

THE STATE OF SOUTH CAROLINA  
In the Court of Appeals

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**Nov 08 2023**

APPEAL FROM THE ADMINISTRATIVE LAW COURT  
Deborah Brooks Durden, Administrative Law Judge

**SC Court of Appeals**

Appellate Case Number: 2023-000521

Glenn C. Odom .....Appellant,

v.

South Carolina Public Employee Benefit Authority,  
South Carolina Retirement Systems .....Respondent.

**RECORD ON APPEAL**

**Volume VIII of IX**

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*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Kenneth R. Sox  
Wade Huggins  
Odis Hawkins  
Larry Woodell, Sr.  
Joseph R. Catoe  
Frankie Joyner

Subject: Minutes, January 9, 2012

ARWS held a meeting on Monday January 9, 2012 at 6:00 pm. Present were K. Sox, Glenn Odom, W. Huggins, J. Cato, Gail Edwards, Gail Stoudemire, and L. Woodell  
Not present were O. Hawkins, R. Blackwell and F. Joyner.

Vice President Sox welcomed everyone and W. Huggins gave the invocation. L. Woodell made the motion to approve the minutes for December 12, 2011 meetings. A second motion was made by W. Huggins. The entire BOD was in favor of motion with no further discussion.

**Old Business:**

Glenn Odom, General Manager, on December 20, 2011 met with John Campolong's daughter to discuss the land ARWS needed for the sewer project. J. Cato made a motion to allow ARWS attorney to handle the condemnation on land from John Campolong. A second motion was made by W. Huggins. The entire Board of Directors was in favor of motion with no further discussion.

Glenn has completed the 2012 Budget form requested by USDA Rural Development. W. Huggins made a motion to accept the 2012 budget and J. Cato second the motion. The entire Board of Director was in favor of motion with no further discussion.

A slide show on the sewer project will be shown and Dinner will be served.

K. Sox made a motion to adjourn @ 7:45p.m. The next scheduled meeting will be February 13, 2012 @ 6:00pm.

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PETITIONER 1721



*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board of Directors

*Robert E. Blackwell*  
*Kenneth R. Sox*  
*Wade Huggins*  
*Odis Hawkins*  
*Larry Woodell, Sr.*  
*Joseph R. Catoe*  
*Frankie Joyner*

*Subject: Minutes, February 13, 2012*

*ARWS held a meeting on Monday February 13, 2012 at 6:00 pm. Present were R. Blackwell, K. Sox, F. Joyner, Glenn Odom, W. Huggins, J. Cato, Gail Edwards, Gail Stoudemire, and L. Woodell, Myron Kellahan and Jim Stanton. Not present was O. Hawkins.*

*President Blackwell welcomed everyone and gave the invocation. K. Sox made a motion to accept the January 9, 2012 meeting minutes, with a second motion from J. Cato. The Entire Board of Director was in favor of motions and with no further discussion.*

Old Business:

*Todd Richey and John Murphy from Gorman Rump gave a presentation on the proposed residential sewer pumps that may be used.*

*Myron Kellahan, Engineer from Kellahan and Associates, told the BOD the approximate time when USDA Rural Development will let ARWS receive Bids for the Sewer II Phase will be in 4 weeks.*

New Business:

*ARWS Board of Directors had met with attorneys and the election of Board Members rules and regulations have been updated. F. Joyner made a motion to accept the new rules and regulations for Election of Board Members, with a second motion from J. Cato. The entire BOD was in favor of motion and with no further discussion.*

*ARWS Board of Directors had met with attorneys and some Amendments of the Bylaws were added. F. Joyner made a motion to accept the Amendments of the Bylaws, with a second motion from K. Sox. The entire BOD was in favor of motion and with no further discussion.*

*F. Joyner made a motion to adjourn at 9:00pm. The next scheduled meeting will be March 12, 2012 @ 6:00pm.*

**\*\*Everyone please try to attend we have several new things on the agenda and some Good news!! Steak will be served.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

*Robert E. Blackwell*  
*Kenneth R. Sox*  
*Wade Huggins*  
*Odis Hawkins*  
*Larry Woodell, Sr.*  
*Joseph R. Catoe*  
*Frankie Joyner*

*Subject: Minutes: March 22, 2012*

*ARWS held a meeting on Monday March 22, 2012 at 6:00 pm. Present were R. Blackwell, K. Sox, Glenn Odom, W. Huggins, J. Cato, Gail Edwards, Gail Stoudemire, and L. Woodell, & O. Hawkins. Not present was F. Joyner.*

*President Blackwell welcomed everyone and gave the invocation. L. Woodell made a motion to accept the February 13, 2012 meeting minutes, with a second motion from K. Sox. The Entire Board of Director was in favor of motions and with no further discussion.*

**Old Business:**

*Phase 12 Water Blend project is 98% completed. All of the wells are connected to the SCADA system.*

**New Business:**

*ARWS have agreed to give 10 acres of land located beside 26367 Hwy 151 water tank and maintenance complex to Danny Johnson owner of North Industrial Machines. By moving his business to Hwy 151, Mr. Johnson will be able to expand his business and open up opportunity to bring jobs to the McBee area. J. Cato made a motion to agree to give the 10 acres to Danny Johnson, with a second motion from L. Woodell. The entire BOD was in favor of motion and with no further discussion.*

*K. Sox made a motion to adjourn @ 8:00pm. The next scheduled meeting will be April 9, 2012 @ 6:00pm.*

*Alligator Rural Water & Sewer Company, Inc.*  
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**Board of Directors**

*Robert E. Blackwell*  
*Kenneth R. Sox*  
*Wade Huggins*  
*Odis Hawkins*  
*Larry Woodell, Sr.*  
*Joseph R. Catoe*  
*Frankie Joyner*

*Subject: Minutes: March 19, 2012*

*ARWS held a meeting on Monday March 22, 2012 at 6:00 pm. Present were R. Blackwell, K. Sox, Glenn Odom, W. Huggins, J. Cato, Gail Edwards, Gail Stoudemire, and L. Woodell, & O. Hawkins. Not present was F. Joyner.*

*President Blackwell welcomed everyone and gave the invocation. L. Woodell made a motion to accept the February 13, 2012 meeting minutes, with a second motion from K. Sox. The Entire Board of Director was in favor of motions and with no further discussion.*

**Old Business:**

*Phase 12 Water Blend project is 98% completed. All of the wells are connected to the SCADA system.*

**New Business:**

*ARWS have agreed to give 10 acres of land located beside 26367 Hwy 151 water tank and maintenance complex to Danny Johnson owner of North Industrial Machines. By moving his business to Hwy 151, Mr. Johnson will be able to expand his business and open up opportunity to bring jobs to the McBee area. J. Cato made a motion to agree to give the 10 acres to Danny Johnson, with a second motion from L. Woodell. The entire BOD was in favor of motion and with no further discussion.*

*K. Sox made a motion to adjourn @ 8:00pm. The next scheduled meeting will be April 9, 2012 @ 6:00pm.*

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Kenneth R. Sox  
Wade Huggins  
Odis Hawkins  
Larry Woodell, Sr.  
Joseph R. Catoe  
Frankie Joyner

Subject: Minutes: April 16, 2012

ARWS held a meeting on Monday April 16, 2012 at 6:00 pm. Present were R. Blackwell, K. Sox, Glenn Odom, W. Huggins, J. Cato, Gail Edwards, Gail Stoudemire, and L. Woodell, & F. Joyner. Not present was O. Hawkins.

President Blackwell welcomed everyone and W. Huggins gave the invocation. L. Woodell made a motion to accept the March 12, 2012 meeting minutes, with a second from W. Huggins. The Entire Board of Directors was in favor of motion and with no further discussion.

**Old Business:**

Phase 12 Water Blend project is 99% complete. All of the wells are connected to the SCADA system and water is being pumped through the treatment plant.

**New Business:**

ARWS annual election will be held on Sunday June 24, 2012. The Board of Director has selected an Election nomination committee. They are Dale Arnold, Bill Watkins, Louise Talbert, Alvin Tolson & Harold Snipes. A motion to accept by L. Woodell, with a second from K. Sox. The Entire Board of Directors was in favor of motion and with no further discussion.

R. Cato made a motion to follow ARWS attorney Billy Spencer's recommendation to remove the statement "At least sixty days before the Annual Member Meeting, the Corporation must provide Members with notice of this Rule and Regulations", On the Election of Board Members Rules and Regulations. A second was made by L. Woodell. The entire BOD was in favor of motion, with no further discussion.

On Friday April 13, 2012 ARWS & USGS met to discuss the possibility of some contaminated products that may have been put in the soil at Mar Mac Wire. USGS took 4 samples of the soil and found TCE. USGS believes the TCE has been in the soil for many years. ARWS will install a 2" or 4" well so USGS can monitor the water. USDA Rural Development will pay for additional samples that USGS will test. W. Huggins made a motion to have ARWS to install a 2" or 4" well on right of way near Mar Mac Wire. R. Catoe seconds the motion. The entire BOD was in favor of motion, with no further discussion.

*K. Sox made a motion to explore a law suit against McLeod Farms. A second was made by W. Huggins. The entire BOD was in favor of motion, with no further discussion.*

*R. Cato made a motion to file a suit against John Martin III and Mar Mac Wire. A second was made by K. Sox. The entire BOD was in favor of motion, with no further discussion.*

*Mr. Kenneth R. Sox submitted his resignation to the Board of Directors, effective immediately. R. Cato made a motion to accept Kenneth Sox resignation. A second was made by W. Huggins. The entire BOD was in favor of motion, with no further discussion.*

*W. Huggins made a motion to name Well site # 3 in honor of Kenneth R. Sox. A second was made by R. Blackwell. The entire BOD was in favor of motion, with no further discussion*

*K. Sox made a motion to adjourn @ 8:00pm. The next scheduled meeting will be May 14, 2012 @ 6:00pm.*

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Board of Directors

Robert E. Blackwell  
Kenneth R. Sox  
Wade Huggins  
Odis Hawkins  
Larry Woodell, Sr.  
Joseph R. Catoe  
Frankie Joyner

Subject: Minutes: May 14, 2012

ARWS held a meeting on Monday May 14, 2012 at 6:00 pm. Present were R. Blackwell, W. Roary, K. Sox, Glenn Odom, W. Huggins, J. Cato, Gail Edwards, Gail Stoudemire & F. Joyner.

President Blackwell welcomed everyone and gave the invocation. K. Sox made a motion to accept the April 16, 2012 meeting minutes, with a second from F. Joyner. The Entire Board of Directors was in favor of motion and with no further discussion.

New Business:

J. Cato made a motion to replace Kenneth R. Sox Board seat with Willie Mae Roary, with a second from W. Huggins. The Entire Board of Directors was in favor of motion and with no further discussion.

Old Business:

W. Huggins made a motion to approve the new voting rules for the Annual election, with a second from J. Cato. The Entire Board of Directors was in favor of motion and with no further discussion.

Glenn Odom received information from the Law Firm of Napoli Bern Ripka Shkolnik LLP, from New York. They represent landmark water contamination cases and can help recoup the money spent on treatment and remediation. J. Cato made a motion to allow Glenn to discuss and meet with this firm, with a second from W. Huggins. The Entire Board of Directors was in favor of motion and with no further discussion.

The 2010 Financial Audit is completed. Timothy C. Cornelison, CPA, LLC from Irmo, S. C, did not identify any deficiencies in internal control over financial reporting that is considered to be material weaknesses. J. Cato made a motion to table the approval of the 2010 Audit, so the Board of Directors could read the material, with a second by W. Roary. The Entire Board of Directors was in favor of motion and with no further discussion.

John Martin III has requested from ARWS copies of the 2009, 2010, & 2011 audits. J. Cato made a motion to get advice from ARWS lawyer in Columbia before any copies of yearly audits are sent to Mr. Martin. A second was made by W. Huggins. The Entire Board of Directors was in favor of motion and with no further discussion.

W. Huggins made a motion to adjourn @ 8:00pm. The next scheduled meeting will be June 11, 2012 @ 6:00pm.

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**Board of Directors**

*Robert E. Blackwell*  
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*Larry Woodell, Sr.*  
*Joseph R. Catoe*  
*Frankie Joyner*

*Subject: ARWS Special Meeting June 4, 2012*

*President Blackwell has called the meeting to order, with the invocation by W. Huggins.*

***New Business:***

*L. Woodell made a motion to not certify the the ballet with John Martin. R. Cato second the motion with BOD all in favor of motions.*

*L. Woodell made a motion to certify the ballet with Willie Mae Roary and George "Skip" Gering. J. Cato made a second the motion with the BOD all in favor of motions. There was no further discussion.*

*W. Huggins made the motion to adjourn.*

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*Board of Directors*

*Robert E. Blackwell*

*Willie Mae Roary*

*Wade Huggins*

*Odis Hawkins*

*Larry Woodell, Sr.*

*Joseph R. Catoe*

*Frankie Joyner*

*Subject: ARWS Special Meeting June 4, 2012*

*President Blackwell has called a special meeting of the Board of Directors for June 4, 2012 at 6:00p.m. to certify candidates for annual election. This should only take a few minutes but we need everyone.*

*Alligator Rural Water & Sewer Company, Inc.*  
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*Board of Directors*

*Robert E. Blackwell*  
*Kenneth R. Sox*  
*Wade Huggins*  
*Odis Hawkins*  
*Larry Woodell, Sr.*  
*Joseph R. Catoe*  
*Frankie Joyner*

*Subject: Minutes: June 11, 2012*

*ARWS held a meeting on Monday June 11, 2012 at 6:00 pm. Present were R. Blackwell, W. Roary, K. Sox, Glenn Odom, W. Huggins, J. Cato, F. Joyner O. Hawkins, L. Woodell, Gail Edward and Gail Stoudemire.*

*President Blackwell welcomed everyone and gave the invocation.*

*U.S. Geological Survey made a presentation.*

*W. Roary made a motion to go into executive session, with a second by L. Woodell.*

*J. Cato made a motion to exit executive session, with a second by R. Blackwell.*

*Presentation made by Napoli, Bern Law Firm from New York City, R. Cato made a motion to employ Napoli, Bern Law Firm to sue on behalf of ARWS to recover damages from contamination of Middendorf Aquifer, with a second by L. Woodell, The entire BOD was in favor of motion with no further discussion.*

*W. Roary made a motion to adjourn @ 9:00p.m.*

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*Odis Hawkins*  
*Larry Woodell, Sr.*  
*Joseph R. Catoe*  
*Frankie Joyner*

*Subject: Annual Meeting Minutes, June 24, 2012*

*ARWS held their Annual meeting on Sunday June 24, 2012 at 5:00 pm.*

*Board of Directors election results were Willie Mae Roary won 313 votes George "Skip" Gering 156. The election was certified by President Blackwell and Secretary Cato.*

*Joseph R. Cato made a motion to reappoint current Board of Directors seats as:*

*President – Robert Blackwell*  
*Vice President-*  
*Secretary- Joseph R. Catoe*  
*Treasurer- Larry Woodell*

*A second motion was made by W. Roary with the entire BOD in favor of motion with no further discussion.*

*Alligator Rural Water & Sewer Company, Inc.*  
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July 5, 2012

Board of Directors meeting for July 9, 2012 has been cancelled.

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**Board of Directors**

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Willie Mae Roary  
Wade Huggins  
Odis Hawkins  
Larry Woodell, Sr.  
Joseph R. Catoe  
Frankie Joyner*

*Subject: Minutes: July 23, 2012*

*ARWS held a meeting on Monday July 23, 2012 at 6:00 pm. Present were R. Blackwell, W. Roary, K. Sox, Glenn Odom, W. Huggins, J. Catoe, F. Joyner, L. Woodell, Gail Edward and Gail Stoudemire.*

*President Blackwell welcomed everyone and gave the invocation.*

*W. Huggins made a motion to approve the minutes for June 4, 2012 meeting. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.*

*J. Catoe made a motion to approve the minutes for June 11, 2012 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*W. Huggins made a motion to approve the minutes for June 24, 2012 Annual meeting. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.*

*L. Woodell made a motion to cancel the July 9, 2012 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*BOD asked W. Huggins if he would take the Vice President seat, he agreed. R. Blackwell made a motion to give the Vice President seat to W. Huggins. A second motion was made by J. Cato. The entire BOD was in favor of motion with no further discussion.*

*J. Cato made a motion for BOD to enter into executive session to discuss a contract issue. A second was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.*

*L. Woodell made a motion for BOD to exit out of executive session. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*BOD passed a resolution authorizing the General Manager Glenn to apply for an \$80,000 loan from Heritage Community Bank. J. Catoe made a motion to give Glenn authority to apply for a loan at Heritage Community Bank. A second was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.*

*L. Woodell made a motion to adjourn. Next scheduled meeting is August 13, 2012 @ 6:00p.m.*

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**Board of Directors**

*Robert E. Blackwell  
Willie Mae Roary  
Wade Huggins  
Odis Hawkins  
Larry Woodell, Sr.  
Joseph R. Catoe  
Frankie Joyner*

*Subject: Minutes: August 13, 2012*

*ARWS held a meeting on Monday August 13, 2012 at 6:00 pm. Present were R. Blackwell, W. Roary, K. Sox, Glenn Odom, W. Huggins, J. Catoe, O. Hawkins, L. Woodell, Gail Edward and Gail Stoudemire.*

*President Blackwell welcomed everyone and gave the invocation.*

*W. Huggins made a motion to approve the minutes for July 23, 2012 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*J. Catoe made a motion to enter executive session for attorney information, a second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*L. Woodell made a motion to exit executive session, a second was made by W. Huggins. The entire BOD was in favor of motion with no further discussion.*

**Old Business:**

*ARWS received permit # 28571-WS for Alligator Sewer Phase 2 construction from SC DHEC.*

*The Contamination lawsuit should be recorded on August 13, 2012. ARWS Board and employees have been advised if any questions are asked by the public, we are to direct them to Marc Jay Bern, attorney for ARWS.*

**New Business:**

*Pine Needle Express has talked to Glenn about a contract to rake pine straw on the 450 acres on Farm Loop Road. BOD agreed to sign a contract for five (5) years with Pine Needle Express purchasing each bale of straw for \$1.00. L. Woodell made a motion to sign 5 year contract with Pine Needle Express for purchasing pine straw. J. Catoe second the motion. The entire BOD was in favor of motion with no further discussion.*

*L. Woodell made a motion to adjourn @ 7:30p.m. The next scheduled meeting is September 10, 2012 @ 6:00p.m.*

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**Board of Directors**

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*Larry Woodell, Sr.*  
*Joseph R. Catoe*  
*Frankie Joyner*

*Subject: Minutes: September 17, 2012*

*ARWS held a meeting on Monday September 17, 2012 at 6:00 pm. Present were R. Blackwell, W. Roary, K. Sox, Glenn Odom, W. Huggins, J. Catoe, F. Joyner, L. Woodell, Gail Edward and Gail Stoudemire.*

*President Blackwell welcomed everyone and gave the invocation.*

*W. Huggins made a motion to approve the minutes for August 13, 2012 meeting. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.*

**Old Business:**

*Glenn, Myron and Nicky have met numerous times with management of A. O. Smith, Inc., they discussed installing a 24" water line because McBee cannot provide enough water and fire protection. W. Huggins made a motion to install a 24" water line to A. O. Smith, Inc. A connection fee of \$3,500 will be charged and the bill every month will be approximately \$6,200.00. ARWS would install this line by end of 2012. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*J. Catoe made a motion to pay Spencer Law firm 15% for work on Contamination suit. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*L. Woodell made a motion to adjourn @ 7:30p.m. The next scheduled meeting is October 15, 2012 @ 5:00p.m.*

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**Board of Directors**

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Willie Mae Roary  
Wade Huggins  
Odis Hawkins  
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Joseph R. Catoe  
Frankie Joyner*

*Subject: Minutes: October 15, 2012*

*ARWS held a meeting on Monday October 15, 2012 at 6:00 pm. Present were R. Blackwell, W. Roary, K. Sox, Glenn Odom, W. Huggins, J. Catoe, L. Woodell, Gail Edward and Gail Stoudemire.*

*President Blackwell welcomed everyone and gave the invocation.*

*J. Catoe made a motion to approve the minutes for September 17, 2012 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

**Old Business:**

The final permit for the Sewer project will be approved after a meeting with A. O. Smith's attorney.

Phase 12 New well will be completed in about six weeks. This well is located off Hwy 151 on right outside of McBee Town limits.

**New Business:**

DHEC have tested the water at the new wells on Hwy 151 at the shop and there was not detection of any pesticides.

Meeting adjourned at 7:00pm. The next scheduled meeting is November 12, 2012.

November 12, 2012

ARWS Board of Directors canceled the meeting scheduled for 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

*Robert E. Blackwell*

*Willie Mae Roary*

*Wade Huggins*

*Odis Hawkins*

*Larry Woodell, Sr.*

*Joseph R. Catoe*

*Frankie Joyner*

*Subject: December 10, 2012*

*ARWS Board of Directors did not have a quorum, therefore they could not conduct a meeting.*

Next scheduled meeting will be January 14, 2013 @ 6:00pm

January 14, 2013

ARWS Board of Directors canceled the meeting scheduled for 6:00pm. Due to sickness.

PETITIONER 1740



1

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Robert E. Blackwell  
Willie Mae Roary  
Wade Huggins  
Odis Hawkins  
Larry Woodell, Sr.  
Joseph R. Catoe  
Frankie Joyner

Subject: Minutes: February 11, 2013

ARWS held a meeting on Monday at February 11, 2013 6:00 pm. Present were R. Blackwell, W. Roary, K. Sox, Glenn Odom, J. Catoe, L. Woodell, Gail Edward and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

W. Roary made a motion to approve the minutes for October 15, 2012 meeting. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

**Old Business:**

All permits have been received for Waste Water Treatment Plant.

**New Business:**

The New York lawyers told Glenn the contamination suit may be in court in 2013.

