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**ORDINANCE NO. 2020-16**

**AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A NOT EXCEEDING EIGHT HUNDRED THOUSAND DOLLARS (\$800,000) CITY OF EASLEY, SOUTH CAROLINA STORMWATER SYSTEM REVENUE BOND, SERIES 2020; AND OTHER MATTERS RELATING THERETO.**

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**SERIES ORDINANCE  
Enacted June 29, 2020**

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**BE IT ORDERED AND ORDAINED BY THE CITY OF EASLEY, SOUTH CAROLINA,  
IN COUNCIL ASSEMBLED AND BY THE AUTHORITY THEREOF:**

**ARTICLE I**

**FINDINGS OF FACT**

Section 1.01 Findings

As an incident to the enactment of this ordinance, and the issuance of the bonds provided for herein, the City Council of the City of Easley (the “*City Council*”), the governing body of the City of Easley, South Carolina (the “*City*”), finds that the facts set forth in this **Article I** exist and the following statements are in all respects true and correct:

(a) The City has made general provision for the issuance from time to time of Stormwater System Revenue Bonds (the “*Bonds*”) of the City through the enactment on October 10, 2016 of an ordinance entitled “AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF STORMWATER SYSTEM REVENUE BONDS OF THE CITY OF EASLEY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO” (the “*Bond Ordinance*”).

(b) It is provided in and by the Bond Ordinance that, upon enactment of a Series Ordinance there may be issued one or more series of Bonds for the purpose of obtaining funds for the repair, renovation and equipping of improvements to the stormwater system of the City (the “*System*”); 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; refunding Bonds or other obligations issued to provide land or facilities that are or are to become a part of the System or that are or were payable in whole or in part from revenues of the System; providing funds for the payment due of interest on such Bonds; funding a debt service reserve fund established for the benefit of the Holders of a particular Series of Bonds or restoring such funds to their required funding level; and paying the cost of issuance of Bonds, including the cost of any credit enhancement therefor.

(c) The City currently has outstanding the following obligation secured by the Bond Ordinance:

(i) \$276,000 of an original principal amount \$432,000 Stormwater System Revenue Bond, Series 2016 (the “*Series 2016 Bond*”).

(d) The City Council has determined that it is in the best interests of the customers of the City to raise additional moneys to defray the costs related to the acquisition, construction, renovation, installation, furnishing and equipping of various capital improvements to the System (collectively, the “*Improvements*”).

(e) By reason of the foregoing, the City has determined to enact this ordinance as a Series Ordinance in accordance with the terms and provisions of the Bond Ordinance in order to effect the issuance of the bonds described herein for the purpose of (i) defraying the costs of the Improvements and (ii) paying the cost of issuance of said bonds.

(f) This Series Ordinance supplements the Bond Ordinance, constitutes and is a “Series Ordinance” within the meaning of the quoted term as defined and used in the Bond Ordinance and is enacted under and pursuant to the Bond Ordinance.

(g) The Series 2020 Bond constitutes and is a “Bond” within the meaning of the quoted word as defined and used in the Bond Ordinance.

(h) The Gross Revenues pledged under the Bond Ordinance are not encumbered by any lien or charge thereon or pledge thereof, other than the pledge thereof created by the Bond Ordinance, providing for payment and security of the Bonds. As of the date hereof, the Series 2016 Bond constitutes the only Outstanding obligations of the City secured by the Gross Revenues.

(i) There does not exist an Event of Default, nor does there exist any condition which, after the passage of time or the giving of notice, or both, would constitute an Event of Default under the Bond Ordinance.

(j) There is no Reserve Requirement for the Series 2020 Bond, and a Debt Service Reserve Fund will not be established for the Series 2020 Bond.

[End of Article I]

## ARTICLE II

### DEFINITIONS AND AUTHORITY

#### Section 2.01 Definitions

(a) Except as provided in subsection (b) below, all terms which are defined in Section 2.02 of the Bond Ordinance shall have the same meanings in this 2020 Series Ordinance as such terms are prescribed to have in the Bond Ordinance.

(b) As used in this 2020 Series Ordinance, unless the context shall otherwise require, the following terms shall have the following respective meanings:

**“Bond Ordinance”** shall mean the Ordinance entitled “AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF STORMWATER SYSTEM REVENUE BONDS OF THE CITY OF EASLEY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO” enacted on October 10, 2016 by the City Council.

