

## A RESOLUTION

AUTHORIZING THE ISSUANCE AND SALE, IN ONE OR MORE YEARS, IN ONE OR MORE SERIES, WITH APPROPRIATE SERIES DESIGNATIONS, OF NOT EXCEEDING \$100,000,000 SPECIAL OBLIGATION BONDS AND TO EXECUTE AND DELIVER ONE OR MORE EQUIPMENT ACQUISITION, USE AND SECURITY AGREEMENTS BY THE SCHOOL DISTRICT OF HORRY COUNTY, SOUTH CAROLINA; FIXING CERTAIN OF THE DETAILS OF THE BONDS AND THE AGREEMENTS; AUTHORIZING THE SUPERINTENDENT OR HIS LAWFULLY AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS AND THE AGREEMENTS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE AGREEMENTS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

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

Section 1. Findings and Determinations. The Board of Education acting as the Board of Trustees (the "Board"), as the governing body of the School District of Horry County, South Carolina (the "School District"), hereby finds and determines:

(a) Pursuant to Act No. 79 (1971 Acts), the central authority of Horry County's education system is vested in the Board. The Board is ex officio the Board of Education acting as the Board of Trustees of the School District and all functions and powers vested in school trustees by general or special enactment shall be vested in the Board.

(b) The School District is a body politic and corporate under the laws of the State of South Carolina, and pursuant to Sections 59-17-10 and 59-19-10 through 59-19-190, inclusive, Code of Laws of South Carolina 1976, as amended (the "S.C. Code"), the Board has the power to enter into equipment acquisition transactions.

(c) The School District is in need of financing certain equipment as described in the Bond Agreements or Bank Agreements, each as defined below (the "Equipment") and desires to finance said Equipment using one or more of the following options:

(i) Entering into one or more Acquisition, Use and Security Agreements (the "Bond Agreements") with a trustee to be named (the "Trustee") as security for special obligation bonds to be issued by the School District in an amount not to exceed \$100,000,000 (the "Bonds")

(ii) Entering into one or more Acquisition, Use and Security Agreements with a bank or other financial institution to be named in an amount not to exceed \$100,000,000 (the "Bank Agreements"). The Bond Agreements and the Bank Agreements are sometimes herein collectively referred to as the "Agreements."

(d) The Agreements and the related schedules will not constitute a “financing agreement” and the Equipment will not constitute an “asset” as such terms are defined in Section 11-27-110 of the S.C. Code. Thus, the amount of the Agreements will not be included when calculating the School District's constitutional debt limit.

(e) The School District will have the option of making annual Acquisition Payments (as defined in the Agreements) from its general fund revenue or from the proceeds of general obligation debt. The Agreements will be subject to annual appropriation by the Board.

(f) Pursuant to a Resolution adopted by the Board on February 23, 2015, the School District has adopted Written Procedures Related to Tax-Exempt Debt and Written Procedures related to Continuing Disclosure.

(g) It is in the best interest of the School District to finance the acquisition and installation of the Equipment by issuing the Bonds and entering into the Bond Agreements or by entering into the Bank Agreements.

Section 2. Authorization of Equipment Acquisition Transaction and Approval of Agreements. The Board hereby authorizes the acquisition and financing of the Equipment through either the issuance of the Bonds and execution and delivery of the Bond Agreements as security therefor or the execution and delivery of the Bank Agreement, in the aggregate principal amount of not to exceed \$100,000,000, subject to and in accordance with the provisions of this Resolution. The Agreements shall be in forms approved by the Superintendent of the School District or his lawfully authorized designee, with advice of the School District's Bond Counsel and Financial Advisor, with the execution and delivery thereof constituting approval of the Agreements.

Section 3. Authorization and Details of Bonds, If Any. Pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina, there are hereby authorized to be issued special obligation bonds of the School District in an amount not exceeding \$100,000,000 to obtain funds for the purposes mentioned in Section 1(g) above designated, as appropriate, “[amount issued] Special Obligation Bonds, [appropriate series designation], of the School District of Horry County, South Carolina.”