J. Cato made a motion to enter into executive session, with a second by W. Roary. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to exit out of executive session, with a second by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to allow G. Odom to negotiate with Project Z and report to a committee of R. Blackwell, W. Huggins and J. Catoe for approval, with a second by L. Woodell. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to adjourn 7:45pm. The next scheduled meeting is March 11, 2013 at 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

*Robert E. Blackwell  
Willie Mae Roary  
Wade Huggins  
Odis Hawkins  
Larry Woodell, Sr.  
Joseph R. Catoe  
Frankie Joyner*

*Subject: Minutes: March 11, 2013*

*ARWS held a meeting on Monday at March 11, 2013 6:00 pm. Present were R. Blackwell, W. Roary, Glenn Odom, J. Catoe, L. Woodell, F. Joyner Gail Edwards and Gail Stoudemire.*

*President Blackwell welcomed everyone. W. Huggins gave the invocation.*

*J. Catoe made a motion to approve the minutes for February 11, 2013 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.*

**Old Business:**

*SC DHEC has approved the last sewer permit. Kellahan Associates is finalizing the last papers needed before the bids are received.*

*J. Catoe made a motion to enter executive session with a second by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*L. Woodell made a motion to exit executive session with a second by W. Roary. The entire BOD was in favor of motion with no further discussion.*

*J. Catoe made a motion to adjourn @ 8:00pm. Next scheduled meeting April 8, 2013 @ 6:00pm*

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board Of Directors

April 8 , 2013 meeting cancelled.

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PETITIONER 1743

4

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: May 13, 2013

ARWS held a meeting on Monday at May 13, 2013 at 6:00pm. Present were R. Blackwell, W. Roary, Glenn Odom, J. Catoe, L. Woodell, F. Joyner, O. Hawkins, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

L. Woodell made a motion to approve the minutes for March 11, 2013 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

**Old Business:**

The Board of Directors discussed the Lawsuit with ARWS vs. JBC. The Board of Directors agreed in the best interest of ARWS it would be to drop the lawsuit. F. Joyner made a motion to change sewer lines to another direction and to drop the ARWS vs. JBC lawsuit, a second motion by W. Roary. The entire BOD was in favor of motion with no further discussion.

On April 25, 2013 ARWS hand delivered the Town of McBee a letter stating the wholesale water rate increase to \$1.92 per 1000 gallons beginning June 1, 2013.

On April 30, 2013 ARWS received a letter from the Town of McBee lawyers Sweeney, Wingate & Barrow P. A. The letter stated that ARWS had not sent enough documentation evidencing the increase of the water rate to \$1.92.

The Board of Directors discussed the letter ARWS delivered and the letter ARWS received from McBee lawyers, the entire BOD agreed the rate of \$1.92 was justified, because the other wholesale companies have the same rate. Per ARWS lawyer, Billy Spencer, ARWS Board of Directors agreed the rate of \$1.92 will stay as is. F. Joyner made the motion to keep the rate of \$1.92. This rate will begin June 1, 2013. If the Town of McBee does not pay the bill in full amount ARWS will disconnect services to the

Town of McBee on July 20, 2013. A second was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

**New Business:**

ARWS has been approached by Dirk Johnston doing business as "The Project Apple" sent proposed terms and conditions to purchase 60 acres of land located on Hwy 151. The land is beside the Water Blend tanks and maintenance shops. The price per acre is \$5,000 with the sum of \$300,000. J. Catoe made a motion to accept the terms of Mr. Johnston, ARWS and "Project Apple" terms and conditions to purchase 60 acres of land on Hwy 151. L. Woodell made a second. The entire BOD was in favor of motion with no further discussion.

ARWS will hold a Board of Directors election on June 23, 2013 at 2:00- 4:00pm. The Election Committee has accepted the names of Robert Blackwell, Joseph R. Catoe and Larry Woodell, Sr. to be reelected for another terms of three (3) years.

ARWS adjourned @ 8:30pm. Next scheduled meeting June 10, 2013 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: June 10, 2013

ARWS held a meeting on Monday at June 10, 2013 at 6:00pm. Present were R. Blackwell, W. Roary, Glenn Odom, J. Catoe, L. Woodell, W. Huggins, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

L. Woodell made a motion to approve the minutes for May 13, 2013 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

**Old Business:**

ARWS BOD voted in May 2013 to take an alternate route for sewer lines. The sewer lines for Sewer Phase II will now be installed parallel to the existing water lines.

ARWS did not have any petitioned names to be added to the 2013 Board of Directions election. Robert Blackwell, Joseph R. Catoe and Larry Woodell, Sr. will serve another three year term.

Wade Huggins talked to the BOD about sending a letter to the Town of McBee. Mr. Huggins would like to install a new meter on the line located in the Town of McBee's new recreation complex. This will be ARWS contribution to the recreational complex. W. Huggins made a motion to install new meter in the recreational complex. J. Catoe second the motion, BOD members, W. Roary, L. Woodell, W. Huggins and J. Catoe voted for this motion. R. Blackwell opposed the motion.

BOD meeting adjourned @ 7:30 with a motion from W. Huggins.

Next monthly scheduled meeting will be July 8, 2013 @ 6:00pm. USGS & Lawyers will be at meeting, please try to attend.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Annual Meeting Minutes: June 23, 2013

ARWS held a meeting on Sunday June 23, 2013 at 2:00 pm. Present were R. Blackwell, W. Roary, O. Hawkins, W. Huggins, Glenn Odom, Gail Edwards and Gail Stoudemire. Not present was L. Woodell, F. Joyner and J. Catoe.

President Blackwell welcomed everyone and Odis Hawkins gave the invocation.

Wade Huggins made a motion to reappoint current Board of Directors seats as:

President- Robert Blackwell  
Vice President - Wade Huggins  
Secretary - Joseph R. Catoe  
Treasurer- Larry Woodell, Sr.

A second motion was made by Willie Mae Roary with the entire BOD in favor with no further discussion.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: July 8, 2013

ARWS held a meeting on Monday at July 8, 2013 at 6:00pm. Present were R. Blackwell, W. Roary, Glenn Odom, J. Catoe, L. Woodell, O. Hawkins, F. Joyner, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

J. Catoe made a motion to approve the minutes for June 10, 2013 & June 23, 2013 meetings. A second was made by F. Joyner. The entire BOD was in favor of motion with no further discussion.

**New Business:**

Bruce Campbell and Jim Landmeyer from USGS, made a presentation on the updated data collected on EDB(ethylene dibromide), DBCP (dibromochloropropane) and Radium (Ra).

BOD adjourned the meeting. Next scheduled meeting is August 12, 2013 @ 6:00pm

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: August 12, 2013

ARWS held a meeting on Monday at August 12, 2013 at 6:00pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, F. Joyner, W. Huggins, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and Wade Huggins gave the invocation.

W. Roary made a motion to approve the minutes for July 8, 2013 meeting. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

**New Business:**

Robert Blackwell, Joseph R. Catoe, Glenn Odom, Mayor Campolong, Town of McBee attorney and Executive Director from DHEC met to discuss the wholesale water rate for the town of McBee . W. Huggins made a motion that ARWS Board of Directors agreed not to give the Town of McBee a backup water source. ARWS also will not help or hinder The Town of McBee in getting the water system back. A second made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

McBee Rescue Squad contacted Glenn and asked if the BOD would allow them to put their radio antenna on the tank located at 26367 Hwy 151. W. Huggins made the motion to allow the antenna to be placed on the 26367 Hwy 151 tank. A second made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to adjourn @ 7:30. The next scheduled meeting is September 9, 2013 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: September 26, 2013

ARWS held a meeting on Thursday at September 26, 2013 at 6:00pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, Kenny Sox, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

W. Roary made a motion to approve the minutes for August 12, 2013 meeting. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

**New Business:**

The BOD has discussed some problems with the town of McBee. They have an outstanding past due balance of \$14,768.22, they refuse to pay the wholesale water rate of \$1.92, they have started the process of installing a water line in ARWS service area and they are not abiding by the existing contract between ARWS & McBee. The BOD has discussed and would like Billy Spencer to go forward with a law suit with the Town of McBee. J. Catoe made a motion to allow Billy Spencer to move forward with a law suit with the Town of McBee. A second was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

Dirk Johnston, DBA Brunson Road LLC has submitted The First Amendment to Option & Purchase Agreement to ARWS to market the 128 acres located on Hwy 151 next to the property ARWS owns @ 26367 Hwy 151. L. Woodell, Sr. made a motion to allow Mr. Johnston to market the 128 acres for ARWS. A second by J. Catoe. The entire BOD was in favor of motion with no further discussion.

ARWS BOD has discussed with Glenn Odom to allow him to get his employees to clear the debris under the 460 acres of pine trees located on Farm Loop Road. Pine Needle Express will gather the pine straw for sale. Glenn Odom asked ARWS if agree to let Odom & Assoc. for 3 years to get paid for 50% of the sales of the pine straw. J. Catoe made a motion agree for Odom & Assoc. to get paid for 50 % of the sales of the pine straw. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to adjourn at 7:30pm. The next scheduled meeting October 14, 2013 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: October 14, 2013

ARWS held a meeting on Thursday at October 14, 2013 at 6:00pm. Present were R. Blackwell, W. Huggins, W. Roary, J. Catoe, L. Woodell, Kenny Sox, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

L. Woodell made a motion to approve the minutes for September 26, 2013 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

**New Business:**

Lynn Askins from Carolina Sandhills Wildlife Refuge called and asked for accounts 1392 & 1393 for an extension for payments. She said with the Federal Government being on shutdown, CSWR did not have access to electronic checking account to pay these accounts.

W. Huggins made a motion to not disconnect water service for these two accounts. W. Roary second the motion. The entire BOD was in favor of motion with no further discussion.

ARWS adjourned @ 7:00pm L. Woodell made a motion. The next scheduled meeting will be November 11, 2013 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: November 11, 2013

ARWS held a meeting on Thursday at November 11, 2013 at 6:00pm. Present were R. Blackwell, O. Hawkins, W. Roary, J. Catoe, L. Woodell, Kenny Sox, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

L. Woodell made a motion to approve the minutes for October 14, 2013 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

Judge Baxley ruled for ARWS to pay John Campolong, JBC, the amount of \$23,000.00. The money will be paid when ARWS receives money for the sewer project. L. Woodell made a motion to agree for ARWS to pay JBC the amount that was ordered by Judge Baxley. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

The BOD discussed taking the Town of McBee to court for the outstanding balance of \$23,311.67. Billy Spencer will file necessary papers to get this started. A motion was made by J. Catoe with a second by W. Roary. The entire BOD was in favor of motion with no further discussion.

ARWS adjourned @ 6:45pm. The next scheduled meeting is December 9, 2013 @ 6:00pm.

ARWS Board of Directors did not have a meeting for December 10, 2013

ARWS had a Christmas Party for BOD & Employees.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: January 13, 2014

ARWS held a meeting on Monday January 13, 2014 at 6:00pm. Present were R. Blackwell, W. Roary, J. Catoe, Kenny Sox, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

J. Catoe made a motion to approve the minutes for November 11, 2013 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to enter into executive session, with a second by J. Catoe. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to exit out of executive session, with a second by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to accept settlement with McLeod Farms, with a second by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to give Municipal Tank Coating & Sandblasting, Inc. a contract in the amount of \$59,500.00 to pressure wash and paint the elevated tank located @ 20876 Hwy 151. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to accept the funds from the Capital Tax Improvement Project. The purpose of this project is to enable ARWS to provide additional potable water storage facilities and upgraded pumping capacity to Chesterfield County Rural Water Co. for distribution throughout its service areas. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

Tim Cornelison, CPA, LLC completed the ARWS 2012 audit. Mr. Cornelison did not find any problems.

W. Huggins made the motion to adjourn at 7:00pm. The next scheduled meeting is February 10, 2014 @ 5:00p.m.

PETITIONER 1754



1

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors  
Scheduled meeting**

**February 10, 2014**

**Meeting cancelled per Glenn Odom**

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PETITIONER 1755

2

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board of Directors

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: March 10, 2014

ARWS held a meeting on Monday March 10, 2014 at 5:00pm. Present were R. Blackwell, W. Huggins, O. Hawkins, F. Joyner, W. Roary, J. Catoe, Kenny Sox, Glenn Odom, and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

F. Joyner made a motion to enter into executive session, with a second by W. Roary. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to exit out of executive session, with a second by J. Catoe. The entire BOD was in favor of motion with no further discussion.

O. Hawkins made a motion to approve Project Peach, a second by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made the motion to adjourn at 7:00pm.  
The next scheduled meeting is April 14, 2014 @ 5:00p.m.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: April 14, 2014

ARWS held a meeting on Monday April 14, 2014 at 5:00pm. Present were R. Blackwell, W. Huggins, O. Hawkins, F. Joyner, W. Roary, J. Catoe, Kenny Sox, Glenn Odom, and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

L. Woodell made a motion to accept the minutes for March 10, 2014 meeting. A second was made by J. Catoe. The entire BOD was in favor on motion with no further discussion.

**Old Business:**

A motion made by W. Roary to have a 1<sup>st</sup> class groundbreaking for Sewer. A second motion was made by L. Woodell. The entire BOD was in favor on motion with no further discussion.

**New Business:**

A motion made by J. Catoe to pay Odom & Associates, Inc. all straw proceeds for 2 years. A second motion was made by L. Woodell. The entire BOD was in favor on motion with no further discussion.

L. Woodell made a motion to adjourn @ 6:30pm.

**The next scheduled meeting is May12, 2014 @ 5:00p.m. All Board members needs to attend.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: May 12, 2014

ARWS held a meeting on Monday May 12, 2014 at 5:00pm. Present were R. Blackwell, W. Huggins, O. Hawkins, F. Joyner, W. Roary, J. Catoe, L. Woodell, Kenny Sox, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for April 14, 2014 meeting. A second was made by W. Huggins. The entire BOD was in favor on motion with no further discussion.

ARWS will be introducing a New Water Phase. This phase will consist of replacing smaller water lines with larger ones. The lines on Hyland and McLeod Street have 2 ½" lines; these lines will be replaced with 6" and updated fire hydrants. These lines were installed by Darlington County water. ARWS absorbed these lines in 1996. ARWS will be giving a price reduction on water meters for \$100.00 L. Woodell made the motion to agree for ARWS to have New Water Phase. A second was made by J. Catoe. The entire BOD was in favor on motion with no further discussion.

A motion was made by J. Catoe to set the Annual Election voting times as 1:00pm to 4:00pm. A second was made by O. Hawkins. The entire BOD was in favor on motion with no further discussion.

L. Woodell made a motion to name the Industrial Park located on Hwy 151 Alligator Industrial Park. A second was made by J. Catoe. The entire BOD was in favor on motion with no further discussion.

W. Huggins made a motion to adjourn @ 7:30pm.

**The next scheduled meeting is June 9 @ 5:00p.m. All Board members needs to attend.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: June 9, 2014

ARWS held a meeting on Monday June 9, 2014 at 5:00pm. Present were R. Blackwell, W. Huggins, J. Catoe, W. Roary, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and W. Huggins gave the invocation.

W. Huggins made a motion to accept the minutes for May 12, 2014 meeting. A second was made by W. Roary. The entire BOD was in favor on motion with no further discussion.

Glenn spoke to Stewart Hucks, USDA Rural Development; he said all the paper work for the Sewer Phase II is in Washington, DC being reviewed.

ARWS will not have their annual Board of Directors Election on June 22, 2014. The Board Members Wade Huggins and Odis Hawkins did not have any candidates to sign up for the election. The election Committee has accepted the Board of Directors members to be approved for another term of three (3) years.

The meeting adjourned at 7:00pm. The next scheduled meeting will be July 14, 2014 at 5:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Annual Meeting June 22, 2014

The 27<sup>th</sup> annual meeting of ARWS was held Sunday June 22, 2014. By a vote of 97 in favors, 2 opposed amendments 1 was approved.

By a vote of 95 in favor, 2 opposed amendment 2 was approved.

A motion was made by J. Cato to reappoint current officers for 2014-2015. A second was made by L. Woodell. The entire BOD was in favor of motion.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board of Directors

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: July 14, 2014

ARWS held a meeting on Monday July 14, 2014 at 5:00pm. Present were R. Blackwell, W. Huggins, J. Catoe, W. Roary, Glenn Odom, Odis Hawkins and Gail Stoudemire.

President Blackwell welcomed everyone and W. Huggins gave the invocation.

W. Roary made a motion to accept the minutes for June 9, 2014 meeting. A second was made by J. Catoe. The entire BOD was in favor on motion with no further discussion.

W. Roary made a motion to accept the Project Pussy Willow. A second was made by Odis Hawkins. The entire BOD was in favor on motion with no further discussion.

The meeting adjourned at 7:00pm. The next scheduled meeting will be August 11, 2014 at 5:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

August 11, 2014 Board of Director meeting cancelled.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: September 8, 2014

ARWS held a meeting on Monday September 8, 2014 at 5:00pm. Present were R. Blackwell, W. Huggins, J. Catoe, W. Roary, L. Woodell, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

L. Woodell made a motion to accept the minutes for July 14, 2014 meeting. A second was made by J. Catoe. The entire BOD was in favor on motion with no further discussion.

The BOD unanimously voted to add any other defendant that lawyers recommend for the soil fumigate law suit. The entire BOD was in favor on motion with no further discussion.

The BOD discussed the one (1) lifetime adjustment should be extended to one (1) lifetime every three (3) years. J. Catoe made the motion to extend the lifetime to one (1) every three (3) years. A second was made by L. Woodell. The entire BOD was in favor on motion with no further discussion.

The Nestle American Water Co. has asked for approval for ARWS Board of Directors so they can install a 5" water line in ARWS right-of-way for approximately eight miles. ARWS will own the water line, but Nestle will have exclusive use of it. If Nestle American Water Co. would ever go out of business, ARWS would have the water line free and clear of any cost. W. Huggins made a motion to give Nestle approval to install water line in right-of-way. A second was made by W. Roary. The entire BOD was in favor on motion with no further discussion.

ARWS adjourned @ 7:00pm. The next meeting scheduled for October 14, 2014 at 5:00p.m.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: October 13, 2014

ARWS held a meeting on Monday October 13, 2014 at 5:00pm. Present were R. Blackwell, W. Huggins, J. Catoe, W. Roary, L. Woodell, O. Hawkins, F. Joyner, Kenny Sox, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and Odis Hawkins gave the invocation.

W. Huggins made a motion to accept the minutes for September 8, 2014 meeting. A second was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

**New Business:**

J. Catoe made a motion to hire Mark Moore form Nexun Pruet Law Firm to investigate the second Office Inspector General (OIG) investigation of Alligator Rural Water. A second was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to dissolve the current contract with Alligator Rural Water & Pageland, and renegotiate a new contract. A second was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to adjourn @ 7:pm. The next scheduled meeting will be November 10, 2014.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: November 13, 2014

ARWS held a meeting on Monday November 13, 2014 at 5:00pm. Present were R. Blackwell, W. Huggins, J. Catoe, W. Roary, L. Woodell, Kenny Sox, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and Wade Huggins gave the invocation.

W. Huggins made a motion to accept the minutes for October 13, 2014 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

**New Business:**

Nestle Water North America will make an announcement Friday November 14 to construct a water bottling facility in McBee. The facility will be located beside ARWS elevated water tank on Hwy 151.

Meeting adjourned at 7:00pm. Next scheduled meeting is December 8, 2014 @ 5:00pm.

December 2014

Meeting cancelled

per Glenn Odom

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: January 12, 2015

ARWS held a meeting on Monday January 12, 2015 at 5:00pm. Present were R. Blackwell, W. Huggins, J. Catoe, L. Woodell, O. Hawkins, F. Joyner, W. Roary, Kenny Sox, Glenn Odom, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and Glenn Odom gave the invocation.

J. Catoe made a motion to accept the minutes for December 8, 2014 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to enter into executive session. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to exit out of executive session. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to amend the motion that BOD made on September 26, 2013. Odom & Associates, Inc. would get 60% of pine straw sales for 3 years. The new motion is for Odom & Associates, Inc. to get 100% of pine straw sales for 2 years. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion for ARWS to purchase Glenn Odom a new 2015 company truck. A second was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to adjourn. The next scheduled meeting is February 9, 2015 @ 5:00pm

PETITIONER 1767



*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

**Subject: Minutes: February 9, 2015**

**Cancelled due to sickness.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: March 9, 2015

ARWS held a meeting on Monday March 9, 2015 at 5:00pm. Present were R. Blackwell, W. Huggins, L. Woodell, F. Joyner, W. Roary, Kenny Sox, Billy Spencer, Gail Edwards and Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

L. Woodell made a motion to accept the minutes for January 12, 2015 meeting. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

R. Blackwell made a motion to enter into executive session. A second was made by W. Huggins. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to exit out of executive session. A second was made by F. Joyner. The entire BOD was in favor of motion with no further discussion.

No action required from the Board of Directors for information only.

Be it resolved that ARWS has authorized filing of permit application to U. S. Fish and Wildlife to cover access of water line to provide NRNA water.

L. Woodell made a motion to adjourn. The next scheduled meeting is April 13, 2015 @ 5:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: April 13, 2015

ARWS held a meeting on Monday April 13, 2015 at 5:00pm. Present were R. Blackwell, W. Huggins, L. Woodell, F. Joyner, W. Roary, J. Catoe, O. Hawkins, Glenn Odom, Gail Stoudemire & Kenny Sox.

President Blackwell welcomed everyone and gave the invocation.

L. Woodell made a motion to accept the minutes for March 9, 2015 meeting. A motion made by W. Roary. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to keep the sewer permit active. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

F. Joyner made a motion to install a water line through the National Wildlife Refuge on Hwy 151. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to accept the contract between McBee, ARWS & Nestle North America Water Co. A second motion was made from L. Woodell. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to enter into executive session. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

F. Joyner made a motion to exit out of executive session. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to lower Odom & Associates, Inc. contract pay. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to adjourn @ 7.44pm. The next schedule meeting will be May 11, 2015 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: May 11, 2015

ARWS held a meeting on Monday May 11, 2015 at 6:00pm. Present were R. Blackwell, F. Joyner, W. Roary, J. Catoe, Glenn Odom, Gail Edwards, Gail Stoudemire, Kenny Sox & Lance Tully.

