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SCHOOL DISTRICT NO. 5 OF SPARTANBURG COUNTY, SOUTH CAROLINA

A RESOLUTION

AUTHORIZING THE ISSUANCE AND SALE OF A NOT EXCEEDING \$3,000,000 GENERAL OBLIGATION BOND, SERIES 2015A, OF SCHOOL DISTRICT NO. 5 OF SPARTANBURG COUNTY, SOUTH CAROLINA; FIXING THE FORM AND CERTAIN DETAILS OF THE BOND; AUTHORIZING THE CHAIRMAN OF THE BOARD OF TRUSTEES AND THE SUPERINTENDENT OF THE SCHOOL DISTRICT TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BOND AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

Adopted: February 23, 2015

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BE IT RESOLVED BY THE BOARD OF TRUSTEES OF SCHOOL DISTRICT NO. 5 OF SPARTANBURG 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:

“Board” shall mean the Board of Trustees of School District No. 5 of Spartanburg County, South Carolina.

“Bondholders” or the term “Holders” or any similar term shall mean the registered owner or owners of any outstanding Bond or Bonds.

“Books of Registry” shall mean the registration books maintained by the Registrar in accordance with Section 7 hereof.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Government Obligations” shall mean any of the following: (1) cash; (2) United States Treasury Obligations – State and Local Government Series; (3) United States Treasury bills, notes, bonds or zero coupon treasury bonds all as traded on the open market; (4) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, including CATS TIGRS and similar securities; (5) obligations of any agencies or instrumentalities which are backed by the full faith and credit of the United States of America; (6) bonds or debentures issued by any Federal Home Loan Bank or consolidated bonds or debentures issued by the Federal Home Loan Bank Board; or (7) any legally permissible combination of any of the foregoing. Government Obligations must be redeemable only at the option of the holder thereof.

“Paying Agent” shall mean Regions Bank in Columbia, South Carolina, or the Spartanburg County Treasurer.

“Record Date” shall mean the fifteenth (15th) day of the month immediately preceding each Interest Payment Date on the Bonds or the date of notice of any proposed redemption of the Bonds.

“Registrar” shall mean Regions Bank in Columbia, South Carolina, or the Spartanburg County Treasurer.

“Resolution” shall mean this Resolution.

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

“School Bond Act” shall mean Title 59, Chapter 71, Article 1, Code of Laws of South Carolina 1976, as amended.

“School District” shall mean School District No. 5 of Spartanburg County, South Carolina.

“Series 2015A Bond” shall mean the General Obligation Bond, Series 2015A, in the aggregate principal amount of not exceeding \$3,000,000 authorized to be issued pursuant to Section 3 hereof.

“State” shall mean the State of South Carolina.

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

(a) The School District was created by Order of Consolidation of the Spartanburg County Board of Education dated November 24, 1951, under which all school districts of Spartanburg County were consolidated into seven districts. The School District is a duly constituted body politic and political subdivision of the State of South Carolina.

(b) Pursuant to the provisions of Act No. 189 (1995 Acts), each of the seven boards of trustees of the school districts within Spartanburg County were vested and allocated with total fiscal autonomy. The Spartanburg County Board of Education (the “County Board”) was empowered to perform certain functions and all other powers, if any, formerly possessed by the County Board were devolved upon the seven boards of trustees of the local districts of Spartanburg County. Pursuant to Act No. 499 (1998 Acts), those remaining powers and duties of the County Board were devolved upon the Spartanburg County Education Oversight Committee, and the County Board was abolished.

(c) Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended (the “Constitution”), provides that after November 30, 1982, the governing body of any school district may incur general obligation debt in an amount not exceeding eight percent (8%) of the assessed value of all taxable property of such school district (the “Debt Limit”) and upon such terms and conditions as the General Assembly may prescribe. Such Article further provides that if general obligation debt is authorized by a majority vote of the qualified electors of the school district voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in such Article.

(d) The School Bond Act provides that the board of trustees of any school district may issue general obligation bonds of such school district for the purpose of defraying the cost of capital improvements to any amount not exceeding the constitutional debt limitation applicable to such school district. The School Bond Act requires the County Board of Education wherein the school district is located, if there is such, to approve the issuance of such bonds.