The Bonds shall be issued as fully-registered Bonds; shall be dated their date of delivery; shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the principal amount of the Bonds maturing in each year; shall be numbered from R-1 upward; shall be book-entry bonds; shall bear interest at such times as hereafter designated by the Superintendent of the School District or his lawfully authorized designee at such rate or rates as may be determined at the time of the sale thereof; and shall mature serially in successive annual installments as determined by the Superintendent of the School District or his lawfully authorized designee.

Section 4. Delegation of Authority to Determine Certain Matters Relating to the Bonds or Agreements. The Board hereby delegates to the Superintendent or his lawfully authorized designee the authority, upon the advice of the School District's bond counsel and the School District's financial advisor, to: (a) determine the final par amount of the Bonds or Bank Agreement; (b) the maturity dates of the Bonds or Bank Agreement, and the respective principal amounts maturing on such dates; (c) determine the interest payment dates of the Bonds or the Bank Agreement; (d) appoint the Trustee or Registrar/Paying Agent for the Bonds, if any; (e) determine the redemption provisions, if any, for the Bonds or the Bank Agreement; (f) approve the terms of the sale of the Bonds and the Bond Agreements or the Bank Agreement.

Section 5. Registration, Transfer and Exchange of Bonds, If Any. The School District shall cause books (herein referred to as the “registry books”) to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bonds under such reasonable regulations as the Registrar/Paying Agent may prescribe.

Each Bond shall be transferable only upon the registry books of the School District, which shall be kept for such purpose at the principal office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the Registrar/Paying Agent on behalf of the School District shall issue in the name of the transferee a new fully-registered Bond or Bonds of the same aggregate principal amount, interest rate and maturity as the surrendered Bond. Any Bond surrendered in exchange for a new registered Bond pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The School District and the Registrar/Paying Agent may deem or treat the person in whose name any fully-registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner 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 neither the School District nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Bonds is exercised, the School District shall execute and the Registrar/Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. Neither the School District nor the Registrar/Paying Agent shall be obliged to make any such transfer of Bonds during the fifteen (15) days preceding an interest payment date on such Bonds.

Section 6. Record Date, If Any. The School District hereby establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, and such record date shall be the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on such Bond or, in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the mailing of notice of redemption of Bonds.

Section 7. Mutilation, Loss, Theft or Destruction of Bonds, If Any. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the School District shall execute and the Registrar shall authenticate and deliver at the principal office of the Registrar, or send by registered mail to the owner thereof at his request, risk and expense a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the School District and the Registrar evidence or proof satisfactory to the School District and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State of South Carolina or such greater amount as may be required by the School District and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly-destroyed Bond shall be entitled to the identical benefits under this Resolution as was the original Bond in lieu of which such

duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder.

All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

Section 8. Execution of Bonds, If Any, and Agreements. The Bonds shall be executed in the name of the School District with the manual or facsimile signature of the Chair or Vice Chair of the Board attested by the manual or facsimile signature of the Secretary of the Board under the seal of the School District which shall be impressed, imprinted or reproduced thereon. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. The Bonds shall bear a certificate of authentication manually executed by the Registrar in the substantially the form set forth herein. The Agreements shall be executed in the name of the School District with the manual or facsimile signature of the Chair or Vice Chair of the Board attested by the manual or facsimile signature of the Secretary of the Board under the seal of the School District which shall be impressed, imprinted or reproduced thereon

Section 9. Eligible Securities. The Bonds, if any, initially issued (the "Initial Bonds") may be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company, New York, New York ("DTC"), and if issued in book-entry form (the "Book-Entry Bonds"), transfers of beneficial ownership of the Book-Entry Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of \$5,000 principal amount of Bonds of the same maturity or any integral multiple of \$5,000.

The Book-Entry Bonds shall be issued in fully-registered form, one Bond for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal or interest on the Book-Entry Bonds becomes due, the School District shall transmit to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Book-Entry Bonds or any portion thereof shall be sent to DTC in accordance with the provisions of the Resolution.

If (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the School District has advised DTC of its determination that DTC is incapable of discharging its duties, the School District shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the School District of the Book-Entry Bonds together with an assignment duly executed by DTC, the School District shall execute and deliver to the successor securities depository Bonds of the same principal amount, interest rate and maturity registered in the name of such successor.