President Blackwell welcomed everyone and gave the invocation.

F. Joyner made a motion to accept the minutes for April 13, 2015 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

Alligator Rural Water will hold their annual election on Sunday June 28, 2015. A time will be set later of the month.

Lance Tully from Nestle Water North America updated Alligator's Board of Directors with the building of the water bottling manufacturing plant & the pipe line from the South Swift well site.

F. Joyner made a motion to adjourn @ 7:50pm. The next schedule meeting will be June 8, 2015 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board of Directors

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: June 8, 2015

ARWS held a meeting on Monday June 8, 2015 at 6:00pm. Present were R. Blackwell, F. Joyner, W. Roary, J. Catoe, O. Hawkins, W. Huggins, L. Woodell, Glenn Odom, Gail Edwards, Gail Stoudemire, Kenny Sox.

President Blackwell welcomed everyone and W. Huggins gave the invocation.

W. Huggins made a motion to accept the minutes for May 11, 2015 meeting. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion in order for a member to vote in the Board of Directors election the member must have the correct account information in the Nicholson Business billing system 30 days before the election date. A second was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to adjourn @ 8:00pm. The next scheduled meeting will be June 28, 2015 @ 4:00pm for the Annual Meeting.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board of Directors

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Annual Meeting Minutes: June 28, 2015

Board of Directors election results were Frankie Joyner won 174 votes & Chad Atkinson 91 votes. The election was certified by President Blackwell and Secretary Catoe.

President Blackwell welcomed everyone and gave the invocation.

Glenn Odom, General Manger gave an overview of the 2014 Financial Audit, the CPA Tim Cornelison could find no negative finding for the year of 2014.

Wade Huggins made a motion to reappoint current Board of Directors seats as:

President- Robert Blackwell  
Vice President - Wade Huggins  
Secretary - Joseph R. Catoe  
Treasurer- Larry Woodell, Sr.

A second motion was made by Willie Mae Roary with the entire BOD in favor with no further discussion.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board of Directors  
Scheduled meeting for  
July 13, 2015

Cancelled per BOD

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board of Directors  
Scheduled meeting for  
August 10, 2015

Cancelled per BOD

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: September 17, 2015

ARWS held a meeting on June 8, 2015 at 6:00pm. Present were R. Blackwell, F. Joyner, W. Roary, J. Catoe, O. Hawkins, W. Huggins, L. Woodell, Glenn Odom, Gail Stoudemire & Kenny Sox.

President Blackwell welcomed everyone and W. Huggins gave the invocation.

L. Woodell made a motion to accept the minutes for June 8, 2015 meeting. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

R. Blackwell made a motion to enter into executive session. Billy Spencer was present to advise Board of Directors on a legal matter. A second motion was made by F. Joyner. The entire BOD was in favor of motion with no further discussion

R. Blackwell made a motion to exit out of executive session. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion

The meeting adjourned @ 7:30pm. The next scheduled meeting will be Monday October 12, 2015 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: October 12, 2015

ARWS held a meeting on October 12, 2015 at 6:00 pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, Glenn Odom, Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

J. Catoe made a motion to accept the minutes for September 17, 2015 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The Nestle Water Bottling Company has all the equipment inside the plant installed & the spring pipeline has been completed. The projected operational date is January 2, 2016.

L. Woodell made a motion to give the McBee Lawsuit to Nexsen Pruet Law Firm in Columbia, SC. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to give Odom & Associates, Inc. a \$7,000 per month raise beginning January 1, 2016. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to adjourn @ 7:00pm. The next scheduled meeting will be November 9, 2015.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: November 15, 2015

ARWS held a meeting on November 15, 2015 at 6:00 pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, Glenn Odom, Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

J. Catoe made a motion to accept the minutes for October 12, 2015 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

New Business:

The Board discussed a \$5 million sewer phase. L. Woodell made a motion to approve, with a second motion by W. Roary. The entire BOD was in favor of motion with no further discussion.

The Board discussed a Co Bank loan for reserve account & line of credit. W. Roary made a motion to approve, with a second motion by J. Catoe. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to adjourn @ 7:00pm. The next scheduled meeting will be December 14, 2015.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

Board of Directors  
Scheduled meeting for  
December 14, 2015

Cancelled per BOD

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

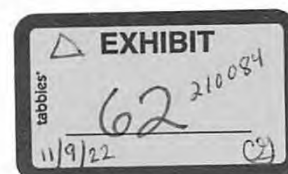
**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

**Subject: Minutes: January 18, 2016**

**Cancelled per Glenn Odom**

PETITIONER 1780



*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: February 8, 2016

ARWS held a meeting on February 8, 2016 at 6:00 pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, W. Huggins, Glenn Odom, Gail Edwards & Gail Stoudemire.

President Blackwell welcomed everyone and Wade Huggins gave the invocation.

W. Huggins made a motion to accept the minutes for November 15, 2015 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

**New Business:**

L. Woodell made a motion that Alligator Water & Sewer Co., Inc. will not renew the WWTP (Wastewater Treatment Plant) permits from SC DHEC. A second motion was made by W. Huggins, with the understanding the permits could be renewed at a later time if ARWS need to. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to adjourn @ 7:00pm. The next scheduled meeting will be March 14, 2016 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: March 14, 2016

ARWS held a meeting on March 14, 2016 at 6:00 pm. Present were R. Blackwell, W. Huggins, F. Joyner, W. Roary, J. Catoe, L. Woodell, & Kenneth Sox, Glenn Odom, Gail Edwards & Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

W. Huggins made a motion to accept the minutes for February 8, 2016 at 6:00 pm meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to send a certified letter to Dennis Gardner to have the Alligator generator removed from his property. A second motion was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

Glenn Odom, General Manager asked the Board of Directors, Robert Blackwell, Larry Woodell & Joseph R. Catoe if they were going to run for re-election for the Board of Directors seats on June 26, 2016. All of the Board members seats up for re-election agreed to run.

The meeting adjourned @ 7:45 pm. The next scheduled meeting if April 11, 2016 at 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Emergency Meeting - Minutes: March 21, 2016

ARWS held a meeting on March 21, 2016 at 11:00 pm. Present were R. Blackwell, W. Huggins, W. Roary, O. Hawkins, J. Catoe, L. Woodell, Glenn Odom, & Gail Stoudemire.

Alligator decided to continue with Sewer Phase III, a motion was made by J. Catoe with a second by W. Roary. The BOD was in favor of motions, with no further discussion.

J. Catoe made a motion to enter into executive session, with a second by W. Roary. BOD discussed the Lawsuit with the Town of McBee & a new water rate increase. L. Woodell made a motion to exit executive session, with a second motion from J. Catoe.

**2016 Rates**

**Effectively July 1, 2016**

**Residential**

1<sup>st</sup> 2,000 gallons.....\$27.00  
Next 2001 – 9999999..... \$ 8.00 per 1,000 gallons

**Commercial**

1<sup>st</sup> 2,000 gallons..... \$27.00  
Next 2001-99999999.....\$2.03 per 1,000 gallons

**Industrial**

1<sup>st</sup> 2,000 gallons.....\$27.00  
Next 2001 – 99999999..... \$8.00 per 1,000 gallons

**Wholesale Water**

Chesterfield County Rural Water, Town of McBee & Cassatt Water Co.

\$2.03 per 1,000 gallons

**Sewer:**

\$7.24 per 1000 gallons - others

\$6.05 per 1000 gallons - Nestle

Minimum Charge \$500.00

Glenn presented that CoBank is willing to refinance 10 Rural Development loans to a cheaper interest rate of 4%. The savings to ARWS over the years will be around \$3,000,000. CoBank will also refinance land note from Arbor One, from 6% to 4%, with a year rebate 1%, as a condition of the proposed loan ARWS must have a rate increase.

**Alligator Rural Water & Sewer Company, Inc.**

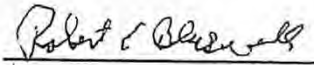
**Established 1987**

**Resolution:**

The board of Alligator Rural Water & Sewer Company, Inc.,

Meeting in session Monday, April 11, 2016 do here by resolve to:

Give the General Manager Glenn Odom, authority to apply for a loan on the industrial park land. These funds will be used to pay final bill from contractor of sewer station and pay off Heritage Bank. Balance of proceeds will be deposited in ARWS's general bank account. Loan documents will be signed by President Blackwell.



4/11/16

Robert Blackwell  
President

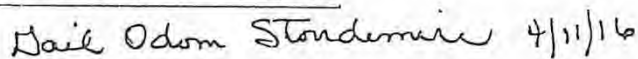
Date



Joseph R. Catoe  
Secretary

Date

GLENN ODOM STODUMIRE  
Notary Public, State of South Carolina  
My Commission Expires March 6, 2023




378 West Pine Avenue\*\*Post Office Box 810\*\*McBee, SC\*\*843-335-6464\*\*843-335-7720

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Resolution**

The Board of Alligator Rural Water & Sewer Co., Inc., meeting in session Monday, April 11, 2016 do hereby resolve to:

Give Glenn Odom, the General Manager authority to move CD from Heritage Community Bank to First Citizens Bank. Then to use this amount to secure a 6-month Loan

  
\_\_\_\_\_  
Robert Blackwell, President

Date: 4/11/16

  
\_\_\_\_\_  
Joseph R. Catoe, Secretary

Date: 4/11/16

GAIL ODOM STOUDEMIRE  
Notary Public, State of South Carolina  
My Commission Expires March 6, 2023

Gail Odom Stoudermie 4/11/16

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: April 11, 2016

ARWS held a meeting on April 11, 2016 at 6:00 pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, & Kenneth Sox, Glenn Odom, Gail Edwards & Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

J. Catoe made a motion to accept the minutes for March 14, 2016 at 6:00 pm meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to give General Manger Glenn Odom, authority to apply for a loan on the industrial park land. These funds will be used to pay final bill from contractor of sewer station and pay off Heritage Bank. Balance of proceeds will be deposited in ARWS's general bank account. A second motion was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to give General Manger Glenn Odom, authority to move CD from Heritage Community Bank to First Citizens Bank. Then to use this amount to secure a 6-month loan. A second motion was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to adjourn @ 7:30pm. The next scheduled meeting will be May 9, 2016 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: May 5, 2016

ARWS held a meeting on May 5, 2016 at 6:00 pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, W. Huggins, O. Hawkins & Kenneth Sox, Glenn Odom & Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

J. Catoe made a motion to accept the minutes for April 11, 2016 at 6:00 pm meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The Sewer Phase III is almost finished.

The Board of Directors will have their Board election on Sunday June 26, 2016. The following Board member are up for re-election: Robert E. Blackwell, Joseph R. Catoe & Larry Woodell.

ARWS Board of Directors adjourned the meeting @ 7:15pm. The next scheduled meeting will be June 13, 2016 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: June 13, 2016

ARWS held a meeting on June 13, 2016 at 6:00 pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, W. Huggins, F. Joyner & Kenneth Sox, Glenn Odom, Gail Edwards & Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

W. Huggins made a motion to accept the minutes for May 9, 2016 at 6:00 pm meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The Board of Directors will have their annual Board election on Sunday June 26, 2016. The Candidates for the election are Larry Woodell & Tracy Gardner.

J. Catoe made a motion to agree to pay Alligator Rural Water's Official Advisor, Kenneth Sox, a \$ 50.00 check for each board meeting he attends. A second motion was made by W. Huggins. The entire BOD was in favor of motion with no further discussion.

L. Woodell made a motion to replace water lines on Wire Road of an 8" & Old Creek Road of 12". These lines were installed with schedule 200 pvc pipe and needs to be replaced with ductile iron pipe, also needs to install a 4" water line on L. E. Byrd Road. A campground is located on this road & ARWS has no service there. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

ARWS Board of Directors adjourned the meeting @ 7:15pm. The July 11, 2016 meeting will be cancelled, per BOD. The next scheduled meeting will be August 8, 2016 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: Annual Meeting: June 26, 2016

Board of Directors election results were Larry Woodell won 154 votes & Tracy Gardner 66 votes. The election was certified by President Blackwell and Secretary Catoe.

President Blackwell welcomed everyone and gave the invocation.

Secretary Catoe gave an overview of the 2015 Financial audit, the CPA Tim Cornelison could find no negative finding.

Wade Huggins made a motion to reappoint current Board of Directors seats are:

President – Robert Blackwell  
Vice President – Wade Huggins  
Secretary – Joseph Catoe  
Treasures- Larry Woodell, Sr.

A second motion was made by W. Roary with the entire BOD was in favor of motion with no further discussion.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: July 11, 2016

**Board meeting cancelled. Per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: August 8, 2016

**Board meeting cancelled. Per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: September 19, 2016

ARWS held a meeting on September 19, 2016 at 6:00 pm. Present were R. Blackwell, W. Roary, J. Catoe, L. Woodell, W. Huggins, F. Joyner, Kenneth Sox, Glenn Odom, & Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for June 13 & June 26, 2016 meetings. A second motion was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to agree with the terms of the Nestle Waters North America sewer contract. A second motion was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

ARWS Board of Directors adjourned the meeting @ 7:15pm. The July 11, 2016 meeting will be cancelled, per BOD. The next scheduled meeting will be August 8, 2016 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: October 17, 2016

ARWS held a meeting on October 17, 2016 at 6:00 pm. Present were R. Blackwell, W. Roary, L. Woodell, W. Huggins, F. Joyner, O. Hawkins Kenneth Sox, Glenn Odom, & Gail Edwards.

President Blackwell welcomed everyone and gave the invocation.

Myron Kellahan, Kellahan & Associates has completed all work needed for the new sewer stations for Sewer Phase III. Phase IV will include the area around Lake Robinson & Town of McBee.

ARWS had no damage for the Hurricane Matthew that came through our service area on Saturday October 8. Joe McLeod was out monitoring the wells & making sure everything was operating correctly.

ARWS Board of Directors adjourned the meeting @ 7:15pm. The next scheduled meeting will be November 14, 2016 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: November 21, 2016

ARWS held a meeting on November 21, 2016 at 6:00 pm. Present were R. Blackwell, W. Roary, L. Woodell, W. Huggins, F. Joyner, O. Hawkins, J. Catoe, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and Odis Hawkins gave the invocation.

W. Huggins made a motion to accept the minutes for September 19, 2016 meeting. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to accept the minutes for October 17, 2016 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion for Alligator Water to supply A. O. Smith with water & to disconnect water service with the Town of McBee. A second motion was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion for Alligator Water to lease 2 acres of land in the Alligator Industrial Park to Sandhills Medical Foundation. They are planning on opening a grocery store. Glenn will negotiate a low rate lease for the 2 acres of land. A second motion was made by L. Woodell. The entire BOD was in favor of motion with no further discussion.

The meeting adjourned at & 7:15. The next scheduled meeting will be December 12 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: December 12, 2016

ARWS held a meeting on December 12, 2016 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, F. Joyner, O. Hawkins, J. Catoe, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for November 21, 2016 meeting. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

The Sewer Phase III, the letter of conditions will be approved by the end of December 2016.

The final plans for the Sewer Phase IV will be in the spring of 2017.

J. Catoe made a motion to retroactive the 40% of wholesale water usage pay to Odom & Associates, Inc. begin in January 1, 2017. A second motion was made by W. Huggins. The entire BOD was in favor of motion with no further discussion.

The meeting adjourned @ 8:30, the next scheduled meeting will be January 9, 2017 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

**subject: Minutes: January 09, 2017**

**Cancelled per Glenn Odom**

PETITIONER 1797



Alligator Rural Water & Sewer Co., Inc.

February 13, 2017

The monthly scheduled Board of Directors meeting was cancelled due to sickness.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: March 13,2017

ARWS held a meeting on March 13, 2017 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, O. Hawkins, J. Catoe, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and gave the invocation.

R. Catoe made a motion to accept the minutes for December 12, 2016 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to enter into executive session to discuss contractual issues. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Roard made a motion to approve payment to Odom & Associates, Inc. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to exit executive session. A second motion was made by W. Huggins. The entire BOD was in favor of motion with no further discussion.

**Old Business:**

A. O. Smith is in the process of drilling their own water wells, they will discontinue water service from the Town of McBee by late April 2017.

Sewer Phase III should have all paper work from Kellahan & Associates by the end of April 2017.

The meeting adjourned @ 7:30. The next scheduled meeting will be April 10, 2017 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: April 18,2017

ARWS held a meeting on April 18, 2017 at 6:00 pm. Present were W. Roary, W. Huggins, O. Hawkins, F. Joyner, R. Catoe, Glenn Odom, Gail Stoudemire & Gail Edwards.

Vice President Huggins welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for March 13, 2017 meeting. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to credit \$603.27 to Johnny Kings account 1707. He had damages from the water meter pressure regulator not working properly. He submitted two receipts from Lowe's for \$603.27 where he had to replace a toilet & water heater. A second motion was made by F. Joyner. The entire BOD was in favor of motion with no further discussion.

O. Hawkins made a motion to adjourn @ 7:30pm. The next ARWS Board of Directors meeting is May 8, 2017 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Larry Woodell, Sr.  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: May 8, 2017

ARWS held a meeting on May 8, 2017 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, O. Hawkins, R. Catoe, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and gave the invocation.

W. Huggins made a motion to accept the minutes for April 18, 2017 meeting. A second motion was made by w. Roary. The entire BOD was in favor of motion with no further discussion.

Kellahan & Associates said the Sewer Project is almost completed. They have no specific date when construction will begin.

ARWS Board of Directors Election is scheduled for June 25, 2017 @ 1:30- 3:00pm @ McBee Scout Building.

The next scheduled BOD meeting is June 12, 2017 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

Board of Directors

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: June 12, 2017

ARWS held a meeting on June 12, 2017 at 6:00 pm. Present were W. Roary, W. Huggins, O. Hawkins, R. Catoe, F. Joyner, H. Snipes, Glenn Odom, Gail Stoudemire & Gail Edwards.

Vice President Huggins welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for May 8, 2017 meeting. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

Alligator Water will not have an Board of Director Election. Wade Huggins & Odis Hawkins have accepted a new term for their seats.

Glenn have requested a meeting with A.O. Smith to discuss if Alligator could sell them water. A letter will be sent to A. O. Smith & Mayor Campolong to set up a meeting. J. Catoe made a motion to give Glenn Odom authority to make decisions to sell water to A. O. Smith. W. Roary second the motion. The entire BOD was in favor of motion with no further discussion.

Larry Woodell, Jr. has verbally resigned as a member of the Board of Directors of Alligator Water Co. Harold Snipes has been appointed to take his seat.

Glenn discussed the increase of Wholesale water rates & Sewer rates. The wholesale water rates from \$2.03 to \$2.23. The Sewer rates from \$7.24 to \$9.50. O. Hawkins made a motion to increase the wholesale water rates. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

The BOD agreed to cancel the monthly meeting for July 10, 2017. The next scheduled monthly meeting is August. 14, 2017 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

*July 10, 2017*

*Meeting cancelled per BOD*

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: August 14, 2017

ARWS held a meeting on August 14, 2017 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, O. Hawkins, R. Catoe, F. Joyner, H. Snipes, K. Sox, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and gave the invocation.

W. Huggins made a motion to accept the minutes for June 12, 2017 meeting. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

F. Joyner made a motion for ARWS to send John Martin a copy of the 2016 Financial Audit. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

Myron Kellahan, Kellahan & Associates, Inc. will have the Sewer Phase III completed in a few weeks.]

The meeting adjourned @ 7:00pm.

**The next scheduled meeting will be Thursday September 14, 2017 @ 6:00pm.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

*September 11, 2017*

*Meeting cancelled per BOD*

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: October 17, 2017

ARWS held a meeting on October 17, 2017 at 10:30am. Present were R. Blackwell, W. Roary, W. Huggins, O. Hawkins, J. Catoe, F. Joyner, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and gave the invocation.

J Catoe made a motion to enter into executive session to discuss Town of McBee Law Suite with Billy Spencer, ARWS attorney. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to exit executive session. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

The next Board Meeting November 13, 2017 @ 6:00.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: November 13, 2017

ARWS held a meeting on November 13, 2017 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, O. Hawkins, J. Catoe, F. Joyner, H. Snipes, K. Sox, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and Odis Hawkins gave the invocation.

W. Huggins made a motion to accept the minutes for October 17, 2017 meeting. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

The projected beginning for Sewer Phase II is summer of 2019.

Phase III should be getting final papers from Kellahan & Associates within 3 months.

J. Catoe made a motion to give Glenn Odom, General Manager, to have a vote at the SCRWA Conference. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to pass a resolution for Glenn Odom, General Manager, authority to get Mutual Savings in Hartsville SC to supply the Interim Financing for Sewer Phases II and III. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to give Glenn Odom, General Manager, authority to be a delegate at the SCRWA Conference. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to pass a resolution for Glenn Odom, General Manager, authority to get Mutual Savings in Hartsville SC to agree to a credit card account for Alligator Rural Water Co. A second motion was made by W. Huggins. The entire BOD was in favor of motion with no further discussion.

The meeting was adjourned @ 7:45pm. The next scheduled meeting is December 11, 2017 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

**Subject: Minutes: December 11, 2017**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell

Wade Huggins

Joseph R. Catoe

Harold Snipes

Odis Hawkins

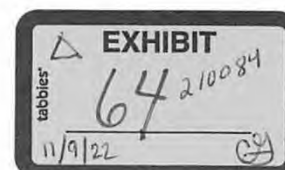
Frankie Joyner

Willie Mae Roary

**subject: Minutes: January 08, 2018**

**Cancelled per Glenn Odom**

PETITIONER 1809



*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: February 12, 2018

ARWS held a meeting on February 12, 2018 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, J. Catoe, F. Joyner, H. Snipes, K. Sox, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and gave the invocation.