(e) Title 11, Chapter 27 of the South Carolina Code provides that if an election be prescribed by the provisions of the School Bond Act but is not required by the provisions of Article X of the Constitution, then in every such instance, no election need be held and the remaining provisions of the School Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions. Title 11, Chapter 27 further provides that any school district of the State may issue bonds in fully-registered form.

(f) The assessed value of all taxable property in the School District, as established by the last completed assessment thereof, is not less than \$227,924,313 which includes the 1987 assessed value for merchants’ inventory in the amount of \$1,100,950. Eight percent (8%) of such sum is \$18,233,945. The outstanding general obligation bonds of the School District are represented by the following bond issue:

(i) \$3,665,000 original principal amount General Obligation Bond, Series 2014 (the “2014 Bond”), dated September 17, 2014, to be paid in full on March 2, 2015.

Thus, upon the payment of the 2014 Bond, the School District may incur \$18,233,945 of general obligation debt within its applicable constitutional debt limitation.

(g) It is in the best interest of the School District to provide for the issuance and sale of the Series 2015A Bond of the School District pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina in the principal amount of not to exceed \$3,000,000 to provide funds to defray the costs of improvements, renovations and additions to and equipping James F. Byrnes High School and Lyman Elementary School.

SECTION 3. Authorization and Details of Series 2015A Bond. Pursuant to the aforesaid provisions of the Constitution and laws of the State, there is hereby authorized to be issued not exceeding \$3,000,000 of general obligation bond of the School District to obtain funds for the purposes set forth in Section 2(g) above, including any engineering, architectural, financial and legal fees relating thereto and other incidental costs of issuing the Series 2015A Bond. The Series 2015A Bond shall be designated “\$3,000,000 (or amount issued) General Obligation Bond, Series 2015A, of School District No. 5 of Spartanburg County, South Carolina.”

The Series 2015A Bond shall be issued as fully-registered Bond; shall be registered as to principal and interest in the name of the successful purchaser; shall be dated their date of delivery or such other date as the Chairman or Vice Chair of the Board and the District Superintendent determine; shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) payable on the Interest Payment Date at such rate as may be determined by the Chairman or Vice Chair of the Board and District Superintendent at the time of the sale thereof; and shall mature as to both principal and interest not later than six months from date of issuance.

Interest shall be calculated on a 360-day year comprised of twelve 30-day months, unless otherwise agreed upon by the Chairman or Vice Chair and District Superintendent.

SECTION 4. Redemption Provisions. The Series 2015A Bond shall not be subject to redemption prior to its stated maturity.

SECTION 5. Chairman of Board of Trustees and District Superintendent to Determine Certain Matters. The Chairman of the Board, or Vice-Chair, and District Superintendent are hereby authorized and empowered to:

- (a) determine the date and time of sale of the Series 2015A Bond;
- (b) determine the original issue date of the Series 2015A Bond;
- (c) determine the aggregate principal amount of the Series 2015A Bond to be issued if less than authorized by this Resolution;
- (d) designate the Paying Agent and Registrar for the Series 2015A Bond, if different than as set forth in this Resolution;
- (e) receive bids for the Series 2015A Bond on behalf of the School District and award the sale of the Series 2015A Bond to the lowest bidder therefor in accordance with the terms of the Notice of Sale for the Series 2015A Bond; and

(f) negotiate and execute all other contracts which may be necessary or required in connection with the issuance of the Series 2015A Bond.

After the sale of the Series 2015A Bond, the Chairman of the Board, or the Vice Chair, and the District Superintendent shall submit a written report to the Board setting forth the results of the sale of the Series 2015A Bond.

SECTION 6. Registrar and Paying Agent. Unless otherwise designated by the Chairman or Vice-Chair and District Superintendent, Regions Bank or the Spartanburg County Treasurer may act as Paying Agent and Registrar for the Series 2015A Bond.

SECTION 7. Registration, Transfer and Exchange of Series 2015A Bond. The Series 2015A Bond shall be registered in the name of the initial purchaser thereof, as the registered owner, at the office of the Registrar and approved by the Chairman of the Board and the District Superintendent on the Books of Registry to be kept for that purpose, and such registration shall be noted on the registration attached to the Series 2015A Bond, after which no transfer of such Series 2015A Bond shall be effective unless made on such Books of Registry by the registered owner in person or its duly authorized legal representative and similarly noted on the Series 2015A Bond.