**“2020 Construction Fund”** shall mean the Fund established pursuant to **Section 6.01** hereof with respect to payments of the costs of the Improvements.

**“Series 2020 Bond”** shall mean the not exceeding \$800,000 City of Easley, South Carolina Stormwater System Revenue Bond, Series 2020 authorized by this 2020 Series Ordinance, whether or not the Bond is actually issued in calendar year 2020. If the Series 2020 Bond is issued in a year other than 2020, then the Series 2020 Bond will bear the year designation of the year in which it is actually issued.

**“2020 Debt Service Fund”** shall mean the Fund established pursuant to **Section 4.06(a)** hereof to provide for the payment of the principal of and interest on the Series 2020 Bond.

**“2020 Series Ordinance”** shall mean this Ordinance.

#### Section 2.01 Authority for this 2020 Series Ordinance

This 2020 Series Ordinance is enacted pursuant to the provisions of the Bond Ordinance.

[End of Article II]

**ARTICLE III**

**USEFUL LIFE AND FISCAL YEAR**

Section 3.01    Determination of Useful Life of the System

The period of usefulness of the System is hereby determined to be not less than forty (40) years from the date hereof.

Section 3.02    Fiscal Year

The Fiscal Year of the City begins July 1 and ends June 30 of the following calendar year.

[End of Article III]

## ARTICLE IV

### AUTHORIZATION AND TERMS OF THE SERIES 2020 BOND

#### Section 4.01 Principal Amount and Designation of Series 2020 Bond

Pursuant to the provisions of the Enabling Act and the Bond Ordinance, a Bond of the City entitled to the benefits, protection and security of the provisions of the Bond Ordinance is hereby authorized to be issued for the purposes set forth in **Section 4.02** below. The Bond so authorized shall be in the total principal amount of not exceeding \$800,000 and designated “City of Easley, South Carolina Stormwater System Revenue Bond, Series 2020” (the “*Series 2020 Bond*”)

#### Section 4.02 Purposes of Series 2020 Bond

The Series 2020 Bond is authorized for the purposes of:

- (a) defraying the costs of the Improvements; and
- (b) paying costs and expenses relating to the issuance of the Series 2020 Bond.

#### Section 4.03 Date, Interest Rate, Maturity and Redemption of Series 2020 Bond

(a) The Date of Issue of the Series 2020 Bond shall be the date of its delivery. The Series 2020 Bond shall be issued as a Bond in the denomination of not exceeding \$800,000 or such lesser amount as is actually issued, shall bear interest at the rate per annum (calculated on the basis of a 360-day year of twelve 30-day months) as named by the successful purchase thereof; provided that the net interest rate shall not exceed 4.00% per annum and shall be payable as to interest semiannually each April 1 and October 1, commencing April 1, 2021. Principal of the Series 2020 Bond will be payable in annual installments on each April 1 in the years and principal amount as determined by the City Administrator provided that the final maturity date shall not be later than April 1, 2030.

(b) The Series 2020 Bond shall be subject to redemption prior to maturity on such terms as directed by the City Administrator, upon advice of the City’s Municipal Advisor, and agreed to by the successful purchaser or purchasers thereof, together, in each case, with the interest accrued on the principal amount to the date fixed for redemption.

#### Section 4.04 Authentication and Payment of Principal and Interest of Series 2020 Bond

The Series 2020 Bond shall be authenticated by the Registrar (as identified below) on such date as the same shall be delivered. The principal of and interest on the Series 2020 Bond shall be paid by check or draft mailed from the office of the Trustee to the person in whose name the Bonds are registered at the close of business on the Record Date, and presentment or surrender of the Series 2020 Bond for payment shall not be required.

#### Section 4.05 Appointment of Registrar, Paying Agent and Trustee; Transfer and Exchange of Series 2020 Bond

U.S. Bank National Association is hereby appointed to act as Registrar, Paying Agent and Trustee under the Bond Ordinance.

The Series 2020 Bond shall be presented for registration of transfers and exchanges, and notices and demands in respect of the Series 2020 Bond may be served upon the Registrar.

In connection with any transfers of the Series 2020 Bond, the Trustee has no duty or obligation to confirm that the transfer restrictions set forth in **Section 7.02** hereof are satisfied or whether or not such transferee is a Qualified Investor (as hereinafter defined).