W. Huggins made a motion to accept the minutes for November 13, 2017 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to pass a resolution for Glenn Odom, General Manager, to sign paper work for loans from Mutual Savings in Hartsville, SC. To install \$2.2 million for sewer project & \$2 million for water project. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to allow Glenn Odom, General Manager, proceed to pay all loans to CoBank. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins mad a motion to enter into executive session. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to exit out of executive session. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

H. Snipes made a motion to to pay remaining funds owed to Management Company. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The meeting adjourned @ 7:45pm. The next scheduled meeting will be March 12, 2018 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: March 12, 2018

ARWS held a meeting on March 12, 2018 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, J. Catoe, O. Hawkins, H. Snipes, K. Sox, Glenn Odom, Gail Stoudemire.

President Blackwell welcomed everyone and gave the invocation.

W. Huggins made a motion to accept the minutes for February 12, 2018 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

O. Hawkins made a motion to give the contract work to Phase 2 Sewer to RWF Construction & Blake Electric to install the electrical work. A second motion was made by W. Huggins. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to open a food bank @ Well # 1 located on Hartsville Ruby Road. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to give the contract for water Phase 14 to Odom & Associates, Inc. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to pass a Resolution drawn by Gary Crawford. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to adjourn @ 7:00pm. The next scheduled meeting will be April 9, 2018 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: April 9, 2018

ARWS held a meeting on April 9, 2018 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, J. Catoe, H. Snipes, O. Hawkins, K. Sox, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Blackwell welcomed everyone and O. Hawkins gave the invocation.

W. Roary made a motion to accept the minutes for March 12, 2018 meeting. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

The Water Phase 14 is under construction on Hwy 151. The line will be completed next week. The 12" line for Old Creek will be installed later in the year.

A motion was made by J. Catoe to allow Odom & Associates to purchase two pieces of equipment through Alligator Rural Water. Odom & Associates will pay all costs. A second motion by W. Roary.

A motion was made by W. Roary to enter into executive session to discuss Blake Electric contracts. A second motion by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

A motion was made by J. Catoe to exit out of executive session. A second motion by W. Roary. The entire BOD was in favor of motion with no further discussion.

The meeting adjourned @ 7:30pm. The next scheduled meeting is May 14, 2018 at 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: May 14, 2018

ARWS held a meeting on May 14, 2018 at 6:00 pm. Present were W. Roary, W. Huggins, J. Catoe, H. Snipes, O. Hawkins, F. Joyner, K. Sox, Glenn Odom, Gail Stoudemire & Gail Edwards.

Vice President Huggins welcomed everyone and gave the invocation.

O. Hawkins made a motion to accept the minutes for April 9, 2018 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

O. Hawkins made a motion to sell 10 acres of land for \$6,500 per acre to SCE& G (South Carolina Electric & Gas Company). The land is located in ARWS Industrial Park on Hwy 151. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The Phase 14 Hwy 151 Project 8" line is completed. The volume of water is flowing as projected. The first phase of the 2.2 mile 12" line on Old Creek Road has begun, the 2<sup>nd</sup> phase of the project will be completed this fall.

The next scheduled BOD meeting will be June 11, 2018 @ 6:00p.m.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joynes  
Willie Mae Roary

Subject: Minutes: June 24, 2018

31<sup>st</sup> Annual Meeting

**General Managers Report:**

1. Water Phase 14 75% complete
2. Sewer Phase 3 50% complete
3. Northeast Technical College will build a new campus on 10 acres. ARWS donated
4. IGA Grocery Store should break ground in the fall.
5. Chesterfield County Rural Water is now buying 100% wholesale water from ARWS.

**Secretary Report:**

Best audit ARWS has ever received, the many years of building and planning are starting to pay dividends.

Election of New Officers: J. Catoe made a motion & H. Snipes second the motion.

President:	Wade Huggins
Vice President:	Odis Hawkins
Secretary:	Joseph R. Catoe
Treasurer:	Willie Mae Roary

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

Subject: Minutes: June 24, 2018 Special Meeting

Rate increase:

H. Snipes made a motion to increase water rates to \$9.25 per 1000 gallons. W. Huggins second the motion. The entire BOD was in favor of the motion with no further discussion.  
No increase in \$27.00 minimum.

H. Snipes made a motion to increase Odom & Associates, Inc. contract pay \$4,000.00 for employee license. W. Roary second the motion. The entire BOD was in favor of the motion with no further discussion.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

**Subject: Minutes: July 9, 2018**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Robert E. Blackwell  
Frankie Joyner

Subject: Minutes: August 13, 2018

ARWS held a meeting on August 13, 2018 at 6:00 pm. Present were R. Blackwell, W. Roary, W. Huggins, J. Catoe, K. Sox, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and gave the invocation.

W. Huggins made a motion to accept the minutes for May 14 & June 24, 2018 meetings. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The grocery store "IGA" will be announcing they will be building a store in the Alligator Industrial Park on Thursday August 23, 2018. They are planning to start construction before the end of this year with the completion in the spring of 2019.

North Eastern Technical College will be announcing their building in the Alligator Industrial Park in the next few weeks.

R. Blackwell made a motion to change a residential customer's rate to a farm rate if the customer uses 10,000 gallons of water for six (6) months. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

The next scheduled meeting will be September 10, 2018 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Robert E. Blackwell  
Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary

**Subject: Minutes: September 10, 2018**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner

Subject: Minutes: October 8, 2018

ARWS held a meeting on October 8, 2018 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for August 13, 2018 meeting. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to have Nicky Kellahan, Kellahan & Associates, Inc. to have a fly over to have a layout of future water, sewer plans and parcel layout for Industrial Park. A second was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to approve for Glenn Odom, General Manager, to sign documents with Mutual Savings Bank regarding application for a loan for IGA Grocery Store & documents for Sewer Phase 4. A second was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to purchase 16.47 acres from Ann Oulsey & get approval for a loan from Mutual Savings bank for the purchase price of \$97,000. beside Alligator Industrial Park. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to purchase 11.48 acres from Ann Oulsey & get approval for a loan from Mutual Savings bank for the purchase price of \$63,000 beside Alligator Industrial Park. A second was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

O. Hawkins made a motion to adjourn @ 7:45pm. The next scheduled meeting will be November 12, 2018 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner

Subject: Minutes: November 12, 2018

Meeting cancelled per Glenn Odom

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner

Subject: Minutes: December 10, 2018

Meeting cancelled per Glenn Odom

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: January 14, 2019

ARWS held a meeting on January 14, 2019 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and O. Hawkins gave the invocation.

O. Hawkins made a motion to accept the minutes for October 8, 2018 meeting. A second motion was made by H. Snipes. The entire BOD was in favor of motion with no further discussion.

The IGA grocery store may begin construction in early Spring of 2019 & possible Grand Opening in early Fall.

The Sewer upgrade on pump stations is about 90% completed.

The Phase 14 Water Project is about 90% completed. Only about 6 tenths of a miles until completion.

The next scheduled BOD meeting is February 11, 2019 @ 6:00pm.

378 West Pine Avenue\*\*Post Office Box 810\*\*McBee, South Carolina 29101\*\*843-335-6464\*\*Fax 843-335-7720

PETITIONER 1822



1

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: February 11, 2019

ARWS held a meeting on February 11, 2019 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, R. Catoe, F. Joyner, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for January 14, 2019 meeting. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

O. Hawkins made a motion to have the Bi-Laws changes so ARWS could have a facility that sold food. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

Meeting adjourned @ 7:00pm. The next scheduled meeting is March 11, 2019 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Wade Huggins  
Odís Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: March 11, 2019

ARWS held a meeting on March 11, 2019 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, R. Catoe, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and gave the invocation.

R. Catoe made a motion to accept the minutes for February 11, 2019 meeting. A second motion was made by H. Snipes. The entire BOD was in favor of motion with no further discussion.

The Board Members, Sherry Knight, Joseph R. Catoe and Harold Snipes have declared they will run for re-election for another (3) three-year term on June 23, 2019.

Meeting adjourned @ 7:15pm. The next scheduled meeting will be April 8, 2019 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary  
Sherry Knight

**Subject: Minutes: April 8, 2019**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: May 13, 2019

ARWS held a meeting on May 13, 2019 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and gave the invocation.

O. Hawkins made a motion to accept the minutes for March 11, 2019 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The Sewer Project will be funded by the end of May. \$200.00 sewer taps are still available until project begins.

The Annual Board of Directors meeting will be held on June 23, 2019 @ 1:30-3:00pm. Sherry Knight, Harold Snipes & Joseph R. Catoe are up for re-election.

Kellahan & Associates are waiting on several permits for the IGA Grocery Store. The construction will be this fall.

J. Catoe made a motion to have Alligator Water install a 500,000-gallon ground tank in the Middendorf area. This tank will store water so Chesterfield County Rural Water can provide more water for his increased sales. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further motion.

The next scheduled meeting will be June 10, 2019 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary  
Sherry Knight

**Subject: Minutes: June 10, 2019**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary  
Sherry Knight

Subject: Minutes: June 23, 2019

32<sup>nd</sup> Annual Meeting

President Huggins called the meeting to order & had the invocation. Then he turned the meeting over to the General Manager, Glenn Odom.

**General Managers Report:**

1. Hwy 1, Middendorf Community, the Black Creek Bridge Project has been completed.
2. Sewer Project Phase 3 is completed.
3. Chesterfield County Rural Water is buying 100% wholesale water from ARWS.  
They are not buying from Anson County & Cheraw.
4. Projected Project 15 – Installation of 2-million-gallon storage tank in Middendorf Community.

**Secretary Report:**

The 2018 Financial Audit has not been completed.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary  
Sherry Knight

**Subject: Minutes: July 8, 2019**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: August 26, 2019

ARWS held a meeting on August 26, 2019 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, F. Joyner, S. Knight, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and gave the invocation.

O. Hawkins made a motion to accept the minutes for June 23, 2019 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

Nestle North American Waters is expanding their water lines with 5-gallon containers. They plan to use more ARWS water.

Sewer Phase 4, Lake Area, Kellahan & Associates expect to bid out project before end of 2019.

W. Huggins made a motion to enter into executive session. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The Board of Directors agreed to buy the 11.48 acres, tract B, of land from Gene & Ann Ousley.

J. Catoe made a motion to exit out of executive session. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to give a credit of \$1,122.82 to ARWS customer, Charlene Hodges. She had damages that may have been caused by ARWS pressure regulator registering too high. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

ARWS next scheduled meeting will be October 7, 2019 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary  
Sherry Knight

**subject: Minutes: September 9, 2019**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary  
Sherry Knight

**subject: Minutes: October 14, 2019**

W. Huggins made motion to enter into executive session to discuss legal matters with William Spencer, Spencer Law Firm. All of BOD were in favor of motion.

W. Roary made motion to exit executive session. All of BOD were in favor of motion.

Next scheduled meeting is November 11, 2019 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary  
Sherry Knight

**Subject: Minutes: November 11, 2019**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Joseph R. Catoe  
Harold Snipes  
Odis Hawkins  
Frankie Joyner  
Willie Mae Roary  
Sherry Knight

**Subject: Minutes: December 9, 2019**

**Cancelled per Glenn Odom**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: January 27, 2020

ARWS held a meeting on January 27, 2020 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and O. Hawkins gave the invocation.

O. Hawkins made a motion to accept the minutes for August 26, 2019 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The S. C. Public Employee Benefits Authority, SC Retirement Program, is auditing Glenn Odom. There are questions if he is an ARWS employee or Odom & Associates, Inc.

W. Roary made a motion to allow an attorney to be hired to represent Glenn Odom. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to increase the water rates. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

Residential:	Minimum rate: 0-2000 gal. \$30.00	0-2001 gal. \$10.25
Commercial:	Minimum rate: 0-2000 gal. \$30.00	0-2001 gal. \$ 3.23
Industrial:	Minimum rate: 0-2000 gal. \$30.00	0-2001 gal. \$11.25

W. Huggins made a motion to adjourned @ 7:00pm  
The next scheduled meeting is February 10, 2020 @ 6:00pm.

PETITIONER 1835



1

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: February 17, 2020

ARWS held a meeting on February 17, 2020 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, K. Sox, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and gave the invocation.

R. Catoe made a motion to accept the minutes for January 27, 2020 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to increase the water tap installation fee to \$1,000.00. A second motion was made by R. Catoe. The entire BOD was in favor of motion with no further discussion.

W. Huggins made a motion to increase the wholesale water rate to \$2.20. A second motion was made by R. Catoe. The entire BOD was in favor of motion with no further discussion.

R. Catoe made a motion to pass a resolution for Glenn Odom, General Manager, authority to get a loan for \$1,450,000.00 from Mutual Savings Bank in Hartsville SC. A second motion was made by W. Roary the entire BOD was in favor of motion with no further discussion.

The next scheduled monthly meeting will be March 9, 2020 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: March 9, 2020

ARWS held a meeting on March 9, 2020 at 6:00 pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and O. Hawkins gave the invocation.

O. Hawkins made a motion to accept the minutes for February 17, 2020 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

Sandhill Medical Foundation have sent all necessary papers to the IGA home office for signature.

W. Huggins made a motion to adjourn the meeting @ 7:00pm

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

April 13, 2020

Cancelled

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

May 12, 2020

Cancelled

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

June 8, 2020

Cancelled

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

June 28, 2020 Annual Meeting

Cancelled

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

July 12, 2020

Cancelled

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

August 9, 2020

Cancelled

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: September 29, 2020

ARWS held a meeting on September 29, 2020 at 11:00am. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, F. Joyner, Glenn Odom, Gail Stoudemire & Gail Edwards.

President Huggins welcomed everyone and O. Hawkins gave the invocation.

J. Catoe made a motion to accept the minutes for February 17, 2020 meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to accept the Letter of Conditions for Lake Robinson Sewer Project. A second motion was made by H. Snipes. The entire BOD was in favor of motion with no further discussion.

Kellahan & Associates, Inc. will bid the Lake Robinson Sewer Project in the Spring of 2021. Installation may take from 3 months to 1 year.

F. Joyner made a motion to disconnect ARWS from Town of McBee if McBee resumes operation of their own system. A second motion was made by H. Snipes. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to adjourn:

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

October 13, 2020

Cancelled

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

November 10, 2020

Cancelled

**No meetings until further notice because of the Coronavirus  
COVID-19.**

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

December 2020

Meeting Cancelled

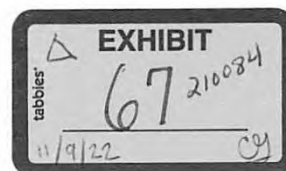
Per Glenn Odom

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

January 11, 2021

Meeting cancelled for Covid 19.

PETITIONER 1848



1

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: February 8, 2021

ARWS held a meeting on February 8, 2021 at 6:00pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, F. Joyner, Glenn Odom, Gail Stoudemire.

President Huggins welcomed everyone and O. Hawkins gave the invocation.

W. Roary made a motion to accept the minutes for September 29, 2020@ 11:00am. meeting. A second motion was made by S. Knight. The entire BOD was in favor of motion with no further discussion.

J. Catoe made a motion to enter into bond financing with Oppenheimer & Co. Inc. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

H. Snipes made a motion to adjourn. The next scheduled meeting is March 8, 2021.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: March 8, 2021

ARWS held a meeting on March 8, 2021 at 6:00pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, S. Knight, G. Odom, G. Stoudemire & G. Edwards.

President Huggins welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for February 8, 2021 @ 6:00pm. meeting. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

The financing with Oppenheimer & Co. Inc. will close late March.

H. Snipes made a motion to adjourn. The next scheduled meeting is April 12, 2021@ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: April 12, 2021

ARWS held a meeting on April 12, 2021 at 6:00pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, G. Odom, G. Stoudemire & G. Edwards.

President Huggins welcomed everyone and O. Hawkins gave the invocation.

W. Roary made a motion to accept the minutes for March 8, 2021 @ 6:00pm. meeting. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

Cherry McCoy, from Chesterfield Economic Development, gave an update on the Companies & Residential Housing that are interested in the county.

J. Catoe made a motion to postpone The Annual Meeting in June. Alligator continues to follow Center for Disease Control and S. C. Governors guideline regarding Covid 19. In Accordance with their policies the 2021 Annual meeting has been postponed. We will monitor the Covid 19 situation and schedule at a later safer time. A second motion was made by W. Roary. The entire BOD was in favor of the motion with no further discussion.

J. Catoe made a motion to increase the Wholesale Water rates to \$2.25 per 1000 gallons. A second motion was made by O. Hawkins. The entire BOD was in favor of motion with no further discussion.

H. Snipes made a motion to adjourn. The next scheduled meeting is May 10, 2021 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: May 24, 2021

ARWS held a meeting on May 24, 2021 at 6:00pm. Present were O. Hawkins, W. Roary, W. Huggins, J. Catoe, H. Snipes, F. Joyner, S. Knight G. Odom, G. Stoudemire, S. Baker & G. Edwards.

Vice President Hawkins welcomed everyone and W. Huggins gave the invocation.

J. Catoe made a motion to accept the minutes for April 12, 2021 @ 6:00pm. meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

The Annual Meeting for June 27, 2021 has been postponed. Alligator continues to follow Center for Disease Control and S. C. Governors guideline regarding Covid 19. We will monitor the Covid 19 situation and schedule at a later safer time. There have not been any complaints on postponing the meeting.

O. Hawkins made a motion to adjourn. The next scheduled meeting is June 14 ,2021 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

*June 14, 2021*

Meeting cancelled

Per Glenn Odom

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

*June 27, 2021*

*Annual Meeting*

The Annual Meeting for June 27, 2021 has been postponed. Alligator continues to follow Center for Disease Control and S. C. Governors guideline regarding Covid 19. We will monitor the Covid 19 situation and schedule at a later safer time. There have not been any complaints on postponing the meeting.

*Alligator Rural Water & Sewer Company, Inc.  
Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: July 12, 2021

ARWS held a meeting on July 12, 2021 at 6:00pm. Present were W. Roary, W. Huggins, J. Catoe, H. Snipes, F. Joyner, S. Knight G. Odom, G. Stoudemire & G. Edwards.

President Huggins welcomed everyone and gave the invocation.

J. Catoe made a motion to accept the minutes for May 24, 2021 @ 6:00pm. meeting. A second motion was made by W. Roary. The entire BOD was in favor of motion with no further discussion.

Alligator Water customer, Michelle Hewitt located at 614 Sandy Point Drive Hartsville, had extensive water damage to her house when the water pressure regulator felled to hold her pressure to the level preset on the regulator. The high pressure burst the insides of her toilet overnight and flooded her house. The water damaged her 2<sup>nd</sup> story & 1<sup>st</sup> stories to her house.

Glenn spoke to Mrs. Hewitt and told her to call ServPro Cleaning Service to get estimated damages for cleanup and repair. ServPro sent invoices for the cleanup & repair damages. J. Catoe made a motion for Alligator Water to pay total balances of \$15,588.02 on invoices for Mrs. Hewitt. A second motion by F. Joyner was made. The entire BOD was in favor of motion with no further discussion.

A motion to adjourn was made by H. Snipes @ 7:00pm

The next scheduled BOD meeting will be August 9, 2021 @ 6:00pm

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

**Board of Directors**

Wade Huggins  
Odis Hawkins  
Joseph R. Catoe  
Willie Mae Roary  
Harold Snipes  
Frankie Joyner  
Sherry Knight

Subject: Minutes: August 9, 2021

ARWS held a meeting on August 9, 2021 at 6:00pm. Present were W. Roary, W. Huggins, O. Hawkins J. Catoe, H. Snipes, S. Knight G. Odom, G. Stoudemire & G. Edwards.

President Huggins welcomed everyone and gave the invocation.

W. Roary made a motion to accept the minutes for July 12, 2021 @ 6:00pm. meeting. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

W. Roary made a motion to amend Odom & Associates, Inc. contract pay to \$75,000 per month. This motion is retroactive to January 1, 2021. A second motion was made by J. Catoe. The entire BOD was in favor of motion with no further discussion.

A motion to adjourn was made by H. Snipes @ 7:30pm

The next scheduled meeting will be September 13, 2021 @ 6:00pm.

*Alligator Rural Water & Sewer Company, Inc.*  
*Established 1987*

*September 13, 2021*

Meeting cancelled

Per Glenn Odom

NEW ISSUE - BOOK-ENTRY ONLY

Rating: S&P: A-  
(See "RATING")

In the opinion of Howell Linkins & Nettles, L.L.C., Bond Counsel to the Borrower, under existing laws and subject to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the yield on the Series 2021 Bonds is excludable from gross income for federal and South Carolina income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. See "TAX TREATMENT" herein for a more complete discussion of certain income tax aspects of the Series 2021 Bonds.

\$26,795,000

**SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY  
ECONOMIC DEVELOPMENT REVENUE BONDS  
(ALLIGATOR RURAL WATER & SEWER COMPANY, INC. PROJECT)  
SERIES 2021**

**Dated: Date of Delivery**

**Due: March 15, as shown on the inside cover page**

The South Carolina Jobs-Economic Development Authority (the "Issuer"), a public body corporate and politic and an agency of the State of South Carolina (the "State") will issue its Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project), Series 2021 in the aggregate principal amount of \$26,795,000 (the "Series 2021 Bonds"), pursuant to an Indenture of Trust dated as of May 1, 2021 (the "Indenture"), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). The proceeds of the Series 2021 Bonds will be loaned to Alligator Rural Water & Sewer Company, Inc., a nonprofit corporation organized under the laws of the State of South Carolina (the "Borrower"), pursuant to a Loan Agreement, dated as of May 1, 2021 (the "Loan Agreement"), between the Issuer and the Borrower. See APPENDIX A - "INFORMATION RELATING TO THE BORROWER AND SYSTEM." Proceeds of the Series 2021 Bonds will be used by the Borrower to refinance a portion of the costs of acquiring, constructing, furnishing, equipping, and improving the Borrower's water treatment and distribution system and wastewater collection system (the "System") by refunding the Borrower's outstanding United States Department of Agriculture Rural Development Loans (the "USDA RD Loans") and other outstanding indebtedness (collectively, the "Outstanding Loans") and (ii) to pay costs of issuance of the Series 2021 Bonds.