With the consent of the initial purchaser of the Series 2015A Bond, and notwithstanding any provision to the contrary contained in this Resolution or in the Series 2015A Bond, the Series 2015A Bond may be sold or transferred by the initial purchaser thereof only to purchasers (“Qualified Investors”) who execute an investment letter delivered to the School District, in form satisfactory to the School District (the “Investment Letter”), containing certain representations, warranties and covenants as to the suitability of such purchasers to purchase and hold the Series 2015A Bond. Such restrictions shall be set forth on the face of the Series 2015A Bond and shall be complied with by each transferee of the Series 2015A Bond.

SECTION 8. Record Date. The School District hereby establishes a record date (the “Record Date”) for the payment of interest on the Series 2015A Bond, and such record date shall be not more than fifteen (15) days preceding an Interest Payment Date on such Series 2015A Bond.

SECTION 9. Execution of Series 2015A Bond. The Series 2015A Bond shall be executed in the name of the School District with the manual or facsimile signature of the Chairman or Vice Chair of the Board attested by the manual or facsimile signature of the Secretary of the Board under a facsimile of the seal of the School District which shall be impressed or affixed thereon.

SECTION 10. Form of Series 2015A Bond. The Series 2015A Bond shall be in substantially the following form:

(FORM OF BOND)

THIS BOND MAY BE SOLD OR TRANSFERRED IN WHOLE OR IN PART ONLY TO A PURCHASER OR TRANSFEREE CONSTITUTING A QUALIFIED INVESTOR (AS SUCH TERM IS DEFINED IN THE HEREAFTER DEFINED RESOLUTION UNDER WHICH THIS BOND IS ISSUED), AND ONLY UPON SUCH QUALIFIED INVESTOR DELIVERING TO THE SCHOOL DISTRICT AN INVESTMENT LETTER IN THE FORM REQUIRED UNDER THE RESOLUTION.

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
SCHOOL DISTRICT NO. 5 OF SPARTANBURG COUNTY  
GENERAL OBLIGATION BOND, SERIES 2015A

KNOW ALL MEN BY THESE PRESENTS, that School District No. 5 of Spartanburg County, South Carolina (the "School District"), is justly indebted and, for value received, hereby promises to pay to \_\_\_\_\_, in \_\_\_\_\_, \_\_\_\_\_ (the "Bank"), its successors or registered assigns, the principal amount of \$\_\_\_\_\_ together with interest on the unpaid principal balance hereof at the rate of \_\_\_\_% per annum. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Both the principal of and interest on this Bond are payable on \_\_\_\_\_, 2015 at the offices of Regions Bank, Columbia, South Carolina, as Paying Agent, in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts. [Both the principal of and interest on this Bond are payable at the office of the Paying Agent, without presentation and surrender of this Bond, in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, the Purchaser agrees to surrender this Bond before or with within a reasonable time after its final maturity.]

This Bond is issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended; Title 59, Chapter 71, Article 1, Code of Laws of South Carolina 1976, as amended; Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended; a Resolution duly adopted by the Board of Trustees of the School District (the "Resolution").

For the payment of the principal and interest on this Bond as they respectively mature and for the creation of such sinking fund as may be necessary therefor, the full faith, credit, resources and taxing power of the School District are hereby irrevocably pledged, and there shall be levied annually by the Auditor of Spartanburg County and collected by the Treasurer of Spartanburg County, in the same manner as county taxes are levied and collected, a tax, without limit, on all taxable property in the School District sufficient to pay the principal and interest of this Bond as they respectively mature and to create such sinking fund as may be necessary therefor.

This Bond is not subject to redemption prior to its stated maturity.

This Bond is transferable as provided in the Resolution, only upon the registration books of the School District kept for that purpose at the office of Regions Bank in Columbia, South Carolina, as Registrar, by the registered holder in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his duly authorized attorney. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, interest rate, and maturity date shall be issued to the transferee in exchange therefor as provided in the Resolution. The School District, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina, this Bond and the interest hereon are exempt from all State, county, municipal, school district and 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 of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that the amount of this Bond, together with all other indebtedness of the School District does not exceed the applicable limitation of indebtedness under the laws of the State of South Carolina; and, that provision has been made for the levy and collection of a tax, without limit, on all taxable property in the School District sufficient to pay the principal and interest of this Bond as they respectively mature and to create such sinking fund as may be necessary therefor.