Section 4.06    Establishment of 2020 Debt Service Fund

In accordance with the Bond Ordinance, the 2020 Debt Service Fund is hereby directed to be established with the Trustee on the date of original delivery of the Series 2020 Bond for the benefit of the Holder of the Series 2020 Bond. Payments to and from the 2020 Debt Service Fund shall be made in accordance with the provisions of Articles VII and VIII of the Bond Ordinance.

Section 4.07    Form of Series 2020 Bond

The Series 2020 Bond together with the Certificate of Authentication and Assignment to appear thereon, are to be in substantially the form attached hereto as **Exhibit A**, with necessary and appropriate variations, omissions and insertions as permitted or required by the Bond Ordinance or this 2020 Series Ordinance. The Series 2020 Bond shall be numbered R-1.

[End of Article IV]

## **ARTICLE V**

### **EXECUTION OF BONDS; NO RECOURSE**

#### Section 5.01    Execution

The Series 2020 Bond shall be executed by the Mayor and the City Clerk and authenticated in accordance with the applicable provisions of the Bond Ordinance.

#### Section 5.02    No Recourse

All covenants, stipulations, promises, agreements and obligations of the City contained in the Bond Ordinance or in this 2020 Series Ordinance shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not those of any officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Series 2020 Bond or for any claim based thereon or on the Bond Ordinance or on this 2020 Series Ordinance, either jointly or severally, against any officer or employee of the City or any person executing the Series 2020 Bond.

[End of Article V]

## ARTICLE VI

### 2020 CONSTRUCTION FUND; APPLICATION OF THE SERIES 2020 BOND PROCEEDS

#### Section 6.01    Creation of 2020 Construction Fund

There is hereby created a fund to be known as the “*2020 Construction Fund.*” There shall be paid into the 2020 Construction Fund the sums prescribed under Section **6.02** hereof. The 2020 Construction Fund shall be held and maintained in an account at a bank selected by the City.

#### Section 6.02    Use, Disposition and Investment of Series 2020 Bond Proceeds

(a)    Upon the delivery of the Series 2020 Bond and receipt of the proceeds thereof, all of the proceeds of the Series 2020 Bond shall be deposited into the 2020 Construction Fund to be utilized to pay costs of the Improvements and costs of issuance of the Series 2020 Bond.

(b)    Withdrawals from the 2020 Construction Fund shall be made only for the purpose of paying costs of issuance of the Series 2020 Bond and costs of the Improvements, including reimbursing the City for prior expenditures related to the System.

(c)    [Reserved]

(d)    [Reserved]

(e)    Promptly after the completion of the Improvements, the City will transfer any moneys held therein and not needed to pay the costs of the Improvements either (i) to the 2020 Debt Service Fund to be used only to pay the principal of, premium, if any, and interest on the Series 2020 Bond or (ii) to another account the City to be applied to any other lawful purposes with respect to the System as have been appropriated by the City Council.

(f)    Moneys in the 2020 Construction Fund shall be invested and reinvested in Authorized Investments at the written direction of the City. All earnings shall be added to and become a part of the 2020 Construction Fund.

[End of Article VI]

## ARTICLE VII

### SALE AND AWARD OF SERIES 2020 BOND

#### Section 7.01 Sale and Award of Series 2020 Bond

The City Administrator is hereby authorized and directed (i) to either negotiate directly with one or more financial institutions for the sale of the Series 2020 Bond or distribute a request for proposals to one or more financial institutions, (ii) to determine the final principal amount and maturity date of the Series 2020 Bond and (iii) to accept the proposal from such financial institution that provides the best overall deal to the City, provided that with regard to the Series 2020 Bond the aggregate principal amount does not exceed \$800,000, the interest rate does not exceed 4.00% and the final maturity does not extend beyond April 1, 2030, without further action required of the Council. The City Administrator, on behalf of the City, is hereby authorized to execute the commitment letter or term sheet, as the case may be, of the successful purchaser or purchasers, which terms thereof are consistent herewith.

#### Section 7.02 Restricted Transfer

The Series 2020 Bond may be sold or transferred by the initial purchaser only to purchasers ("**Qualified Investors**") who execute an investment letter delivered to the City, in form satisfactory to the City (an "**Investment Letter**"), containing certain representations, warranties and covenants as to the suitability of such purchasers to purchase and hold the Series 2020 Bond. Such restriction shall be set forth on the face of the Series 2020 Bond and shall be complied with by each transferee of the Series 2020 Bond.