The Series 2021 Bonds will be payable from the moneys held for the payment thereof by the Trustee under the Indenture, including Loan Payments (as defined herein), to be made by the Borrower under the Loan Agreement. The Series 2021 Bonds will be secured by (i) an assignment and pledge of amounts payable pursuant to the Loan Agreement and (ii) the Security Agreement (as defined herein), including an assignment of all net revenues derived by the Borrower from the operation of the System in favor of the Trustee, as beneficiary, subject to certain Permitted Encumbrances (as defined herein). Under the Loan Agreement and the promissory note (each pursuant thereto), the Borrower will be required to make Loan Payments in amounts sufficient to pay debt service on the Series 2021 Bonds, plus certain other payments. See "THE SERIES 2021 BONDS" and "SECURITY FOR THE SERIES 2021 BONDS" herein.

Interest on the Series 2021 Bonds will accrue from the date of delivery thereof and will be payable semiannually on each March 15 and September 15, commencing March 15, 2022. The Series 2021 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any whole multiples of \$5,000 in excess thereof, and will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"). Purchases of the Series 2021 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive certificates representing their interest in the Series 2021 Bonds. Payments of principal of, premium, if any, and interest on the Series 2021 Bonds will be made directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Series 2021 Bonds. Distribution of such payment to the DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of the DTC Participants, as more fully described herein.

The Series 2021 Bonds are subject to redemption as described herein under "THE SERIES 2021 BONDS - Redemption" herein.

The Series 2021 Bonds have been authorized and issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Act, and by authority of resolutions adopted by the Issuer's governing body. THE OBLIGATIONS OF THE ISSUER UNDER THE SERIES 2021 BONDS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY THE ISSUER IN CONNECTION THEREWITH ARE NOT GENERAL OBLIGATIONS OF THE ISSUER OR ANY OTHER GOVERNMENTAL ENTITY BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER UNDER THE LOAN AGREEMENT, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SUCH PURPOSES AND WHICH CONSTITUTE AN INDEBTEDNESS PAYABLE ONLY FROM A REVENUE-PRODUCING PROJECT OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(9) OF THE CONSTITUTION OF THE STATE, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE. THE OBLIGATIONS OF THE ISSUER UNDER THE ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN AS DESCRIBED ABOVE) OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY OR AGAINST THE TAXING POWER OF THE STATE OR ANY OTHER GOVERNMENTAL ENTITY. THE ISSUER DOES NOT HAVE TAXING POWER. THE OBLIGATIONS OF THE ISSUER UNDER THE SERIES 2021 BONDS, UNDER THE OTHER ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER. NEITHER THE STATE NOR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, SHALL BE OBLIGATED TO PAY THE OBLIGATIONS UNDER THE SERIES 2021 BONDS OR (HEREINAFTER OR OTHERWISE) COSTS INCIDENT HERETO OR THERETO EXCEPT FROM THE REVENUES, RECEIPTS AND PAYMENTS PLEDGED AND ASSIGNED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, IS PLEDGED TO THE PAYMENT OF THE OBLIGATIONS UNDER THE SERIES 2021 BONDS, UNDER THE OTHER ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH.

**DAC Bond**

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to make an informed investment decision.

**THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AS AMENDED, AND ARE BEING OFFERED AND SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION CONTAINED IN SECTION 3(A)(2) OF THE SECURITIES ACT.**

The Series 2021 Bonds involve a degree of risk (see "RISKS AND INVESTMENT CONSIDERATIONS" herein) and are not suitable for all investors.

The Series 2021 Bonds are offered, subject to prior sale and to withdrawal or modification of the offer without notice, when, as and if accepted by Oppenheimer & Co. Inc. (the "Underwriter") and subject to the approval of legality and certain other matters by Howell Linkins & Nettles, L.L.C., Charleston, South Carolina, Bond Counsel and Disclosure Counsel, and by Haynesworth Sinker Boyd, P.A., Greenville, South Carolina, as counsel to the Issuer, the approval of certain matters by McGuire Woods LLP, New York, New York, as counsel to the Underwriter, and the approval of certain matters by Spencer Law Firm, Chesterfield, South Carolina, as counsel to the Borrower. It is expected that delivery of the Series 2021 Bonds will be made on or about May 26, 2021, through the facilities of DTC against payment therefor.



This Official Statement is dated May 18, 2021.



**MATURITY SCHEDULE**

**\$26,795,000**

**South Carolina Jobs-Economic Development Authority  
Economic Development Revenue Bonds  
(Alligator Rural Water & Sewer Company, Inc. Project)  
Series 2021**

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2023	\$ 800,000	4.00%	0.420%	837031ZY2
2024	780,000	4.00	0.590	837031ZZ9
2025	780,000	4.00	0.770	837031A29
2026	765,000	4.00	0.940	837031A37
2027	685,000	4.00	1.090	837031A45
2028	710,000	4.00	1.240	837031A52
2029	740,000	4.00	1.380	837031A60
2030	770,000	4.00	1.500	837031A78
2031	800,000	4.00	1.580	837031A86
2032	830,000	4.00	1.660 <sup>C</sup>	837031A94
2033	865,000	3.00	1.860 <sup>C</sup>	837031B28
2034	890,000	3.00	1.970 <sup>C</sup>	837031B36
2035	920,000	3.00	2.050 <sup>C</sup>	837031B44
2039	1,035,000	3.00	2.250 <sup>C</sup>	837031B85
2040	1,065,000	3.00	2.300 <sup>C</sup>	837031B93
2041	1,095,000	3.00	2.330 <sup>C</sup>	837031C27

**\$2,925,000 3.00% Term Bond Due March 15, 2038, Yield of 2.200<sup>C</sup> %, CUSIP† 837031B77  
\$10,340,000 2.50% Term Bond Due March 15, 2051, Yield of 2.690 %, CUSIP† 837031C43**

<sup>C</sup> Yield to first optional par call date of March 15, 2031

† Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2021 Bonds and the Borrower makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021 Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2021 Bonds identified on the front cover pages hereof. No person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2021 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Except for information with respect to U.S. Bank National Association (the "Trustee"), the Trustee has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2021 Bonds, or (iii) the tax-exempt status of the interest on the Series 2021 Bonds.

The Series 2021 Bonds are not registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2021 Bonds for sale, and any representation to the contrary is a criminal offense.

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

Reference herein to laws, rules, regulations, agreements, reports, and other documents, do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made therein. Where full texts have not been included as appendices to the Official Statement, they will be furnished upon request made to the Borrower.

#### CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the use of the future tense or by terms such as "may," "intend," "will," "expect," "forecast," "project," "anticipate," "estimate," "plan," "budget," "believe," "should," "strategy," "position," or the negative of such terms or variations of such words or similar expressions. In particular, any statements, express or implied, concerning future operating results or the ability to generate Revenues or cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the Borrower's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. Those forward-looking statements, including forecasts, projections, and estimates, are based on currently available information, expectations, estimates, assumptions, and projections and management's judgment about e.g., water and sewer utility industry and general economic conditions. The forward-looking statements are not guarantees of future performance. Actual results may vary materially and adversely from what is contained in a forward-looking statement. Factors which may cause results different from those expected or anticipated include, among others, new legislation, increases in suppliers' prices, increases in prices for fuel in connection with the operation of the System, changes in environmental compliance requirements, natural disasters, the impact of weather on operating results, general economic and business conditions, changes in political, social, and economic conditions, impediments to the implementation of gap-closing actions, regulatory initiatives and compliance with governmental regulations, litigation, and various other events, conditions, and circumstances, many of which are beyond the control of the Borrower. See "RISKS AND INVESTMENT CONSIDERATIONS" herein for discussion of some of these

factors. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially and adversely from any results indicated or suggested by those assumptions.

Although the Borrower believes in making any such forward-looking statement, and its expectations are based on assumptions considered reasonable by the Borrower, any such forward-looking statement involves uncertainties and is qualified in its entirety by reference to factors both identified within this Official Statement and from publicly available sources about the regulation and regulatory authorities for that business, and the locale that could cause the actual results of the Borrower to differ materially and adversely from those contemplated in such forward-looking statements.

Any forward-looking statement speaks only as of the date such statement is made, and the Borrower undertakes no obligation to update any forward-looking statement in this Official Statement to reflect events or circumstances after the date of this Official Statement or to reflect the occurrence of unanticipated events. New factors arise or emerge from time to time and it is not possible for the Borrower to predict all of such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially and adversely from those contained in any forward-looking statement.

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## SUMMARY STATEMENT

*The following summary is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. The offering of the Series 2021 Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. For the definitions of certain words and terms used in this Summary Statement, see APPENDIX C – "FORMS OF THE PRINCIPAL DOCUMENTS."*

**Purpose of the Issue**.....The South Carolina Jobs-Economic Development Authority (the "Issuer"), a public body corporate and politic and an agency of the State of South Carolina (the "State"), will issue its Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project) Series 2021 in the aggregate principal amount of \$26,795,000 (the "Series 2021 Bonds"), pursuant to an Indenture of Trust dated as of May 1, 2021 (the "Indenture"), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). The proceeds of the Series 2021 Bonds will be loaned to Alligator Rural Water & Sewer Company, Inc., a nonprofit corporation organized under the laws of the State of South Carolina (the "Borrower"), pursuant to a Loan Agreement, dated as of May 1, 2021 (the "Loan Agreement"), between the Issuer and the Borrower, to refinance certain outstanding loans to the Borrower to achieve debt service savings. See "THE BORROWER AND THE REFINANCING" herein and APPENDIX A – "INFORMATION RELATING TO THE BORROWER AND SYSTEM."

**The Issuer**.....The Issuer was created under and pursuant to The South Carolina Jobs-Economic Development Fund Act (Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended) (the "Act") in 1983. The Issuer is authorized and empowered to utilize any of its program funds to establish loan programs to be utilized to acquire, by construction or purchase, properties and for other purposes described in Section 41-43-160 of the Act in order to promote and develop the business and economic welfare of the State, encourage and assist in the location of new business enterprises in the State and in the rehabilitation and assistance of existing business enterprises and the promotion of the export of goods, services, commodities and capital equipment produced within the State, so as to provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State and the promotion and advancement of industrial, commercial, agricultural and recreational development in the State. The Issuer is further authorized by Section 41-43-110 of the Act to issue revenue bonds payable by the Issuer solely from a revenue-producing source and secured by a pledge of those revenues in order to provide funds for any purpose authorized by the Act.

The Issuer is not pledging its general credit to the Series 2021 Bonds. The Issuer does not and will not in the future monitor the financial condition of the Borrower, the operation of the System or otherwise monitor payment of the Series 2021 Bonds or compliance with the documents relating thereto. The responsibility for the operation of the System will rest entirely with the Borrower.

The Series 2021 Bonds are limited obligations of the Issuer. No recourse by any holder of the Series 2021 Bonds will be had for the payment of the principal of, premium, if any, or interest on any of the Series 2021 Bonds or for any claim based thereon or upon any obligation, covenant, or agreement in the Indenture or the Loan Agreement, against any past,

present, or future officer, member, counsel, advisor or agent of the Issuer or any successor thereto, as such, directly or through the Issuer or any successor thereto, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, counsel, advisor or agent as such has been expressly waived as a condition of and in consideration of the execution of the Indenture, the Loan Agreement and the issuance of the Series 2021 Bonds.

See "THE ISSUER," "THE SERIES 2021 BONDS," and "SECURITY FOR THE SERIES 2021 BONDS" herein.

**The Borrower**.....The Borrower is a South Carolina nonprofit corporation that was incorporated on July 9, 1987.

See APPENDIX A – "INFORMATION RELATING TO THE BORROWER AND SYSTEM."

**Use of Proceeds**.....Proceeds of the Series 2021 Bonds will be used by the Borrower (i) refinance a portion of the costs of acquiring, constructing, furnishing, equipping, and improving the Borrower's water treatment and distribution system and wastewater collection system (the "System") by refunding the Borrower's outstanding United States Department of Agriculture Rural Development Loans (the "USDA RD Loans"), and other outstanding indebtedness (collectively, the "Outstanding Loans") and (ii) to pay costs of issuance of the Series 2021 Bonds. The System will be owned and operated by the Borrower. See "THE BORROWER AND THE REFINANCING" herein and APPENDIX A – "INFORMATION RELATING TO THE BORROWER AND SYSTEM."

**Limited Obligations**.....THE OBLIGATIONS OF THE ISSUER UNDER THE SERIES 2021 BONDS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY THE ISSUER IN CONNECTION THEREWITH ARE NOT GENERAL OBLIGATIONS OF THE ISSUER OR ANY OTHER GOVERNMENTAL ENTITY BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER UNDER THE LOAN AGREEMENT, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SUCH PURPOSES AND WHICH CONSTITUTE AN INDEBTEDNESS PAYABLE ONLY FROM A REVENUE-PRODUCING PROJECT OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(9) OF THE CONSTITUTION OF THE STATE, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE. THE OBLIGATIONS OF THE ISSUER UNDER THE ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN AS DESCRIBED ABOVE) OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY OR AGAINST THE TAXING

POWER OF THE STATE OR ANY OTHER GOVERNMENTAL ENTITY. THE ISSUER DOES NOT HAVE TAXING POWER. THE OBLIGATIONS OF THE ISSUER UNDER THE SERIES 2021 BONDS, UNDER THE OTHER ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER. NEITHER THE STATE NOR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, SHALL BE OBLIGATED TO PAY THE OBLIGATIONS UNDER THE SERIES 2021 BONDS OR THEREUNDER OR OTHER COSTS INCIDENT HERETO OR THERETO EXCEPT FROM THE REVENUES, RECEIPTS AND PAYMENTS PLEDGED AND ASSIGNED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, IS PLEDGED TO THE PAYMENT OF THE OBLIGATIONS UNDER THE SERIES 2021 BONDS, UNDER THE OTHER ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH.

See "SECURITY FOR THE SERIES 2021 BONDS" herein.

**Registration and Denominations** .....The Series 2021 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any whole multiples of \$5,000 in excess thereof and will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"). Purchases of the Series 2021 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive certificates representing their interest in the Series 2021 Bonds. Payments of principal of, premium, if any, and interest on the Series 2021 Bonds will be made directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Series 2021 Bonds. Disbursement of such payment to the DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of the DTC Participants, as more fully described herein.

See "THE SERIES 2021 BONDS" herein.

**Payment Provisions** .....Interest on the Series 2021 Bonds will accrue from the date of delivery thereof and will be payable semiannually on each March 15, and September 15, commencing March 15, 2022. Principal on the Series 2021 Bonds is payable annually on March 15 of each year, commencing March 15, 2023.

See "THE SERIES 2021 BONDS" herein.

**Redemption** .....The Series 2021 Bonds are subject to redemption as described herein under "THE SERIES 2021 BONDS - Redemption" herein.

**Security** .....Under the Indenture, the following are pledged to the Trustee as security for the Series 2021 Bonds (collectively, the "Trust Estate"): (i) the Revenues; (ii) the Collateral; (iii) all of the Issuer's right, title, and interest in and to and remedies under the Loan Agreement, the Security Agreement, and all other Bond Documents, including (without limitation) any and all security for the Loan referred to therein; (iv) all

moneys which are at any time or from time to time on deposit in the Bond Fund and any and all accounts and subaccounts therein; and (v) all right, title, and interest in and to and remedies with respect to any and all other property of every description and nature from time to time after the date of the Indenture by delivery or by writing of any kind conveyed, pledged, assigned, or transferred, as and for additional security under the Indenture, by the Issuer or by anyone on its behalf or with its written consent, to the Trustee; provided, however, that the term "Trust Estate" does not include the Reserved Rights of the Issuer.

The Borrower will deliver to the Trustee the Security Agreement, dated as of May 1, 2021 (the "Security Agreement"). The Security Agreement will be subject to certain Permitted Encumbrances, as described in the Security Agreement.

See "SECURITY FOR THE SERIES 2021 BONDS" herein.

**Rate Covenant**.....Commencing with the Fiscal Year ending December 31, 2021, the Borrower shall be required to satisfy the rate covenant.

See "SECURITY FOR THE SERIES 2021 BONDS – Payments under Loan Agreement; Assignment of Loan Agreement" and "SECURITY FOR THE SERIES 2021 BONDS – Financial Covenants" herein.

**Bondholders' Risks**.....Purchase of the Series 2021 Bonds involves a risk. Prospective purchasers are advised to read this entire Official Statement and the Appendices attached hereto in their entirety, particularly the section "RISKS AND INVESTMENT CONSIDERATIONS" herein, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2021 Bonds.

**Continuing Disclosure**.....The Borrower has covenanted in the Continuing Disclosure and Dissemination Agent Agreement dated as of May 1, 2021 (the "Disclosure Dissemination Agent Agreement"), between the Borrower and the Digital Assurance Certification, L.L.C., as dissemination agent, to provide continuing disclosure as described in this Official Statement pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See APPENDIX F – "FORM OF CONTINUING DISCLOSURE AND DISSEMINATION AGENT AGREEMENT." The Issuer has not, and will not, undertake any responsibilities to provide continuing disclosure with respect to the Series 2021 Bonds and will have no liability to Bondholders with respect to any such disclosures.

See "CONTINUING DISCLOSURE" herein.

**Tax Status**.....In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the Borrower, under existing laws and subject to compliance with the provisions of the Code, as described herein, interest on the Series 2021 Bonds is excludable from gross income for federal and South Carolina income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

<b>Delivery Information</b> .....	The Series 2021 Bonds are offered, subject to prior sale and to withdrawal or modification of the offer without notice, when, as and if accepted by Oppenheimer & Co. Inc. (the “Underwriter”) and subject to the approval of legality and certain other matters by Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel and Disclosure Counsel, and by Haynsworth Sinkler Boyd, P.A., Greenville, South Carolina, as counsel to the Issuer; the approval of certain matters by McGuireWoods LLP, New York, New York, as counsel to the Underwriter; and the approval of certain matters by Spencer Law Firm, Chesterfield, South Carolina, as counsel to the Borrower. It is expected that delivery of the Series 2021 Bonds will be made on or about May 26, 2021, through the facilities of DTC against payment therefor.
<b>Financial Information</b> .....	The audited financial statements of the Borrower for the fiscal year ended December 31, 2019, have been prepared by Highsmith & Highsmith, LLC, Travelers Rest, South Carolina (the “Auditor”), and are attached hereto as APPENDIX B. Such financial statements have been included in reliance upon the reports of the Auditor. The Borrower is not aware of any facts that would make such financial statements misleading. Such financial statements were prepared using the standards applicable to governmental entities. The audited financial statements included in APPENDIX B are an integral part hereof and should be read in their entirety.

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## OFFICIAL STATEMENT

\$26,795,000

### SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY ECONOMIC DEVELOPMENT REVENUE BONDS (ALLIGATOR RURAL WATER & SEWER COMPANY, INC. PROJECT) SERIES 2021

#### INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Official Statement and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Any capitalized term not otherwise defined is used with the meaning assigned in APPENDIX C or in the Indenture of Trust dated as of May 1, 2021 (the "Indenture"), by and between the South Carolina Jobs-Economic Development Authority (the "Issuer") and U.S. Bank National Association, Columbia, South Carolina, as trustee (the "Trustee"), the Loan Agreement, dated as of May 1, 2021 (the "Loan Agreement"), between the Issuer and Alligator Rural Water & Sewer Company, Inc., a nonprofit corporation organized under the laws of the State of South Carolina (the "Borrower"), or other document with respect to which the term is used. Definitions contained in the text hereof are for ease of reference only and are qualified in their entirety by the definitions in APPENDIX C or the documents with respect to which such terms relate. The Appendices hereto are an integral part of this Official Statement and each potential investor should review the Appendices in their entirety.

#### General

This Official Statement provides information regarding the Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project) Series 2021 in the aggregate principal amount of \$26,795,000 (the "Series 2021 Bonds") to be issued by the Issuer pursuant to the Indenture. Pursuant to the Loan Agreement, proceeds of the Series 2021 Bonds will fund a loan (the "Loan") to the Borrower. See APPENDIX C – "FORMS OF THE PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT."

The Borrower has requested that the Issuer issue the Series 2021 Bonds and loan the proceeds thereof to the Borrower. Proceeds of the Series 2021 Bonds will be used by the Borrower to (i) refinance a portion of the costs of acquiring, constructing, furnishing, equipping, and improving the Borrower's water treatment and distribution system and wastewater collection system (the "System") by refunding the Borrower's outstanding United States Department of Agriculture Rural Development Loans (the "USDA RD Loans"), and other outstanding indebtedness (collectively, the "Outstanding Loans") and (ii) pay costs of issuance of the Series 2021 Bonds. The System is owned and operated by the Borrower. See "SOURCES AND USES OF FUNDS" herein and APPENDIX A – "INFORMATION RELATING TO THE BORROWER AND SYSTEM" attached hereto for additional information regarding the Borrower and the System and the Outstanding Loans to be refinanced.

#### Loan Agreement and Security Agreement

The Loan Payments will be secured by the Series 2021 Promissory Note (the "Series 2021 Promissory Note") executed by the Borrower in favor of the Trustee. Proceeds of the Series 2021 Bonds in the Refunding Fund will be applied to the refunding of the Outstanding Loans. Pursuant to the Loan Agreement and the Tax Certificate, the Borrower will make certain representations and covenants related to maintaining the exclusion from gross income for federal income tax purposes of interest on the Series 2021 Bonds.

Pursuant to the Indenture, the Issuer has pledged to the Trustee, for the benefit of the holders of the Series 2021 Bonds, all of its interest in the Loan Agreement and the Series 2021 Promissory Note (other than certain retained rights, including those relating to indemnification and expense reimbursement payments), to secure payment of the principal of, premium, if any, and interest on the Series 2021 Bonds. Pursuant to the Security Agreement dated as of May 1, 2021 (the "Security Agreement"), executed by the Borrower in favor of the Trustee, the payment of the principal of, premium, if any, and interest on the Series 2021 Bonds will be secured by a parity first security interest in revenues of the System (the "System Revenues") and all Borrower personalty, subject to certain "Permitted

Encumbrances” described in the Security Agreement. See APPENDIX C – “FORMS OF THE PRINCIPAL DOCUMENTS – THE SECURITY AGREEMENT.”