IN WITNESS WHEREOF, SCHOOL DISTRICT NO. 5 OF SPARTANBURG COUNTY, SOUTH CAROLINA, has caused this Bond to be signed with the manual or facsimile signature of the Chairman of the Board of Trustees of the School District, attested by the manual or facsimile signature of the Secretary of the Board of Trustees of the School District under the seal of the School District impressed or affixed hereon and this Bond to be dated the \_\_\_ day of \_\_\_\_\_, 2015.

SCHOOL DISTRICT NO. 5 OF SPARTANBURG  
COUNTY, SOUTH CAROLINA

\_\_\_\_\_  
Chairman, Board of Trustees

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary, Board of Trustees

REGISTRATION

This Bond has been registered in the name of \_\_\_\_\_, in \_\_\_\_\_, on the registration books kept by Regions Bank in Columbia, South Carolina.

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

REGIONS BANK

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

A copy of the final approving legal opinion to be rendered shall be attached to each Bond and preceding the same a certificate shall appear, which shall be signed on behalf of the School District with a facsimile or manual signature of the Secretary of the Board of Trustees of the School District. Said certificate shall be in substantially the following form:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final legal opinion of McNair Law Firm, P.A., Greenville, South Carolina, approving the issue of the bond, the original of which opinion was manually executed, dated and issued as of the date of delivery of and

payment for the bond, and a copy of which is on file with School District No. 5 of Spartanburg County, South Carolina.

SCHOOL DISTRICT NO. 5 OF SPARTANBURG COUNTY,  
SOUTH CAROLINA

By: \_\_\_\_\_  
Secretary, Board of Trustees

SECTION 11. Security for Series 2015A Bond. The full faith, credit, resources and taxing power of the School District are hereby irrevocably pledged for the payment of the principal and interest on the Series 2015A Bond as they respectively mature and to create such sinking fund as may be necessary therefor. There shall be levied annually by the Auditor of Spartanburg County and collected by the Treasurer of Spartanburg County, in the same manner as county taxes are levied and collected, a tax, without limit, on all taxable property in the School District sufficient to pay the principal and interest of the Series 2015A Bond as they respectively mature and to create such sinking fund as may be necessary therefor.

The Auditor of Spartanburg County and the Treasurer of Spartanburg County shall be notified as to the delivery of and payment for the Series 2015A Bond and are hereby directed to levy and collect, respectively, on all taxable property in the School District, a tax, without limit, on all taxable property in the School District sufficient to pay the principal and interest of the Series 2015A Bond as they respectively mature and to create such sinking fund as may be necessary therefor.

SECTION 12. Defeasance. The obligations of the School District under this Resolution and the pledges, covenants and agreements of the School District herein made or provided for, shall be fully discharged and satisfied as to any portion of the Series 2015A Bond, and such Series 2015A Bond shall no longer be deemed to be outstanding hereunder when:

(A) such Series 2015A Bond or Bonds 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 Series 2015A Bond either (1) shall have been made or caused to be made in accordance with the terms thereof, or (2) shall have been provided for by irrevocably depositing with the Paying Agent in trust and irrevocably setting aside exclusively for such payment, (a) moneys sufficient to make such payment, or (b) Government Obligations 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 Paying Agent. At such time as the Series 2015A Bond shall no longer be deemed to be outstanding hereunder, such Series 2015A Bond shall cease to draw interest from the maturity date thereof and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Resolution.

SECTION 13. Exemption from State Taxes. Both the principal of and interest on the Series 2015A Bond shall be exempt, in accordance with the provisions of Section 12-2-50 of the South Carolina 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 Series 2015A Bond, Form of Notice of Sale. The Series 2015A Bond shall be sold at public sale. A Notice of Sale in the form set forth below shall be distributed to prospective bidders as determined by the Financial Advisor, and a summary of such Notice of Sale shall be published in a newspaper having general circulation in the State, not less than seven (7) days prior to the date set for such sale.