[End of Article VII]

## ARTICLE VIII

### TAX EXEMPTION OF SERIES 2020 BOND

#### Section 8.01 Tax Exemption

(a) The Series 2020 Bond and the interest thereon shall be exempt from all State, county, municipal, school district, and all other taxes or assessments in the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, or transfer taxes.

(b) The City shall not take any action or permit or suffer any action to be taken if the result would be to cause the Series 2020 Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(c) The City shall not take, or permit or suffer to be taken, any action with respect to the gross proceeds of the Series 2020 Bond which would cause the Series 2020 Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

(d) The City, including all entities subordinate thereto, including the Combined Utility System of the City, which is operated and maintained by the Commission of Public Works, does not intend to issue tax-exempt obligations in calendar year 2020 which will exceed \$10,000,000 in aggregate principal amount (other than private activity bonds which are not qualified 501(c)(3) bonds as defined in Section 145 of the Code). The Series 2020 Bond is hereby accordingly designated as a “qualified tax-exempt obligation” in accordance with Section 265(b)(3)(B) of the Code.

[End of Article VIII]

## ARTICLE IX

### MISCELLANEOUS

#### Section 9.01 Severability

If any one or more of the covenants or agreements provided in this 2020 Series Ordinance on the part of the City or any fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 2020 Series Ordinance.

#### Section 9.02 Table of Contents and Section Headings Not Controlling

The Table of Contents and the Headings of the several Articles and Sections of this 2020 Series Ordinance have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 2020 Series Ordinance.

#### Section 9.03 State Law Continuing Disclosure

In accordance with Section 11-1-85, Code of Laws of South Carolina, 1976, as amended, the City hereby covenants to, as long as the provisions of said Section 11-1-85 remain in effect with respect to the Series 2020 Bond, file with a central repository for availability in the secondary bond market when requested: (i) an annual independent audit, within thirty (30) days of the City's receipt of such audit; and (ii) event specific information, within thirty (30) days of an event adversely affecting more than five percent of the City's revenue or tax base.

The only remedy for failure by the City to comply with the covenant in this **Section 9.03** shall be an action for specific performance of the covenant. The City specifically reserves the right to amend or delete the covenant to reflect any change in (or repeal of) Section 11-1-85, without the consent of any Series 2020 Bondholder.

#### Section 9.04 Ordinance to Constitute Contract

In consideration of the purchase and acceptance of the Series 2020 Bond by those who shall purchase and hold the same from time to time, the provisions of this Series Ordinance shall be deemed to be and shall constitute a contract between the City and the Holder from time to time of the Series 2020 Bond, and such provisions are covenants and agreements with such Holder which the City 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 City shall be for the equal benefit, protection, and security of the Holder of the Series 2020 Bond.

[End of Article IX]

This Ordinance shall become effective immediately upon its enactment.

**DONE in meeting duly assembled, this 29<sup>th</sup> day of June, 2020.**

**CITY OF EASLEY, SOUTH CAROLINA**

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Mayor

Attest:

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City Clerk

First reading:            June 8, 2020  
Second reading:        June 29, 2020

**(FORM OF BOND)**

**CITY OF EASLEY, SOUTH CAROLINA  
STORMWATER SYSTEM REVENUE BOND  
SERIES 2020**

No. R-1 \$\_\_\_\_\_

Issue Date Maturity Date Interest Rate

**REGISTERED HOLDER:** \_\_\_\_\_

**PRINCIPAL SUM:** \_\_\_\_\_ **DOLLARS**

The **CITY OF EASLEY, SOUTH CAROLINA** (the “*City*”) acknowledges itself indebted and for value received hereby promises to pay, solely from the sources and as hereinafter provided, to the Registered Holder or its registered assigns, the Principal Sum named above on the payment dates set forth below, unless this Bond shall have been redeemed prior thereto as hereinafter provided and to pay interest on such principal amount at the Interest Rate stated above (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the City with respect to the payment of such principal amount shall be discharged. Interest on the Bond will be payable semiannually each April 1 and October 1, commencing April 1, 2021. Principal of the Bond will be payable in annual installments on each April 1 in each of the years and in the amounts as follows:

Year Principal Amount Year Principal Amount

The principal and interest so payable will be paid to the person in whose name this Bond is registered at the close of business on the 15<sup>th</sup> day of the month immediately preceding such Bond Payment Date (the “*Record Date*”).