#### **Special Covenants of the Borrower**

The Loan Agreement places certain restrictions on the incurrence of additional indebtedness by the Borrower. The Borrower has agreed in the Loan Agreement to provide certain periodic financial reports. See APPENDIX C – “FORMS OF THE PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT – Limitations on Incurrence of Additional Indebtedness” and “Financial Statements; Reports; Annual Certificate; Financial Covenants.”

#### **Caution Regarding Forward-Looking Statements**

This Official Statement contains certain statements that are “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended. All statements other than statements of historical facts included in this Official Statement, including without limitation statements that use terminology such as “estimate,” “expect,” “intend,” “anticipate,” “believe,” “may,” “will,” “continue” and similar expressions, are forward looking statements. These forward looking statements include, among other things, the discussions related to the System operations and expectations regarding future revenues, capital resources, and expenditures for capital projects. Although the Borrower believes that the assumptions upon which the forward looking statements contained in this Official Statement are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward looking statements based on those assumptions also could be incorrect. All phases of the operations of the Borrower involve risks and uncertainties, many of which are outside the control of the Borrower and any one of which, or a combination of which, could materially affect the results of the Borrower’s operations and whether the forward looking statements ultimately prove to be correct. Factors that could cause actual results to differ from those expected include, but are not limited to new legislation, increases in suppliers’ prices, increases in prices for fuel in connection with the operation of the System, changes in environmental compliance requirements, natural disasters, the impact of weather on operating results, general economic and business conditions, changes in political, social, and economic conditions, impediments to the implementation of gap-closing actions, regulatory initiatives and compliance with governmental regulations, litigation, and various other events, conditions, and circumstances, many of which are beyond the control of the Borrower. Important factors that could cause actual results to differ materially from the Borrower’s expectations (“cautionary statements”) are disclosed in this Official Statement under “RISKS AND INVESTMENT CONSIDERATIONS” and in APPENDIX A – “INFORMATION RELATING TO THE BORROWER AND SYSTEM.”

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE BORROWER WILL REALIZE SYSTEM REVENUES IN AMOUNTS SUFFICIENT TO MAKE THE REQUIRED PAYMENTS UNDER THE LOAN AGREEMENT. THE REALIZATION OF FUTURE REVENUES IS DEPENDENT UPON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN THE FOREGOING PARAGRAPH AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. SEE “RISKS AND INVESTMENT CONSIDERATIONS” HEREIN. NEITHER THE UNDERWRITER NOR THE ISSUER MAKES ANY REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN OR AS TO THE ASSUMPTIONS ON WHICH THE PROJECTIONS ARE BASED.

#### **Risks and Investment Considerations**

Certain risks associated with an investment in the Series 2021 Bonds are discussed under “RISKS AND INVESTMENT CONSIDERATIONS.”

#### **Miscellaneous**

This Official Statement (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Security Agreement, the Issuer, the System, the Borrower, and the Series 2021 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

## THE ISSUER

The Issuer is a public body corporate and politic and an agency of the State created under and pursuant to The South Carolina Jobs-Economic Development Fund Act, Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the "Act") in 1983. The Issuer is authorized and empowered to utilize any of its program funds to establish loan programs to be utilized to acquire, by construction or purchase, properties and for other purposes described in Section 41-43-160 of the Act in order to promote and develop the business and economic welfare of the State, encourage and assist in the location of new business enterprises in the State and in the rehabilitation and assistance of existing business enterprises and the promotion of the export of goods, services, commodities and capital equipment produced within the State, so as to provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State and the promotion and advancement of industrial, commercial, agricultural and recreational development in the State. The Issuer is further authorized by Section 41-43-110 of the Act to issue revenue bonds payable by the Issuer solely from a revenue-producing source and secured by a pledge of those revenues in order to provide funds for any purpose authorized by the Act.

The Issuer is not pledging its general credit to the Series 2021 Bonds. The Issuer does not and will not in the future monitor the financial condition of the Borrower, the operation of the System or otherwise monitor payment of the Series 2021 Bonds or compliance with the documents relating thereto. The responsibility for the operation of the System will rest entirely with the Borrower.

The Series 2021 Bonds are limited obligations of the Issuer. No recourse by any holder of the Series 2021 Bonds will be had for the payment of the principal of, premium, if any, or interest on any of the Series 2021 Bonds or for any claim based thereon or upon any obligation, covenant, or agreement in the Indenture or the Loan Agreement, against any past, present, or future officer, member, counsel, advisor or agent of the Issuer or any successor thereto, as such, directly or through the Issuer or any successor thereto, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, counsel, advisor or agent as such has been expressly waived as a condition of and in consideration of the execution of the Indenture, the Loan Agreement and the issuance of the Series 2021 Bonds.

Under the financing contemplated hereby, the Issuer has no obligations with respect to this financing after the issuance of the Series 2021 Bonds. All payments made pursuant to the Loan Agreement will be made directly to the Trustee for disbursement to the Bondholders. None of the revenues to pay the Series 2021 Bonds will come from the Issuer and therefore the Issuer's financial information and status is irrelevant to any investment decision with respect to the Series 2021 Bonds. As a result, no information regarding the Issuer will be provided in respect of any continuing disclosure requirement relating to the Series 2021 Bonds. The Issuer has not assumed responsibility for any information in this Official Statement, except for the information under this caption and the caption "ABSENCE OF MATERIAL LITIGATION – The Issuer."

## THE BORROWER AND THE REFINANCING

### General

The Borrower is a nonprofit corporation organized and existing under the laws of the State, which filed its Articles of Incorporation with the South Carolina Secretary of State on July 9, 1987. The Borrower received a determination letter from the Internal Revenue Service dated August 22, 2001, to the effect that it is an organization exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as a result of the application of Section 501(c)(12) of the Code (with an effective date as of July 9, 1987).

The proceeds of the Series 2021 Bonds will be loaned to the Borrower and used to refinance the System by refinancing 17 Outstanding Loans in the total outstanding principal amount of approximately \$27,100,000 in order to achieve debt service savings.

Additional information regarding the Borrower and the System is located in APPENDIX A – "INFORMATION RELATING TO THE BORROWER AND SYSTEM" attached hereto.

### SOURCES AND USES OF FUNDS

The proceeds of the Series 2021 Bonds, and their expected use, are as follows:

<b>Sources of Funds:</b>	
Par Amount of the Series 2021 Bonds	\$26,795,000.00
Net Premium	<u>1,467,120.75</u>
<b>Total Sources of Funds:</b>	<b>\$28,262,120.75</b>
<b>Uses of Funds:</b>	
Deposit to Refunding Fund	\$27,428,003.17
Costs of Issuance <sup>1</sup>	833,690.52
Rounding Amount	<u>427.06</u>
<b>Total Uses of Funds:</b>	<b>\$28,262,120.75</b>

<sup>1</sup>Includes Underwriter's discount, legal fees and expenses, Trustee's fees, Issuer's fees and other costs of issuance.

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**DEBT SERVICE SCHEDULE**

The following table sets forth, for each fiscal year of the Borrower ending December 31, the amounts required each year to be paid with respect to the Series 2021 Bonds assuming no prepayment other than for mandatory sinking fund redemptions.

<b>Fiscal Year Ending December 31</b>	<b>Series 2021 Bonds</b>		<b>Total Debt Service</b>
	<b>Principal</b>	<b>Interest</b>	
2021	\$ -0-	\$ -0-	\$ -0-
2022	-0-	1,079,677	1,079,677
2023	800,000	812,750	1,612,750
2024	780,000	781,150	1,561,150
2025	780,000	749,950	1,529,950
2026	765,000	719,050	1,484,050
2027	685,000	690,050	1,375,050
2028	710,000	662,150	1,372,150
2029	740,000	633,150	1,373,150
2030	770,000	602,950	1,372,950
2031	800,000	571,550	1,371,550
2032	830,000	538,950	1,368,950
2033	865,000	509,375	1,374,375
2034	890,000	483,050	1,373,050
2035	920,000	455,900	1,375,900
2036	945,000	427,925	1,372,925
2037	975,000	399,125	1,374,125
2038	1,005,000	369,425	1,374,425
2039	1,035,000	338,825	1,373,825
2040	1,065,000	307,325	1,372,325
2041	1,095,000	274,925	1,369,925
2042	1,130,000	244,375	1,374,375
2043	1,160,000	215,750	1,375,750
2044	1,185,000	186,438	1,371,438
2045	1,120,000	157,625	1,277,625
2046	1,140,000	129,375	1,269,375
2047	1,165,000	100,563	1,265,563
2048	1,045,000	72,938	1,117,938
2049	905,000	48,563	953,563
2050	855,000	26,563	881,563
2051	<u>635,000</u>	<u>7,938</u>	<u>642,938</u>
<b>Total:</b>	<b>\$26,795,000</b>	<b>\$12,597,377</b>	<b>\$39,392,377</b>

## THE SERIES 2021 BONDS

### Interest; Maturity; Payment

The Series 2021 Bonds will be issued in the aggregate principal amounts and will bear interest as set forth on the inside cover hereof. Interest will be payable semiannually on March 15 and September 15 (each an "Interest Payment Date") of each year, commencing March 15, 2022. Interest will be calculated on the basis of a 360-day year with 12 months of 30 days.

Authorized Denominations are, for the Series 2021 Bonds, \$5,000 and any whole multiples of \$5,000 in excess thereof.

The principal of, interest on, and premium, if any, on the Series 2021 Bonds shall be payable when due by wire of the Trustee to The Depository Trust Company ("DTC"), which will in turn remit such principal, interest and premium, if any, to Participants (as defined below), which Participants will in turn remit such principal, interest and premium, if any, to the Beneficial Owners (as defined below) of the Series 2021 Bonds as described herein. See APPENDIX E – "BOOK ENTRY ONLY SYSTEM" below.

### Redemption

Mandatory Sinking Fund Redemption. The Series 2021 Bonds maturing on March 15, 2038 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

<u>Date</u> <u>(March 15)</u>	<u>Principal</u> <u>Amount</u>
2036	\$945,000
2037	975,000
2038 <sup>1</sup>	1,005,000

<sup>1</sup>Final Maturity Date

Mandatory Sinking Fund Redemption. The Series 2021 Bonds maturing on March 15, 2051 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

<u>Date</u> <u>(March 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Date</u> <u>(March 15)</u>	<u>Principal</u> <u>Amount</u>
2042	\$1,130,000	2047	\$1,165,000
2043	1,160,000	2048	1,045,000
2044	1,185,000	2049	905,000
2045	1,120,000	2050	855,000
2046	1,140,000	2051 <sup>1</sup>	635,000

<sup>1</sup>Final Maturity Date

Optional Redemption. The Series 2021 Bonds maturing on or prior to March 15, 2031 are not subject to redemption prior to their maturity. The Series 2021 Bonds maturing on or after March 15, 2032 are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the Borrower, on or after March 15, 2031 at par plus accrued interest to the date fixed for redemption.

In case of optional redemption of the Series 2021 Bonds, the Borrower shall, at least 45 days prior to the redemption date (unless a shorter notice shall be satisfactory to the Trustee), deliver a written request to the Issuer and the Trustee notifying the Issuer and the Trustee of such redemption date and of the principal amount of the Series 2021 Bonds to be redeemed and shall, prior to the redemption date, deliver to the Trustee funds sufficient to pay the redemption price of all Series 2021 Bonds subject to redemption.

**Special Redemption Upon Extraordinary Redemption Event.** The Bonds shall be subject to redemption by the Issuer (solely from the Trust Estate), at the written direction of the Borrower to the Trustee (such direction to be given by the Borrower at least 45 days prior to the date fixed for redemption), upon notice to the Owners, in whole at any time, at a redemption price equal to the principal amount thereof, without premium or penalty, if any of the following events (each such event being herein referred to as an "Extraordinary Redemption Event") shall have occurred, as evidenced to the Trustee by a certificate of the Authorized Borrower Representative delivered together with such direction:

(i) The System is damaged or destroyed by casualty to such extent that in the opinion of both the Authorized Borrower Representative and an Independent Engineer or an Independent Architect, both opinions to be filed with the Trustee and the Issuer, (A) the System cannot be repaired, rebuilt, or restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (B) the Borrower is thereby prevented, in the Borrower's judgment, from carrying on its normal operations at the System for a period of six months, or (C) the cost of restoration of the System would exceed the Net Proceeds of insurance carried thereon pursuant to the Loan Agreement;

(ii) Title to, or the temporary use of, all or substantially all of the System or any part thereof is taken under the exercise of the power of eminent domain by any Governmental Authority which, in the opinion of both the Authorized Borrower Representative and an Independent Engineer or an Independent Architect prevents or is likely to prevent the Borrower from carrying on its normal operations at the System for a period of six months, both opinions to be filed with the Trustee and the Issuer; or

(iii) A change in the Constitution of the State or the Constitution of the United States of America, or a legislative or administrative action (whether local, state or federal), or a final decree, judgment or order of any court or administrative body (whether local, state or federal) contested by the Borrower in good faith causes the Loan Agreement to become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in the Bond Documents.

At the election of the Borrower, the Sinking Fund Installment due on any date shall be reduced by an amount equal to the aggregate principal amount of Bonds that have been redeemed pursuant to the Indenture and Bonds that are surrendered uncanceled by the Borrower to the Registrar prior to such date and in either case not theretofore credited against a Sinking Fund Installment.

If the Borrower fails to make the election described in the immediately preceding sentence, the principal amount of any Bonds redeemed otherwise than pursuant to this subsection (c) shall be first applied to reduce the last Sinking Fund Installment until the principal amount of such Sinking Fund Installment equals zero, and then to the amount of the Sinking Fund Installment payable on the immediately preceding Sinking Fund Installment Date, and so on in reverse chronological order.

#### **Notice of Redemption; Payment**

In the event any of the Bonds are called for redemption, the Trustee shall give notice, in the name of the Issuer, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed by CUSIP number, the redemption date, any conditions to the redemption, the redemption price and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds are to be redeemed, the numbers of such Bonds to be redeemed and, in the case of Bonds in a denomination other than the minimum Authorized Denomination, the numbers of the Bonds that are to be redeemed in part and the portions of such Bonds to be redeemed, and (ii) state that on the redemption date the Bonds or portions thereof to be redeemed shall cease to bear interest. In connection with any optional redemption pursuant to Section 3.1(a), the notice of redemption shall also state that if moneys sufficient for such redemption have not been deposited with the Trustee on or before the date fixed for redemption,

the redemption shall be cancelled and the notice of redemption shall be of no force or effect. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by Mail, not more than 45 days and not fewer than 20 days prior to the date fixed for redemption, to the Owners of Bonds or portions of Bonds to be redeemed, at the addresses shown on the registration books of the Registrar as of the third day immediately preceding the date on which notice by Mail is given, or, if any such day is not a Business Day, the Business Day immediately preceding such day. The failure to give notice by Mail to any Owner of any Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings for redemption of the Bonds. Unless otherwise provided in the Bonds, upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds or such portions thereof shall be redeemed. The Trustee will use its best efforts to Mail a second notice of redemption to Owners of Bonds who have not presented their Bonds for redemption sixty (60) days after the date fixed for redemption.

In the case of any type of optional redemption, said redemption may be conditioned upon the occurrence or non-occurrence of a particular event, including, without limitation, the deposit with the Trustee of moneys sufficient to redeem all the Bonds called for redemption. In the case of any such conditional optional redemption (a "Conditional Optional Redemption"), the corresponding notice of redemption shall state that: (1) it is conditioned upon the occurrence or non-occurrence of a particular event, briefly describing such event, or, if applicable, that it is conditioned on the deposit of moneys with the Trustee in an amount equal to the amount necessary to effect the redemption no later than the redemption date; and (2) the Borrower, on behalf of the Issuer, retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and Conditional Optional Redemption shall be of no effect if the event described in clause (1) does not occur/occurs, as the case may be, or such moneys are not so deposited, as applicable, and the notice is rescinded as described in this subsection. Any such notice of Conditional Optional Redemption shall be captioned "Conditional Notice of Optional Redemption." Any Conditional Optional Redemption may be rescinded at any time prior to the redemption date if an Authorized Borrower Representative delivers a written direction to the Trustee directing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Registered Owners. Any Bonds subject to Conditional Optional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the Borrower to make such funds available shall constitute an event of default under this Indenture. The Trustee shall give immediate notice to the securities information repositories and the affected Registered Owners that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

#### *Effect of Call for Redemption; Conditional Notice of Redemption*

If notice is properly given and if moneys for the payment of the Series 2021 Bonds at the then applicable redemption price or together with the then applicable redemption premium, if any, and the interest to accrue to the redemption date on such Series 2021 Bonds are held for the purpose of such payment by the Trustee, the Series 2021 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date, and interest on such Series 2021 Bonds or portions thereof shall cease to accrue from and after such date. The Issuer may provide for conditional notice of redemption in that (a) the redemption is conditioned upon deposit of funds or (b) the Issuer has retained the right to rescind the redemption, as further described in the Bond Resolution.

#### **Method of Selecting Bonds**

A redemption of Bonds shall be a redemption of the whole or of any part of the Bonds, but solely from funds available for that purpose in accordance with the provisions of this Indenture. The particular Bonds or portions thereof to be redeemed shall be selected by the Trustee, in such manner as the Trustee, in its discretion, may deem appropriate and fair, in the principal amounts designated to the Trustee by the Borrower or otherwise as required by this Indenture; provided that, in selecting Bonds for redemption, each Bond shall be deemed to represent that number of Bonds that is obtained by dividing the principal amount of such Bond by an amount equal to the minimum Authorized Denomination to the extent possible. Unless otherwise provided in the Bonds, if a portion of any Bond is to be called for redemption, then, upon notice of intention to redeem such portion of such Bond, the Owner of such Bond shall forthwith surrender such Bond to the Paying Agent for (a) payment to such Owner of the redemption price of such portion of such Bond and (b) delivery to such Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond, unless otherwise provided in the Bonds. New Bonds representing the unredeemed balance of the principal amount of such Bond shall be issued to the Owner thereof, without charge therefor. If the Owner of any Bond or portion thereof selected for redemption fails to present such

Bond to the Paying Agent for payment and exchange as aforesaid, such Bond or portion thereof shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the principal amount called for redemption (and to that extent only), and interest on such Bond or such portion thereof shall cease to accrue on the date fixed for redemption.

## SECURITY FOR THE SERIES 2021 BONDS

### Limited Obligations

The Series 2021 Bonds have been authorized and issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Act, and by authority of resolutions adopted by the Issuer's governing body. THE OBLIGATIONS OF THE ISSUER UNDER THE SERIES 2021 BONDS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY THE ISSUER IN CONNECTION THEREWITH ARE NOT GENERAL OBLIGATIONS OF THE ISSUER OR ANY OTHER GOVERNMENTAL ENTITY BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER UNDER THE LOAN AGREEMENT, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SUCH PURPOSES AND WHICH CONSTITUTE AN INDEBTEDNESS PAYABLE ONLY FROM A REVENUE-PRODUCING PROJECT OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(9) OF THE CONSTITUTION OF THE STATE, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE. THE OBLIGATIONS OF THE ISSUER UNDER THE ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN AS DESCRIBED ABOVE) OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, THE STATE OR ANY OTHER GOVERNMENTAL ENTITY OR AGAINST THE TAXING POWER OF THE STATE OR ANY OTHER GOVERNMENTAL ENTITY. THE ISSUER DOES NOT HAVE TAXING POWER. THE OBLIGATIONS OF THE ISSUER UNDER THE SERIES 2021 BONDS, UNDER THE OTHER ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER. NEITHER THE STATE NOR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, SHALL BE OBLIGATED TO PAY THE OBLIGATIONS UNDER THE SERIES 2021 BONDS OR THEREUNDER OR OTHER COSTS INCIDENT HERETO OR THERETO EXCEPT FROM THE REVENUES, RECEIPTS AND PAYMENTS PLEDGED AND ASSIGNED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, IS PLEDGED TO THE PAYMENT OF THE OBLIGATIONS UNDER THE SERIES 2021 BONDS, UNDER THE OTHER ISSUER DOCUMENTS OR ANY OTHER DOCUMENT OR AGREEMENT ENTERED INTO BY, OR GOVERNING, THE ISSUER IN CONNECTION THEREWITH.

### Trust Indenture

Under the Indenture, the following are pledged to the Trustee as security for the Series 2021 Bonds (collectively, the "Trust Estate"): (i) the Revenues; (ii) the Collateral; (iii) all of the Issuer's right, title, and interest in and to and remedies under the Loan Agreement, the Security Agreement, and all other Bond Documents, including (without limitation) any and all security for the Loan referred to therein; (iv) all moneys which are at any time or from time to time on deposit in the Bond Fund and any and all accounts and subaccounts therein; and (v) all right, title, and interest in and to and remedies with respect to any and all other property of every description and nature from time to time after the date of the Indenture by delivery or by writing of any kind conveyed, pledged, assigned, or transferred, as and for additional security under the Indenture, by the Issuer or by anyone on its behalf or with its written consent, to the Trustee; provided, however, that the term "Trust Estate" does not include the Reserved Rights of the Issuer.

## Payments Under the Loan Agreement; Assignment of Loan Agreement

**Loan Payments.** Monthly Loan Payments from the Borrower are required under the Loan Agreement and the Series 2021 Promissory Note to be paid in amounts that will be sufficient, if paid promptly and in full, to pay when due all principal of, premium, if any, and interest on the Loan and certain ongoing costs. Under the Indenture, the Issuer has pledged its interest in the Loan Agreement (including the payments payable thereunder to the Issuer by the Borrower, but excluding certain retained rights of the Issuer, including payment of fees, expenses and indemnification) to the Trustee to secure the Series 2021 Bonds. See APPENDIX C – FORMS OF THE PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT – Loan Payments and Other Amounts Payable. The Trustee is authorized to exercise the rights of the Issuer (other than the Issuer's Reserved Rights) and enforce the obligations of the Borrower under the Loan Agreement.