The Notice of Sale shall be in substantially the following form:

NOTICE OF SALE  
\$\_\_\_\_\_ GENERAL OBLIGATION BOND, SERIES 2015A,  
OF SCHOOL DISTRICT NO. 5 OF SPARTANBURG COUNTY,  
STATE OF SOUTH CAROLINA

NOT BANK QUALIFIED

Bid Date: \_\_\_\_\_, 2015  
Facsimile: 864.439.0051  
E-mail: [david.hayes@spart5.net](mailto:david.hayes@spart5.net);  
[brian.nurick@compassmuni.com](mailto:brian.nurick@compassmuni.com);  
[dmcleod@mcnair.net](mailto:dmcleod@mcnair.net)

Time and Place for Proposals: Proposals for the purchase of the \$\_\_\_\_\_ General Obligation Bond, Series 2015A (the "Series 2015A Bond"), of School District No. 5 of Spartanburg County, South Carolina (the "School District"), will be received on behalf of the Board of Trustees of the School District (the "Board") in the School District's Administrative Offices, 100 North Danzler Road, Duncan, South Carolina, on \_\_\_\_\_, 2015, until \_\_\_\_\_ m., South Carolina Time, at which time such proposals will be opened for the purchase of the Series 2015A Bond.

Sealed Bids: Each hand-delivered proposal should be enclosed in a sealed envelope marked "Proposal for \$\_\_\_\_\_ General Obligation Bond, Series 2015A, of School District No. 5 of Spartanburg County, South Carolina" and should be directed to David D. Hayes, Director of Finance, at the address in the first paragraph hereof.

Facsimile Proposals: The School District will accept the facsimile transmission of a manually signed proposal at the risk of the bidder. The School District shall not be responsible for the confidentiality of proposals submitted by facsimile transmission. Any delay in receipt of a facsimile proposal, and any incompleteness or illegible portions of such proposal are the sole responsibility of the bidder. Proposals by facsimile should be transmitted to the attention of David D. Hayes at Fax No. 864.439.0051.

E-mail Proposals: Electronic proposals may be e-mailed to the attention of David D. Hayes , Director of Finance at e-mail address: [david.hayes@spart5.net](mailto:david.hayes@spart5.net), with a copy to Brian Nurick at e-mail address: [brian.nurick@compassmuni.com](mailto:brian.nurick@compassmuni.com), and a copy to Daniel R. McLeod, Jr., Esq., Bond Counsel, at [dmcleod@mcnair.net](mailto:dmcleod@mcnair.net).

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY E-MAIL, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE SCHOOL DISTRICT AT THE PLACE, DATE AND TIME DESIGNATED. THE SCHOOL DISTRICT SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

The Series 2015A Bond: The Series 2015A Bond will be dated their date of delivery; and will mature on \_\_\_\_\_ 1, 2015. The Series 2015A Bond will bear interest calculated on the basis of a 360-day year comprised of twelve 30-day months.

Bid Requirements: Bidders shall specify a single rate of interest per annum which the Series 2015A Bond is to bear. The Series 2015A Bond is being sold at par. A bid for less than the entire issue, or a bid at a price less than par, will not be considered. It is preferred that a bidder's proposal not be subject to further credit or underwriting approval.

Award of Bond: The Series 2015A Bond will be awarded to the bidder or bidders offering to purchase the Series 2015A Bond at the lowest true interest cost (TIC) to the School District. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount all debt service payments on the Series 2015A Bond (computed at the interest rate specified in the bid and on the basis of a 360-day year comprised of twelve 30-day months) to the dated date of the Series 2015A Bond, results in an amount equal to the price bid for the Series 2015A Bond. In the case of a tie bid, the winning bid will be awarded by lot. The School District reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of the sale.

Bid Form: No good faith check is required. It is requested, but not required, that your bid be submitted on the attached bid form.

Registrar and Paying Agent: Regions Bank, Columbia, South Carolina, or the Spartanburg County Treasurer, will act as registrar and paying agent of the Series 2015A Bond.

Redemption Provisions: The Series 2015A Bond is not subject to redemption prior to its stated maturity.

