-155 of the Code of Laws of South Carolina, 1976, as amended).

4. In the event you do not have sufficient funds to make a Sinking Fund Payment on a Sinking Fund Payment Date, you are hereby authorized and directed to notify the State Treasurer of such shortfall pursuant to the Constitutional Intercept (South Carolina Constitution Section X, Article 15(4)).

All capitalized terms used herein but not defined shall have the meanings giving such terms in the Resolution.

Chair, Board of Education, School District of Beaufort
County, South Carolina

_____, 2016

I HEREBY ACKNOWLEDGE RECEIPT OF THIS
WRITTEN DIRECTION AND AGREE TO TAKE
ACTION AS SET FORTH HEREIN

Beaufort County Treasurer