**Rate Covenant.** Throughout the Loan Term and until all of the Issuer's Obligations and the Borrower's Obligations shall have been paid and performed in full, the Borrower agrees as follows:

(i) The Borrower will establish, fix, prescribe, levy, maintain, revise, and collect rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System, so that during each Fiscal Year the Net Earnings will be equal to at least 110% of annual debt service requirements on the Outstanding Bonds (less payments made from the proceeds of Bonds) in such Fiscal Year and 110% of annual debt service requirements on the Outstanding Indebtedness in such Fiscal Year.

(ii) If Net Earnings in any Fiscal Year are less than the amounts described in paragraph (i) above, the Borrower will retain and direct a Consultant to make recommendations as to the revision of the operations of the System and its schedule of rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Borrower shall take all lawful measures to revise the schedule of rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System as may be necessary to produce Net Earnings in the amounts described in this Section in the next succeeding Fiscal Year.

(iii) In the event that Net Earnings for any Fiscal Year are less than the amounts described in paragraph (i) of this section, but the Borrower promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System as described in paragraph (i) above, such deficiency in Net Earnings shall not constitute an Event of Default under the Loan Agreement. Nevertheless, if after taking the measures described in paragraph (ii) above to revise the schedule of rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System, Net Earnings in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Borrower relating to the System for such Fiscal Year) are less than the amount described in paragraph (i) above, such deficiency in Net Earnings shall constitute an Event of Default under the Loan Agreement.

## Security Agreement

The Borrower will deliver to the Trustee the Security Agreement on the Collateral and all Borrower personalty. The Security Agreement will be subject to certain Permitted Encumbrances, as described in the Security Agreement.

To secure the payment by the Borrower of the loan payments to be made under the Loan Agreement and loan payments to be made relating to Additional Indebtedness (collectively, the "Indebtedness"), including any judgments thereon, and the performance and observance by the Borrower of all covenants and conditions contained in the Loan Agreement, in the Security Agreement, and in all other agreements, instruments, or documents executed by the Borrower governing or securing the payment of any of the Indebtedness (collectively, the "Secured Obligations"), and all extensions, renewals, modifications, and substitutions of all of the foregoing (each, a "Security Document," and collectively, the "Security Documents") The Borrower has granted to the Trustee, subject to Permitted Encumbrances, a present and continuing security interest in all of the Borrower's right, title, and interest in and to the following collateral (the "Collateral"):

(i) All of the personal property, equipment, fixtures, revenues, fees, charges, assessments, all income from whatever source derived, accounts receivable and other choses in action of whatever nature in connection with the operation of the System; and

(ii) All proceeds of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory, accounts, chattel paper, documents, equipment, instruments, farm products, consumer goods, and general intangibles constituting proceeds acquired with cash proceeds of any or all of the Collateral and, to the extent not otherwise included, all payments of insurance (whether or not the Trustee is the loss payee thereof) and any indemnity, condemnation award, performance, labor, and material payment bond, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to, any of the Collateral;

in each case, whether now owned or hereafter acquired by the Borrower and howsoever its interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise).

See APPENDIX C – FORMS OF THE PRINCIPAL DOCUMENTS – THE SECURITY AGREEMENT.

#### **Additional Indebtedness**

##### Additional Parity Indebtedness

The Borrower agrees that it will not borrow any funds or incur any Indebtedness secured on a parity with or prior to the security for the Bonds except in compliance with the following provisions:

(a)(i) There shall then currently exist no default in the payment of the principal of, premium, if any, or interest on any Bonds or other Indebtedness.

(ii)(A) There shall be delivered to the Trustee a report from an Independent Consultant or Authorized Borrower Representative stating:

(1) that he has examined or reviewed (separately or as part of a financial feasibility study) the forecast or projection of the Net Earnings of the System, including any project to become a part of the System, for the next three (3) succeeding full Fiscal Years;

(2) that the underlying assumptions provide a reasonable basis for the forecast or projection; and

(3) whether Net Earnings of the System, including any such project, for the next three (3) succeeding full Fiscal Years following the incurrence of the debt proposed to be issued shall not be less than one hundred ten percent (110%) of the debt service requirements for the Outstanding Indebtedness and Bonds (taking into account the debt service requirements on the Indebtedness proposed to be incurred), both in the same succeeding Fiscal Year in which the combination of such debt service requirements is highest; and

(B) either: (1) A report from an Independent Consultant or Authorized Borrower Representative stating:

(x) the Net Earnings (including any enterprise which has been combined into the System) for the last Fiscal Year (“**First Historic Test Period**”) for which audited financial statements are available, taking into account the increase or decrease of revenues or expenses attributable to operations or assets that are or will be discontinued or disposed of as part of any consolidation;

(y) that he has applied certain agreed-upon procedures with respect to the adjustments applied to the historical Net Earnings of the System identified in subparagraph (x) of this paragraph (B)(1); and

(z) that Net Earnings of the System for such First Historic Test Period were not less than the sum of (1) one hundred ten percent (110%) of the debt service requirements for the then Outstanding Indebtedness and Bonds in such First Historic Test Period; or, in lieu of the report described in this paragraph (B)(1);

(2) A report from an Independent Consultant or Authorized Borrower Representative stating:

(x) that he has calculated the Net Earnings (including any enterprise which has been combined into the System) for the immediately preceding eighteen (18) full months immediately preceding the incurring of the Indebtedness proposed to be incurred ("Second Historic Test Period"), taking into account the increase or decrease of revenues or expenses attributable to operations or assets that are or will be discontinued or disposed of as part of any consolidation;

(y) that he has applied certain agreed-upon procedures with respect to the adjustments applied to the historical Net Earnings of the System (and any enterprise) derived from and based upon the audited financial statements of the System (and any enterprise) for such Second Historic Test Period in calculating the Net Earnings (audited financial statements for this purpose may be for multiple periods as necessary to enable Net Earnings to be derived for such Second Historic Test Period; therefore, stand-alone audited financial statements for the entire Second Historic Test Period are not required); and

(z) that, based on the results of the procedures performed pursuant to subparagraphs (x) and (y) of this paragraph (B)(2), Net Earnings of the System (and any enterprise) for twelve consecutive months during such Second Historic Test Period were not less than (1) one hundred ten percent (110%) of the debt service requirements for the then Outstanding Indebtedness and Bonds, both in such Second Historic Test Period.

(iii) For purposes of subsection (a)(ii), in calculating the entire System Revenues for the next three (3) succeeding full Fiscal Years there shall be included (A) the estimated unrealized revenues which would have been realized if any rate increase of the Borrower in effect at and before incurring the Indebtedness then proposed, but for less than the full Fiscal Year, had been in effect during the entire Fiscal Year; (B) the entire System Revenues which have been realized during the Fiscal Year from existing users of any project to be acquired from the proceeds of the Indebtedness, based on the rate schedule of the Borrower in effect on the occasion of incurring the proposed Indebtedness; and (C) the estimated revenues which will be realized from any rate increases of the Borrower that have been approved to become effective at any time during the next three (3) succeeding full Fiscal Years. When provision has been made for the defeasance and discharge of any Bonds in accordance with the provisions of Article VII of the Indenture, then, in all instances, the debt service requirements of those Bonds shall be excluded from the calculation required by subsection (a)(ii).

(iv) For purposes of subsection (a)(ii), in estimating Net Earnings, the Independent Consultant or Authorized Borrower Representative, as applicable, may take into account System Revenues from projects reasonably expected to become available during the period for which the estimates are provided.

(v)(A) For purposes of subsection (a)(ii)(B), in case the rates and charges for the services furnished by the System shall have been revised and such revised rates and charges shall have gone into effect prior to incurring the proposed Indebtedness, Net Earnings may include the additional amount of Net Earnings which would have been realized during the applicable First Historic Test Period or Second Historic Test Period (each a "Test Period") if such rates and charges had been in effect during such applicable Test Period as determined by an Independent Consultant or Authorized Representative, as applicable.

(B) For purposes of subsection (a)(ii)(B) and (a)(iii), in case an existing sewer system, existing water system, or any other public utility system (an "Existing System or Systems to be Acquired") is to be acquired and combined or made a part of the System at the time of incurring the proposed Indebtedness, the additional amount of Net Earnings ("Additional Net Earnings") which would have been realized during the applicable Test Period if such Existing System or Systems to be Acquired had been a part of the System during such applicable Test Period (which computation of the Additional Net Earnings shall be based upon the method of computing Net Earnings under this General Bond Ordinance and confirmed by an Independent Consultant or Authorized Borrower Representative, as applicable). Such computations of Additional Net Earnings may be based on the historical actual consumption or metered flows at the System's rates as then adopted or an average per customer cost in the event of historic billing at flat rates or such other rates as may be adopted by the Borrower for customers of such Existing System or Systems to be Acquired. Whenever historic actual consumption is used to determine Revenues for the Additional Net Earnings calculation, average per customer costs of operation of the System for providing water or sewer services, as applicable, may be substituted for historic costs of the discontinued operations of such Existing System or Systems to be Acquired.

(vi) With respect to Expenses of Operating and Maintaining the System, the Independent Consultant or Authorized Borrower Representative, as applicable, shall use such assumptions as such Independent Consultant or Authorized Borrower Representative believes to be reasonable, taking into account: (A) historical Expenses of Operating and Maintaining the System, (B) Expenses of Operating and Maintaining associated with the projects, and (C) such other factors, including inflation and changing operations or policies of the Issuer, as such Independent Consultant or Authorized Borrower Representative believes to be appropriate. The Independent Consultant or Authorized Borrower Representative shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Earnings and shall also set forth the calculations of debt service requirements and Expenses of Operating and Maintaining which calculations may be based upon information provided by another Consultant, including any appraisals, reports, forecasts, or other evaluations or projections.

(b) None of the reports described under subsection (a) of this Section shall be required:

(i) if the Indebtedness being incurred is for the purpose of refunding then Outstanding Bonds or Outstanding Indebtedness and the provisions of Section 8.3 hereof are satisfied; or

(ii) if the Bonds being issued constitute Notes and an Authorized Borrower Representative executes, instead, a certificate showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed ten percent (10%) of the Net Earnings for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes, accompanied by a certificate of an Authorized Borrower Representative setting forth calculations showing that for each of the Fiscal Years during which the Notes will be Outstanding, and taking into account the debt service becoming due on such Notes, the Issuer will be in compliance with Section 8.1(a) hereof (provided, that, bond anticipation notes issued by or on behalf of the Borrower are not required to satisfy the provisions of this paragraph (ii) or any other requirement of this Loan Agreement for incurring additional Indebtedness if they are not intended to be secured as Indebtedness pursuant to this Loan Agreement); or

(iii) if the Indebtedness is being incurred to pay costs of completing a project for which Indebtedness has previously been incurred and the principal amount of such Indebtedness being incurred for completion purposes does not exceed an amount equal to fifteen percent (15%) of the principal amount of the Indebtedness originally incurred for such project and reasonably allocable to the project to be completed as shown in a written certificate of an Authorized Borrower Representative and there is delivered to the Borrower (A) a Consultant's certificate stating that the nature and purpose of such project has not materially changed and (B) a certificate of an Authorized Borrower Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the construction fund allocable to such project) of the original Indebtedness incurred to finance such project have been or will be used to pay costs of the project and (2) the then estimated costs of acquisition and construction of the project exceed the sum of the costs of acquisition and construction of the project already paid plus money available in the construction fund established for the project (including unspent proceeds of Indebtedness previously incurred for such purpose), and (3) the proceeds to be received from the Indebtedness to be incurred plus money available in the construction fund established for the project (including unspent proceeds of the Indebtedness previously issued for such purpose) will be sufficient to pay the remaining estimated costs of acquisition and construction of the project.

(e) The Indebtedness shall be incurred to secure funds (i) to defray the costs of acquisition and construction of the system, some part thereof, including any acquisition of any system which shall be combined with or consolidated into the System pursuant to law; or (ii) to refund Outstanding Indebtedness, Bonds, Subordinate Obligations, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction, or improvement of the System or another enterprise combined with the System.

#### Special Facilities Indebtedness and Obligations.

(a) The Borrower shall be permitted to designate new or existing water and sewer facilities as Special Facilities as permitted in this Section. The Issuer may, from time to time, and subject to the terms and conditions of this Section, (i) designate a separately identifiable existing facility or improvement or planned facility or improvement as a "Special Facility," (ii) incur debt primarily for the purpose of acquiring, constructing, renovating, or improving or providing financing or refinancing to a third party to acquire, construct, renovate, or improve, such facility or

improvement, without a pledge of any System Revenues (except as otherwise provided in clause (b)(iii) below), (iii) provide that the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Borrower from such Special Facility to the extent necessary to pay debt service on the Special Facility Obligations, to pay all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Borrower and to make all required sinking fund, reserve, or other payments as the same become due, be "Special Facilities Revenue" and not included as System Revenues or Net Earnings, and (iv) provide that the debt so incurred shall be a "Special Facility Obligation."

(b) Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from (i) Special Facilities Revenue, which shall include contractual payments derived by the Borrower under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the Borrower and another Person as shall undertake the operation of a Special Facility, (ii) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, or (iii) subject to any covenants or other provisions of this Loan Agreement (including, but not limited to, Sections 8.2 and 8.3 hereof or such other resolutions, agreements, or indentures of the Borrower), such Net Earnings, or other money not included in Net Earnings, made available by the Borrower through a specific pledge to the payment of the principal of and interest on such Special Facility Obligation in such amounts and at such times as may be agreed to by the Borrower, if any.

(c) To the extent Special Facilities Revenue received by the Borrower during any Fiscal Year shall exceed the amounts required to be paid as described in clause (a)(iii) of this Section for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, may constitute System Revenues as determined by the Issuer.

(d) Notwithstanding any other provision of this Section, at such time as the Special Facility Obligations issued for a Special Facility, including Special Facility Obligations issued to refinance Special Facility Obligations, are fully paid or otherwise discharged, all revenues generated by such Special Facilities shall be included as System Revenues.

#### **Defeasance**

Upon certain terms and conditions specified in the Indenture, including provision for the payment of the Series 2021 Bonds, the Series 2021 Bonds or portions thereof will be deemed to be paid and shall no longer be secured by or entitled to the benefits of the Indenture, the Loan Agreement and the Security Agreement. In that case, the Series 2021 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See APPENDIX C – FORMS OF THE PRINCIPAL DOCUMENTS – THE INDENTURE – Discharge of Indenture.

### **RISKS AND INVESTMENT CONSIDERATIONS**

Investment in the Series 2021 Bonds involves certain risk. Anyone considering investing in the Series 2021 Bonds should carefully examine this Official Statement, including the Appendices hereto. INVESTMENT IN THE SERIES 2021 BONDS SHOULD BE UNDERTAKEN ONLY BY INVESTORS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS AND INVESTMENT CONSIDERATIONS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION.

#### **General**

The Series 2021 Bonds are payable from and secured by a pledge of the Revenues, including, without limitation, the Net Earnings of the System. Future revenues and expenses of the System are subject to conditions which may change in the future to an extent that cannot be predicted or determined at this time. No representation can be made, or assurance given, that the System will realize Net Earnings in amounts sufficient to allow the Borrower to make payments of principal, interest and premium, if any, on the Series 2021 Bonds. Future revenues and expenses of the System are subject to a variety of economic and other factors and conditions, including without limitation (a)

the inability of the Borrower's facilities to meet demands on the System, (b) downturns in local, regional, national and international economies or decreases in economic development at the local or state level, (c) unanticipated increases in operating or administrative expenses, (d) potential closure, or restrictions on the use, of the Borrower's facilities due to unforeseen events or occurrences, acts of war, terrorism, epidemic or disease in foreign countries or in domestic locations, (e) potential work stoppages due to labor disputes or other causes, (f) the effects of global economic cycles, and (g) other possible general, national or local political or economic conditions, including inflation, deflation, general cost increases, international trade embargoes, international trade deficits or imbalances, deterioration of international trade relations, calls for a global reserve currency as an alternative to the United States dollar, among other factors. The occurrence of any one or more of the foregoing adverse events, and the other events described below, including events not enumerated in other sections of this Official Statement, may materially adversely affect the System's results of operations, cash flow and financial condition.

### **Coronavirus (COVID-19)**

The outbreak of COVID-19, a respiratory illness caused by a new strain of coronavirus, has affected global, national, state and local economic activity. In response to the spread of the virus, national, state and local governments appear to be altering behaviors in a manner that may negatively impact economies. In addition, there has been significant volatility in the United States and global stock and bond markets that has attributed to concerns about the spread of COVID-19. For further information regarding the financial and operational impacts of COVID-19 on the Borrower, see APPENDIX A hereto.

The Borrower cannot predict whether consequences arising from the spread of COVID-19 or similar diseases will have a material impact on its financial condition. Overall, the extent of the total impact of COVID-19 on the Borrower's operational and financial performance, and on System Revenues, will depend on future developments, including without limitation the duration and spread of the outbreak, travel restrictions, limitations on public gatherings, and restrictions on operations of public and private entities nation-wide and internationally. While the total direct impact on the Borrower is currently unknown, the Borrower is reviewing its options for addressing certain anticipated effects of the spread of COVID-19 that may impact its operations and finances.

Future outbreaks, epidemics, contagions, pandemics or events outside of the Borrower's control may further affect the System and affect the System Revenues.

### **Financial Performance of the System**

The System's operations are subject to all the risks inherent in a business enterprise, and the likelihood of success of the System must be considered in light of the expenses, difficulties, and delays encountered in connection with any business enterprise. There can be no assurance that the Borrower's plans for the operation of the System will be successful or that the System will be profitable.

### **Climate Change**

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

### **Cyber-Security**

Computer networks and data transmission and collection are vital to the efficient operations of the Borrower and the System. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the Borrower, legal claims or proceedings, liability under laws that protect the privacy of personal

information, regulatory penalties and the services provided, and cause a loss of confidence in the commercial operations, which could materially adversely affect the operations of the Borrower.

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

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

#### **Environmental and Regulatory**

The operation of the System is subject to regulations by means of federal, state and local environmental laws and permitting requirements relating to the treatment and delivery of potable water and the collection and treatment of wastewater. The Borrower expects that it will continue to operate the System in compliance in all material respects with existing laws and regulations, and will be able to timely obtain all requisite permits. Nevertheless, the failure to comply with current or future regulations could result in an alteration or cessation of System operations, or could require the Borrower to acquire expensive remediation equipment or to incur substantial expenses to comply with the regulation. Further, failure to obtain required permits could result in the alteration or cessation of System operations. The Borrower cannot predict the nature, scope or effect of legislation or regulatory requirements that could be imposed on, or how existing or future laws or regulations will be administered or interpreted with respect to, the operation of the System. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of regulatory agencies, could require substantial expenditures by the Borrower, and could adversely affect the results of the operations of the System.

#### **Annexation**

The Borrower's service area has not previously been subject to annexation or other infringement by water and sewer utility providers as a consequence of the protection provided to borrowers of USDA Rural Development loans. Section 1926(b) of Title 7 of the United States Code provides that utility systems which are indebted to USDA RD cannot be infringed upon without the consent of USDA RD. As a result of the refunding of the Outstanding Loans, the service area protection provided by Section 1926(b) will end. Consequently, competing water and/or sewer service providers can legally attempt to provide utility services to the Borrower's present customers. The Borrower cannot predict the effects this will have on its customer base or rates at which it charges for its utility service. However, the Borrower expects to apply for USDA Rural Development loans in the future, which, if granted and closed, would afford the protection at that time under 1926(b) for the term of such loan, but such protection may not coincide with the term of the Series 2021 Bonds.

#### **Potential Effects of Bankruptcy**

If the Borrower were to file a petition for relief (or if a petition were filed against the Borrower as a debtor) under the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., as amended, or other similar laws that protect creditors, the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the property of the debtor. If the bankruptcy court so ordered, the debtor's property and revenues could be used for the benefit of the debtor despite the claims of its creditors (including the Registered Owners of the Series 2021 Bonds).

In a bankruptcy proceeding, the debtor could file a plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured (including the Registered Owners of the Series 2021 Bonds). The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. The Borrower is prohibited from incurring additional Indebtedness except as provided in the Loan Agreement. See APPENDIX C – "FORMS OF THE PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT" which will apply to the Borrower.

## ENFORCEABILITY OF OBLIGATIONS

On the date of delivery of the Series 2021 Bonds, Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel, will deliver its opinion (see APPENDIX D), dated the delivery date, that the Series 2021 Bonds, the Loan Agreement, and the Indenture are valid and legally binding on the Issuer, and are enforceable in accordance with their respective terms. Haynsworth Sinkler Boyd, P.A., Greenville, South Carolina, as counsel to the Issuer, will deliver its opinion, dated the delivery date, that execution and delivery of the Series 2021 Bonds, the Loan Agreement and the Indenture by the Issuer are duly authorized. Spencer Law Firm, Chesterfield, South Carolina, as counsel to the Borrower, will deliver its opinion, dated the delivery date, that the Loan Agreement, the Series 2021 Promissory Note, and the Security Agreement are valid and legally binding agreements of the Borrower, each enforceable in accordance with its respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions and equitable principles affecting creditors' rights generally.

While the Series 2021 Bonds are secured or payable pursuant to the Indenture, the Loan Agreement, the Series 2021 Promissory Note, and the Security Agreement, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

## LEGAL MATTERS

Legal matters incident to the issuance and sale of the Series 2021 Bonds and with regard to the tax-exempt status of interest on the Series 2021 Bonds under existing laws are subject to the legal opinion of Howell Linkous & Nettles, LLC, Charleston, South Carolina, as Bond Counsel. Howell Linkous & Nettles, LLC also serves as Disclosure Counsel to the Borrower. Certain legal matters will be passed on for the Borrower by Spencer Law Firm, Chesterfield, South Carolina; for the Issuer by Haynsworth Sinkler Boyd, P.A., Greenville, South Carolina; and for the Underwriter by McGuireWoods LLP, New York, New York.

The legal opinions express the professional judgment of counsel rendering them but are not binding on any court or other governmental agency and are not guarantees of a particular result.