Security: The Series 2015A Bond shall constitute binding general obligations of the School District and the full faith, credit, resources and taxing power of the School District are hereby irrevocably pledged for the payment of the principal and interest on the Series 2015A Bond as they respective mature and to create such sinking fund as may be necessary therefor. There shall be levied and collected annually a tax, without limit, on all taxable property in the School District sufficient to pay the principal and interest on the Series 2015A Bond as they respective mature and to create such sinking fund as may be necessary therefor.

Legal Opinion: The issuance of the Series 2015A Bond is subject to the approving opinion of McNair Law Firm, P.A., Greenville, South Carolina, Bond Counsel, as to the validity of the issuance of the Series 2015A Bond under the Constitution and laws of the State.

Financial Advisor: Compass Municipal Advisors, LLC has acted as Financial Advisor to the School District in connection with the issuance of the Series 2015A Bond. In this capacity, Compass Municipal Advisors, LLC provided technical assistance in the preparation of the offering documents and assisted the School District in preparing for this financing.

Not Bank Qualified: The School District anticipates that it will issue more than \$10,000,000 in tax exempt obligations in calendar year 2015. Accordingly, the School District will NOT designate the Series 2015A Bond as a "qualified tax-exempt obligation" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended relating to the ability of financial institutions to deduct from income for federal income tax purposes interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Tax Exemption and Other Tax Matters: The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions that relate to tax-exempt obligations, such as the Series 2015A Bond, including, among other things, permitted uses and investment of the proceeds of the Series 2015A Bond and the rebate of certain net arbitrage earnings from the investment of such proceeds to the United States Treasury. Noncompliance with these requirements may result in interest on the Bond becoming subject to federal income taxation retroactive to the date of issuance of the Series 2015A Bond. The School District has covenanted to comply with the requirements of the Code to the extent required to maintain the exclusion of interest on the Series 2015A Bond from gross income for federal tax purposes. Failure of the School District to comply with the covenant could cause the interest on the Series 2015A Bond to be taxable retroactively to the date of issuance.

The Code imposes an alternative minimum tax on a taxpayer’s alternative minimum taxable income. Interest on the Series 2015A Bond is not an item for tax preference for purposes of the individual and corporate alternative minimum tax. However, interest on the Series 2015A Bond will be includable in the adjusted net book income or adjusted current earnings of a corporation for purposes of computing the alternative minimum tax imposed on corporations.

The Purchaser of the Series 2015A Bond should consult its tax advisors with respect to collateral tax consequences of ownership of the Series 2015A Bond, such as the calculation of alternative minimum tax, environmental tax or foreign branch profits tax liability, the tax on passive income of S corporations, the inclusion of Social Security or other retirement payments in taxable income, or the portion of interest expense of a financial institution which is allocable to tax-exempt interest.

South Carolina Taxation: The interest on the Series 2015A Bond is exempt from all State taxation except estate or other transfer taxes. Section 12-11-20 of the South Carolina Code of Laws 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed at the rate of 4-1/2% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue and Taxation require that the term “entire net income” includes income derived from any source whatsoever including interest on obligations of any state and any political subdivision thereof. Interest on the Series 2015A Bond will be included in such computation.

Investment Letter: If the successful purchaser of the Series 2015A Bond intends to hold the Series 2015A Bond in its own account, it will be requested to execute a letter in substantially the form accompanying this Notice of Sale.

Miscellaneous: Bidders are requested to indicate their intentions with respect to subsequent sales or transfers of the Series 2015A Bond. Bidders are also requested to indicate whether any commitment fee will be required or whether the School District will be requested to reimburse the successful bidder for out-of-pocket expenses and counsel fees.

Delivery: The Series 2015A Bond will be delivered on or about \_\_\_\_\_, 2015, in Greenville, South Carolina. The purchase price then due must be paid in federal funds or other immediately available funds.