If the School District is unable to retain a qualified successor to DTC or the School District has determined that it is in its best interest not to continue the book-entry system of transfer or that interests of the beneficial owners of the Bonds might be adversely affected if the book-entry system of transfer is continued (the School District undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify beneficial owners of the Bonds by mailing an appropriate notice to DTC, upon receipt by the School District of the Book-Entry Bonds, together with an assignment duly executed by DTC, the School District shall execute, authenticate and deliver to the DTC participants Bonds in fully-registered form, in substantially the form set forth in Appendix A of this Resolution in the denomination of \$5,000 or any integral multiple thereof.

Notwithstanding the foregoing, at the request of the purchaser, the Bonds will be issued as one single fully-registered bond and not issued through the book-entry system.

Section 10. Security for the Bonds. The Bonds are secured by amounts pledged under the Bond Agreements which obligates the School District to make acquisition payments (as defined in the Bond Agreement) to the Trustee in amounts calculated to be sufficient to enable the Trustee to pay, when due, the principal and interest on the Bonds.

The Bonds are special obligation bonds of the School District, payable solely from and secured by amounts pledged under the Bond Agreements which obligates the School District to make Acquisition Payments to the Trustee in amounts calculated to be sufficient to enable the Trustee to pay, when due, the principal of and interest on the Bonds. The financial obligations of the School District under the Bond Agreements do not constitute general obligations of the School District to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made by the Board to pay Acquisition Payments due in each fiscal year under the Bond Agreements. The School District's obligations under the Agreements are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the Acquisition Payments due in such fiscal year. The School District has no continuing obligation to appropriate funds to pay Acquisition Payments due under the Agreements and may terminate its obligations under the Bond Agreements on an annual basis without any penalty.

Section 11. Security for Bank Agreements. The Bank Agreements are special obligations of the School District, payable solely from and secured by amounts pledged to make Acquisition Payments in amounts calculated to be sufficient pay, when due, such Acquisition Payments. The financial obligations of the School District under the Bank Agreements do not constitute general obligations of the School District to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made by the Board to pay Acquisition Payments due in each fiscal year under the Bank Agreements. The School District's obligations under the Bank Agreements are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the Acquisition Payments due in such fiscal year. The School District has no continuing obligation to appropriate funds to pay Acquisition Payments due under the Bank Agreements and may terminate its obligations under the Agreements on an annual basis without any penalty.

Section 12. Defeasance. The obligations of the School District under this Resolution and the pledges, covenants and agreements of the School District therein made or provided for, shall be fully discharged and satisfied as to any portion of the Bonds or Bank Agreement, and such Bonds or Agreements shall no longer be deemed to be outstanding when:

(a) such Bonds or Bank Agreements shall have been purchased by the School District and surrendered to the School District for cancellation or otherwise surrendered to the School District or the Paying Agent and is canceled or subject to cancellation by the School District or the Paying Agent; or

(b) payment of the principal of and interest on such Bonds or Agreements either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with a corporate trustee in trust and irrevocably set aside exclusively for such payment (1) moneys sufficient to make such payment, or (2) Government Obligations (as defined below) maturing as to principal and interest in such amounts and at such times as

will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the corporate trustee. At such time as the Bonds or the Bank Agreements shall no longer be deemed to be outstanding thereunder, such Bonds or the Bank Agreements shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government obligations as set forth in (ii) above, shall no longer be secured by or entitled to the benefits of the Resolution.

“Government Obligations” means any of the following:

- (a) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;
- (b) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”); and
- (c) general obligation bonds of the State, its institutions, agencies, school districts and political subdivisions, which, at the time of purchase, carry a AAA rating from Standard & Poor’s or a Aaa rating from Moody’s Investors Service.

Section 13. Exemption from State Taxes. Both the principal of and interest on the Bonds and the Agreements shall be exempt, in accordance with the provisions of Section 12-2-50 of the S.C. Code, 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 14. Sale of Bonds, If Any, and Bank Agreements. The Bonds may be sold at public sale or may be underwritten and sold pursuant to a Bond Purchase Agreement, the form of which shall be approved by the Superintendent or his lawfully authorized designee, with the advice of the School District’s bond counsel and financial advisor. The Bank Agreements, if any, will be sold by public sale, pursuant to the terms of a Request for Proposals, the form and content of which shall be approved by the Superintendent.