The principal of this Bond and interest hereon shall be payable by check or draft mailed at the times provided herein from the office of U.S. Bank National Association, in St. Paul, Minnesota (the “*Trustee*”), to the person in whose name this Bond is registered on the Record Date at the address shown on the registration books, without presentment or surrender of the Bond. The principal of and interest on this Bond is payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

[This Bond shall be subject to redemption prior to maturity, at the option of the City Council of the City (the “*City Council*”), at any time, as a whole or in part, at the redemption price of

\_\_\_\_\_, together, in each case, with the interest accrued on the principal amount to the date fixed for redemption.]

This Bond is issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina (the “**State**”), Title 6, Chapter 21, Code of Laws of South Carolina, 1976, as amended, and a Bond Ordinance (the “**Bond Ordinance**”) duly enacted by the City Council on October 10, 2016 and a Series Ordinance (the “**Series Ordinance**”) duly enacted by the City Council on June 29, 2020 (the Bond Ordinance and the Series Ordinance are hereinafter together referred to as the “**Ordinances**”). Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances. Certified copies of the Ordinances are on file in the office of the City Clerk and in the office of the Clerks of Court for Pickens County and Anderson County. This Bond is issued for the purpose of obtaining funds to defray the costs of the Improvements and to pay costs and expenses relating to the issuance of this Bond.

Both the principal of and interest on this Bond, as the same shall become due, are payable solely from the Gross Revenues of the stormwater system of the City (the “**System**”). This Bond shall not in any event constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the Constitution or statutes of the State. The City is not obligated to pay this Bond, or the interest hereon, save and except from the Gross Revenues of the System.

The pledge of the Gross Revenues and the statutory lien on the System given by the City to secure the Series 2020 Bond is on a parity in all respects with the pledge of the Gross Revenues and the statutory lien on the System given to secure the District’s Series 2016 Bond. In addition, the Bond Ordinance authorizes the issuance of additional Bonds secured by a pledge of the Gross Revenues of the System which upon the issuance thereof will rank equally and be secured by a pledge of the Gross Revenues of the System, and a statutory lien upon the System, all on a parity with the pledge and liens given to secure the Series 2016 Bond and this Bond.

The City has covenanted to continuously operate and maintain the System and fix and maintain such rates for the services and facilities furnished by the System as shall at all times be sufficient (a) to provide for the punctual payment of the principal of and interest on this Bond and any additional Series of Bonds, (b) to maintain any debt service reserve fund as may be established for any Series of Bonds in the manner therein prescribed, (c) to provide for the payment of the expenses of the administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order, (d) 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, (e) to discharge all obligations imposed by the Enabling Act and the Ordinances and (f) 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.

For the payment of the principal of and interest on this Bond there are hereby irrevocably pledged the Gross Revenues of the System. In order to further secure the payment of the principal and interest due hereon, a statutory lien upon the System, as authorized by the Enabling Act, is hereby provided.

This Bond and the interest hereon are exempt from all State, county, school district, municipal and all other taxes or assessments of the State, except inheritance, estate, transfer or certain franchise taxes.

This Bond is transferable, as provided in the Bond Ordinance, only upon the registration books of the City kept for that purpose and maintained by the Registrar, by the Holder hereof in person or by his duly authorized attorney, upon (a) surrender of this Bond and an assignment with a written instrument of

transfer duly executed in blank with signature guaranteed satisfactory to the Registrar, duly executed by the Holder hereof or his duly authorized attorney and (b) payment of the charges, if any, prescribed in the Bond Ordinance. Thereupon a new Bond in the principal amount then due and owing hereon but in all other respects identical hereto, shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of this Bond, the City 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.

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

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

**IN WITNESS WHEREOF**, the **CITY OF EASLEY, SOUTH CAROLINA**, has caused this Bond to be signed by the Mayor of the City, and the same to be attested by the City Clerk.

**CITY OF EASLEY, SOUTH CAROLINA**

By: \_\_\_\_\_  
Mayor

Attest:

By: \_\_\_\_\_  
City Clerk

**CERTIFICATE OF AUTHENTICATION**

This Bond is the issue described in the within mentioned Ordinances.

**U.S. BANK NATIONAL ASSOCIATION,**  
as Registrar

By: \_\_\_\_\_

Date of Authentication: \_\_\_\_\_

**(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.

Date: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by a member firm of STMP, SEMP or MSP signature guaranty medallion program.