Persons seeking additional information should communicate with:

Mr. David D. Hayes  
Director of Finance  
School District No. 5 of Spartanburg County  
100 North Danzler Road  
Duncan, SC 29334  
Telephone: 864.949.2350  
E-Mail: [david.hayes@spart5.net](mailto:david.hayes@spart5.net)

Daniel R. McLeod, Jr., Esq.  
Bond Counsel  
McNair Law Firm, P.A.  
104 South Main Street, 7<sup>th</sup> Floor  
Greenville, SC 29601  
Telephone: 864.271.4940  
E-Mail: [dmcleod@mcnair.net](mailto:dmcleod@mcnair.net)

Mr. Brian Nurick  
Managing Director  
Compass Municipal Advisors, LLC  
1219 Assembly Street, Suite 202  
Columbia, SC 29201  
Telephone: 803.733.1604  
E-Mail: [brian.nurick@compassmuni.com](mailto:brian.nurick@compassmuni.com)

Michael W. Burns, Esq.  
Bond Counsel  
McNair Law Firm, P.A.  
104 South Main Street, 7<sup>th</sup> Floor  
Greenville, SC 29601  
Telephone: 864.271.4940  
E-Mail: [mburns@mcnair.net](mailto:mburns@mcnair.net)

School District No. 5 of Spartanburg County, South Carolina

**SECTION 15. Filings with Central Repository.** In accordance 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 opinion of the School District, adversely affects more than five (5%) of the School District's revenue or its tax base.

**SECTION 16. Deposit and Use of Proceeds.** The proceeds derived from the sale of the Series 2015A Bond shall be deposited with the Treasurer of Spartanburg County in a special fund to the credit of the School District, and shall be applied solely to the purposes for which the Series 2015A Bond has been issued, including payment of costs of issuance of the Series 2015A Bond, except that the accrued interest, if any, shall be used to discharge in part the first interest to become due on the Series 2015A Bond.

**SECTION 17. Federal Tax Covenants.** The School District hereby covenants and agrees with the holders of the Series 2015A Bond that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2015A Bond 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 Series 2015A Bond and that no use of the proceeds of the Series 2015A Bond shall be made which, if such use had been reasonably expected on the date of issue of the Series 2015A Bond would have caused the Series 2015A Bond to be "arbitrage bonds", as defined in the Code, and to that end the School District hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Series 2015A Bond is 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.

The District Superintendent or the Director of Finance is hereby authorized to adopt written procedures to ensure the School District's compliance with federal tax matters relating to the Series 2015A Bond and other federally tax exempt debt heretofore or hereafter issued by the School District.

SECTION 18. Miscellaneous. The Board hereby authorizes the Chairman and Secretary of the Board, the District Superintendent and the Director of Finance, to execute such documents and instruments as may be necessary to effect the issuance of the Series 2015A Bond or make modifications in any documents including but not limited to the form of the Series 2015A Bond and the Notice of Sale. 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, in connection with the issuance of the Series 2015A Bond.

SECTION 19. Authority to Execute Documents. The Board hereby authorizes the Chairman, Vice Chair and Secretary of the Board, the District Superintendent and the Director of Finance execute such documents and instruments as necessary to effect the issuance of the Series 2015A Bond.

SECTION 20. Declaration of Intent to Reimburse Certain Expenditures. This Resolution shall constitute the School District's declaration of official intent pursuant to Regulation §1.150-2 of the Code to reimburse the School District from a portion of the proceeds of the Series 2015A Bond or a separate series of general obligation bonds for expenditures it anticipates incurring in an approximate amount of \$1,000,000 (the "Expenditures") with respect to the projects described in Section 2(g) prior to the execution and delivery of the Series 2015A Bond or a separate series of general obligation bonds. The Expenditures which are reimbursed are limited to Expenditures which are: (a) properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Regulation §1.150-2 of the Code) under general federal income tax principals; or (b) certain de minimis or preliminary Expenditures satisfying the requirements of Regulation §1.150-2(f) of the Code. The source of funds for the Expenditures with respect to the projects described in Section 2(g) will be the School District's general funds. 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 such projects were placed in service, but in no event more than three (3) years after the original Expenditures.

SECTION 21. Repeal of Conflicting Resolutions. All rules, regulations, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Series 2015A Bond 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.

[Signature page follows]

Adopted this 23<sup>rd</sup> day of February, 2015.

BOARD OF TRUSTEES, SCHOOL DISTRICT  
NO. 5 OF SPARTANBURG COUNTY, SOUTH CAROLINA

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Chairman

(SEAL)

ATTEST:

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Secretary

[Signature page]