Section 15. Preliminary and Official Statement, If Any. The Board hereby authorizes the Superintendent or his lawfully authorized designee to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds. The Board authorizes the Superintendent or his lawfully authorized designee to designate the Preliminary Official Statement as “final” for purposes of Rule 15c2-12 of the Securities Exchange Commission. The Superintendent or his lawfully authorized designee is further authorized to see to the completion of the final form of the Official Statement upon the sale of the Bonds so that it may be provided to the purchaser of the Bonds.

Section 16. Filings with Central Repository. 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 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 adversely affects more than five (5%) percent of the revenues of the School District or the School District’s tax base.

Section 17. Continuing Disclosure, If Any. In compliance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”), the School District covenants and agrees for the benefit of the holders from time to time of the Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of, a continuing disclosure undertaking. In the event of a failure of the School District to comply with any of the provisions of a continuing disclosure undertaking, an event of default under this Resolution shall not be deemed to have occurred. In such event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by the School District.

Section 18. Deposit and Use of Proceeds. The proceeds derived from the sale of the Bonds shall be deposited in accordance with the terms and provisions of the Agreement.

Section 19. Reimbursement of Certain Expenditures. The Board hereby declares that this Resolution shall constitute its declaration of official intent pursuant to Treasury Regulation § 1.150-2 to reimburse the School District from the proceeds of the Bonds, if any, for expenditures with respect to the capital improvements (the “Expenditures”). The School District anticipates incurring Expenditures with respect to the capital improvements prior to the issuance by the School District of the Bonds for such purposes. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid, or (b) the date the Project was placed in service, but in no event more than three (3) years after the original Expenditures. The Expenditures are incurred solely to acquire, construct or rehabilitate property having a reasonably expected economic life of at least one (1) year. The source of funds for the Expenditures with respect to the capital improvements will be the School District's general reserve funds or other legally-available funds.

Section 20. Tax Covenants. The School District hereby covenants and agrees with the Holders of the Bonds or the Bank Agreements that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds or the Bank Agreements to become includable in the gross income of the Bondholders for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. The School District further covenants and agrees with the holders of the Bonds or the Bank Agreements that no use of the proceeds of the Bonds or the Bank Agreements shall be made which, if such use had been reasonably expected on the date of issue of the Bonds or the Bank Agreements would have caused the Bonds to be “arbitrage bonds,” as defined in Section 148 of the Code, and to that end the School District hereby shall:

(a) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bonds or Bank Agreements are outstanding;

(b) 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 relating to required rebates of certain amounts to the United States; and

(c) make such reports of such information at the time and places required by the Code.

Section 21. Miscellaneous. The Board hereby authorizes the Chair, the Secretary of the Board, the Superintendent, and the Chief Financial Officer to execute such documents and instruments as may be necessary to effect the issuance of the Bonds, if any, or the Bank Agreements including but not limited to a Bond Purchase Agreement. The Board hereby retains McNair Law Firm, P.A. as Bond Counsel and Compass Municipal Advisors, LLC. as Financial Advisor in connection with the issuance of the Bonds. The Superintendent is authorized to execute such contracts, documents or engagement letters

as may be necessary and appropriate to effectuate these engagements. The Superintendent is further authorized, with the advice of the School District's Chief Financial Officer, Financial Advisor and Bond Counsel, to select other professionals, including but not limited to a trustee, underwriter and underwriter's counsel, who may be required to accomplish the purposes of this Resolution.

All rules, regulations, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bonds are, to the extent of such conflict, hereby repealed and this Resolution shall take effect and be in full force from and after its adoption.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2015.

SCHOOL DISTRICT OF HORRY COUNTY,  
SOUTH CAROLINA

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Chair, Board of Education acting as the Board of  
Trustees

(SEAL)

ATTEST:

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Secretary, Board of Education acting as  
the Board of Trustees