### **The Issuer**

To the Issuer's knowledge, as of the date of this Official Statement, there is no pending or threatened in writing, any litigation restraining or enjoining the issuance or delivery of the Series 2021 Bonds or questioning or affecting the validity of the Series 2021 Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Issuer to enter into the Loan Agreement or the Indenture or to secure the Series 2021 Bonds in the manner provided in the Indenture.

### **The Borrower**

There is no litigation pending or, to the knowledge of the Borrower, threatened, against the Borrower, which in any manner questions the right or ability of the Borrower to enter into the Loan Agreement, Security Agreement or any other documents described herein to which it is a party or to fulfill the obligations imposed upon the Borrower thereby. The Borrower may be from time to time involved in various legal actions consistent with the general experience of entities of similar nature and size. The ultimate outcome of any such proceeding cannot be predicted with certainty.

## TAX TREATMENT

### Federal and South Carolina Income Tax Treatment of Interest on the Series 2021 Bonds

**General.** The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2021 Bonds for interest on the Series 2021 Bonds to be and remain excluded from gross income of the owners thereof for federal income tax purposes under Section 103(a) of the Code and for purposes of South Carolina income taxation. Noncompliance with such requirements may cause interest on the Series 2021 Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Series 2021 Bonds, regardless of when such noncompliance occurs.

Requirements of the Code and the regulations promulgated thereunder that must be satisfied subsequent to the issuance of the Series 2021 Bonds in order for interest on the Series 2021 Bonds to be and remain excludable from gross income for purposes of federal income taxation include: the requirement that the Issuer rebate certain excess earnings on proceeds and amounts treated as proceeds of the Series 2021 Bonds to the United States Treasury; restrictions on investment of such proceeds and other amounts; and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the Series 2021 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Issuer and the Borrower subsequent to the issuance of the Series 2021 Bonds to maintain the exclusion of interest on the Series 2021 Bonds from income for federal and South Carolina income taxation purposes. Failure to comply with certain of such requirements may cause interest on the Series 2021 Bonds to be included in gross income retroactively to the date of issuance of the Series 2021 Bonds. The Issuer and the Borrower have covenanted to comply with these requirements. The opinion of Bond Counsel delivered on the date of issuance of the Series 2021 Bonds will be conditioned on the compliance by the Issuer and the Borrower with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the Series 2021 Bonds.

The Issuer and the Borrower have covenanted to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Series 2021 Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes under Section 103(a) of the Code and South Carolina income tax purposes (the "Covenants"). The Tax Certificate and Agreement executed by the Issuer and the Borrower with respect to the Series 2021 Bonds (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Series 2021 Bonds, and the Loan Agreement and the Indenture will contain provisions and procedures regarding compliance with the requirements of the Code. The Issuer and the Borrower, in executing the Tax Certificate, will certify to the effect that each expects and intends to comply with the provisions and procedures contained therein. In rendering the opinions described below with respect to the Series 2021 Bonds, Bond Counsel has relied upon the Covenants and has assumed the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate.

Certain requirements and procedures contained or referred to in the Loan Agreement, the Indenture, and the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2021 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2021 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Howell Linkous & Nettles, LLC.

**Tax Opinions.** In the opinion of Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel to the Borrower, under existing law, including current statutes, regulations, and judicial decisions and assuming continuing compliance by the Issuer and the Borrower with the Covenants and the Tax Certificate, interest on the Series 2021 Bonds is excludable from gross income for federal income tax purposes under Section 103(a) of the Code, except as discussed below. Bond Counsel is of the further opinion that interest on the Series 2021 Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed by the Code.

Bond Counsel is also of the opinion that, under existing law, including current statutes, regulations, and judicial decisions and assuming continuing compliance by the Issuer and the Borrower with the Covenants and the Tax Certificate, interest on the Series 2021 Bonds is excludable from gross income for South Carolina income tax

purposes except as discussed below. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed at the rate of  $4\frac{1}{2}\%$  of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that "entire net income" includes income derived from any source whatsoever including interest on obligations of any state or political subdivision thereof. Interest on the Series 2021 Bonds will be included in such computation.

Ownership of the Series 2021 Bonds may result in certain collateral federal income tax consequences to certain Beneficial Owners of the Series 2021 Bonds.

The proposed form of the opinion letter of Bond Counsel is attached hereto as APPENDIX D – FORM OF BOND COUNSEL OPINION. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by re-circulation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), including non-compliance with the Covenants or other provisions of the Tax Certificate, or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2021 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2021 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon, in connection with any such actions, events, or matters.

**Original Issue Discount.** In the opinion of Bond Counsel under existing law, the original issue discount in the selling price of Series 2021 Bonds maturing March 15, 2051 ("Discount Bonds"), to the extent properly allocable to each Holder of such Discount Bonds, is excluded from gross income for federal income tax purposes with respect to such Holder. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Discount Bonds were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to a Holder of Discount Bonds who acquires the Discount Bonds in this offering during any accrual period generally equals (i) the issue price of Discount Bonds plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bonds (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bonds during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the Holder's tax basis in such Discount Bonds. Any gain realized by a Holder from a sale, exchange, payment, or redemption of Discount Bonds would be treated as gain from the sale or exchange of such Discount Bonds.

Holders of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of Discount Bonds.

**Original Issue Premium.** The Bonds maturing March 15, 2023 through March 15, 2038 (the "Premium Bonds") have been sold at initial public offering prices which are greater than the principal amounts payable at maturity. The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which price a substantial amount of each maturity of the Premium Bonds is sold and the amount payable at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

The owner of any Premium Bond should consult its own tax advisors with respect to the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of such Premium Bond.

***Certain Federal Tax Consequences.*** The following is a discussion of certain federal income tax matters under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to particular Beneficial Owners of the Series 2021 Bonds. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion letter, and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding, or disposing of the Series 2021 Bonds on the tax liabilities of the individual or entity.

Although Bond Counsel has rendered an opinion that, with certain assumptions, interest on the Series 2021 Bonds is excludible from gross income for federal and South Carolina income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2021 Bonds may otherwise affect a Bondholder's federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction.

For example, ownership or disposition of the Series 2021 Bonds may result in other collateral federal, state, or local tax consequence for certain taxpayers, including, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, and increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code. Ownership of the Series 2021 Bonds may also result in the limitation of interest, and certain other deductions for financial institutions and certain other taxpayers under Section 265 of the Code. Finally, residence of the holder of the Series 2021 Bonds in a state other than the State of South Carolina or being subject to tax in a state other than the State of South Carolina may result in income or other tax liability being imposed by such states or their political subdivisions based on the interest or other income from the Series 2021 Bonds.

***Changes in Federal and State Tax Law.*** From time to time, legislative proposals are pending in the United States Congress that if enacted would alter or amend one or more of the federal tax matters referred to above in certain respects or adversely affect the market value of the Series 2021 Bonds. Additionally, Beneficial Owners should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2021 Bonds for federal income tax purposes for all or certain taxpayers. It cannot be predicted whether or in what form any of such proposals may be enacted and there can be no assurance that such proposals will not apply to the Series 2021 Bonds. In all such events, the market value of the Series 2021 Bonds may be affected and the ability of the Beneficial Owners to sell their Series 2021 Bonds in the secondary market may be reduced. The Series 2021 Bonds are not subject to adjustment in the event of any such change in the tax treatment of interest on the Series 2021 Bonds.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced that, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021 Bonds or the market value thereof would be impacted thereby.

***Information Reporting Requirement.*** Interest on tax-exempt obligations such as the Series 2021 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. In general, such information reporting requirements are satisfied if the Bondholder completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or the Bondholder is one of a limited class of exempt recipients, such as corporations. Backup withholding (i.e., the requirement for the payor to deduct and withhold a tax, calculated in the manner determined under the Code, from the interest payment) may be imposed on payments made to any Bondholder who fails to provide the required information, including an accurate taxpayer identification number, to any person required to collect such information under Section 6049 of the Code. Neither the compliance with this reporting requirement nor backup withholding, in and of itself, affects or alters the excludability of interest on the

Series 2021 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

THE FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A BONDHOLDER'S PARTICULAR SITUATION. IT IS NOT INTENDED TO ADDRESS ALL ASPECTS OF FEDERAL TAXATION THAT MAY BE RELEVANT TO BENEFICIAL OWNERS. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF HOLDING AND DISPOSING OF THE SERIES 2021 BONDS UNDER FEDERAL OR APPLICABLE STATE OR LOCAL LAWS, INCLUDING THE EFFECT OF ANY PENDING OR PROPOSED LEGISLATION, REGULATORY INITIATIVES OR LITIGATION. FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO INVESTORS WHO ARE NOT U.S. PERSONS.

BOND COUNSEL'S OPINION IS BASED ON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE SERIES 2021 BONDS. SUCH OPINION IS FURTHER BASED ON BOND COUNSEL'S KNOWLEDGE OF FACTS AS OF THE DATE THEREOF. BOND COUNSEL ASSUMES NO DUTY TO UPDATE OR SUPPLEMENT ITS OPINION TO REFLECT ANY FACTS OR CIRCUMSTANCES THAT MAY THEREAFTER COME TO BOND COUNSEL'S ATTENTION OR TO REFLECT ANY CHANGES IN ANY LAW THAT MAY THEREAFTER OCCUR OR BECOME EFFECTIVE. MOREOVER, BOND COUNSEL'S OPINION IS NOT A GUARANTEE OF RESULT AND ARE NOT BINDING ON THE IRS; RATHER, SUCH OPINION REPRESENTS BOND COUNSEL'S LEGAL JUDGMENT BASED UPON ITS REVIEW OF EXISTING LAW AND IN RELIANCE UPON THE REPRESENTATIONS AND COVENANTS REFERENCED ABOVE THAT IT DEEMS RELEVANT TO SUCH RESPECTIVE OPINIONS.

THE IRS HAS AN ONGOING AUDIT PROGRAM TO DETERMINE COMPLIANCE WITH RULES THAT RELATE TO WHETHER INTEREST ON STATE OR LOCAL OBLIGATIONS IS INCLUDABLE IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. NO ASSURANCE CAN BE GIVEN WHETHER OR NOT THE IRS WILL COMMENCE AN AUDIT OF ANY COMPONENT OF THE SERIES 2021 BONDS. IF AN AUDIT IS COMMENCED, IN ACCORDANCE WITH ITS CURRENT PUBLISHED PROCEDURES, THE IRS IS LIKELY TO TREAT THE ISSUER AS THE TAXPAYER AND THE BENEFICIAL OWNERS MAY NOT HAVE A RIGHT TO PARTICIPATE IN SUCH AUDIT. PUBLIC AWARENESS OF ANY FUTURE AUDIT OF THE SERIES 2021 BONDS COULD ADVERSELY AFFECT THE VALUE OF THE SERIES 2021 BONDS DURING THE PENDENCY OF THE AUDIT REGARDLESS OF THE ULTIMATE OUTCOME OF THE AUDIT.

#### UNDERWRITING

The Series 2021 Bonds will be purchased by Oppenheimer & Co. Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Series 2021 Bonds at a purchase price resulting in an Underwriter's discount of \$535,900.00, subject to the terms of a Bond Purchase Agreement among the Issuer, the Borrower, and the Underwriter. The Bond Purchase Agreement provides that the Underwriter shall purchase all Series 2021 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The initial offering prices set forth on the inside front cover hereof may be changed from time to time by the Underwriter. The Borrower has agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Issuer against certain liabilities, including certain liabilities under federal and state securities laws.

#### RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), has assigned the Series 2021 Bonds a rating of "A-" from S&P. The rating reflects only the views of the rating agency and an explanation of the rating may be obtained from the rating agency. The Borrower has furnished the rating agency the information contained in this Official Statement and certain other publicly available materials and information about the Borrower. Generally, the rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. The rating may be changed at any time, and no assurance can be given that it will not be lowered or withdrawn entirely by the rating agency if, in its judgment,

circumstances so warrant. Neither the Borrower nor the Underwriter has undertaken any responsibility to bring to the attention of the holders of the Series 2021 Bonds any proposed revision or withdrawal of the rating of the Series 2021 Bonds or to oppose any such proposed revision or withdrawal. A downward change in or withdrawal of the rating may have an adverse effect on the market price of the Series 2021 Bonds. An explanation of the rating can be received from the rating agency at the following address: S&P Global Ratings, 55 Water Street, New York, New York.

## CONTINUING DISCLOSURE

### *Rule 15c2-12 Undertaking*

In order to assist the Underwriter of the Series 2021 Bonds to comply with the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), the Borrower will enter into a Continuing Disclosure and Dissemination Agent Agreement (the "Disclosure Dissemination Agreement") for the benefit of the holders and beneficial owners of the Series 2021 Bonds with Digital Assurance Certification, L.L.C. ("DAC"), under which the Borrower has designated DAC as Disclosure Dissemination Agent. The form of the Disclosure Dissemination Agreement is set forth in Appendix F to this Official Statement.

Currently, the only "obligated person" (within the meaning of the Rule) with respect to the Series 2021 Bonds is the Borrower. No other person or entity is obligated to provide, or is expected to provide, any continuing disclosure information with respect to the Rule.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the Borrower has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report (including the financial statements contained therein), any Notice Event, or any other information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the holders or beneficial owners of the Series 2021 Bonds, or any other party. The Disclosure Dissemination Agent has no responsibility for the Borrower's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine nor liability for failing to determine whether the Borrower has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Borrower at all times.

The Borrower has had no prior obligations to provide annual financial statements and annual financial information and operating data (within the meaning of the Rule 15c2-12).

### *State Law Requirement*

Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended ("Section 11-1-85"), the Borrower has covenanted to file with a central repository for availability in the secondary bond market when requested: (i) an annual independent audit within thirty days of the Issuer's receipt of the audit; and (ii) event specific information within thirty days of an event adversely affecting more than five percent of the revenues of the Issuer under the Loan Agreement.

The only remedy for failure by the Borrower to comply with these covenants is an action for specific performance. Moreover, the Borrower has specifically reserved the right to amend the covenants to reflect any change in Section 11-1-85 without the consent of any Bondholder.

### **Independent Audits and Other Financial Information**

The Borrower's financial statements were audited by Highsmith & Highsmith, LLC, Travelers Rest, South Carolina, for the fiscal year ended December 31, 2019. The Borrower's audited financial statements for the Fiscal Year ended December 31, 2019 (the "2019 Financial Statements"), are included in this Official Statement as APPENDIX B. The report of Highsmith & Highsmith, LLC, dated September 28, 2020, is set forth in APPENDIX B. The 2019 Financial Statements, including the footnotes thereto, should be reviewed in their entirety by prospective purchasers of the Series 2021 Bonds. Highsmith & Highsmith, LLC, has consented to the inclusion of its report in APPENDIX B but has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness, or fairness of the statements made in this Official Statement, and no opinion is expressed by Highsmith & Highsmith, LLC, with respect to any event subsequent to its report dated September 28, 2020.

With respect to evaluating the ability of the Borrower to make timely payment of debt service on the Series 2021 Bonds based on information contained in the 2019 Financial Statements, no representation is made that such information contains all factors material to such an evaluation or that any specific information should be accorded any particular significance. This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other solely by reason of its location herein. See APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR FISCAL YEAR ENDED DECEMBER 31, 2019 herein.

The Borrower has approved the information contained herein.

**ALLIGATOR RURAL WATER & SEWER COMPANY, INC.,**  
a South Carolina nonprofit corporation

By: /s/ Wade H. Huggins \_\_\_\_\_

Name: Wade H. Huggins

Title: President

*(Signature Page to Official Statement)*

**APPENDIX A**  
**INFORMATION RELATING TO THE BORROWER AND SYSTEM**

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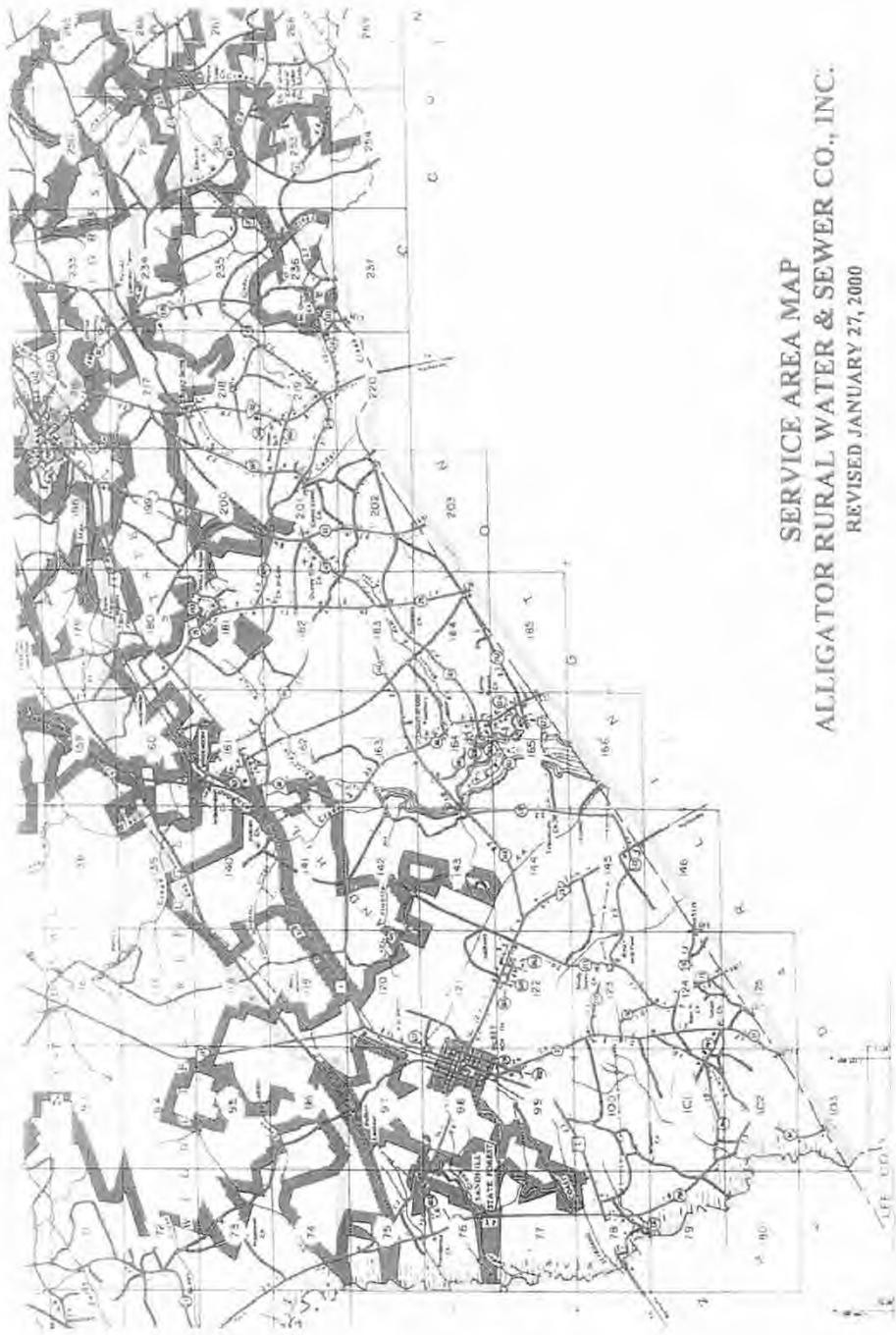
## ALLIGATOR RURAL WATER &amp; SEWER COMPANY, INC.

**History and General Description of Water System**

Alligator Rural Water & Sewer Company, Inc. (the "Borrower") owns and operates a water treatment and distribution system (the "Water System") and a wastewater collection system (the "Sewer System;" and collectively with the Water System, the "System"). The Borrower was incorporated on July 9, 1987, under the name "Alligator Rural Water Company, Inc." The Borrower began operations later that year with the construction of two gravel packed deep wells, one 100,000 gallon elevated water tank, and approximately ten miles of water mains that served approximately 150 customers. The Borrower began selling water in 1991 to approximately 200 households in the Middendorf, Cedar Creek and Wilkes Chapel communities of Chesterfield County, South Carolina, and produced 1.5 million gallons of water in 1991. In 1993 and 1994, water service was extended across Lake Robinson to the area on the north side of the lake. Also added to the service area was the area around the Town of McBee and the Union areas south of McBee in Chesterfield County, South Carolina. In 1997, the Borrower acquired the water system of the Plainview Water Company. Additional water lines were installed to the Plainview area at that time to serve more customers. In 1998, the Borrower began providing sewage collection service and changed its name to its current name.

In 1999, the Borrower added Chesterfield County Rural Water Company as a wholesale water customer which, as a result, could sell water to customers in the northern areas of Chesterfield County. In 2001, the Borrower added the Town of Patrick, South Carolina as a wholesale customer when the Town of Patrick ended its water production business. In 2001 and 2002, the Borrower added three wells to sell water to the Cash area of Chesterfield County. In 2002, the Borrower added two wells to sell wholesale water to Cassatt Water Company. In 2005, the Borrower placed well 10 into service to supply water to the increasing needs of Chesterfield County and the Towns of Pageland and Ruby. The Borrower is in the process of adding the Town of Cheraw as a wholesale customer for back up water supply to the Water System.

The Water System provides all potable water for distribution to all of the industries, commercial businesses, schools, and residences in Chesterfield County with the exception of those located in the Town of Cheraw. The Water System utilizes only ground water pumped from the Middendorf Aquifer-McQueen Branch. See the map of the Borrower's Water System service area on following page.



**SERVICE AREA MAP**  
**ALLIGATOR RURAL WATER & SEWER CO., INC.**  
REVISED JANUARY 27, 2000

The Borrower's Water System has evolved from two wells and one elevated to storage tank to nine gravel packed deep wells, a 10 million gallon per day carbon filter plant, a 10 million gallon per day chlorine and lime injection facility, a 2 million gallon ground level storage tank, five elevated storage tanks totaling 2.3 million gallons, six high service booster pumps, and approximately 500 miles of water mains varying in size from four inches to 24 inches. The Water System has approximately 1,800 water taps exclusive to its service area and serves approximately 40,000 people through its wholesale outlets in the towns of McBee, Chesterfield, Ruby, Mount Croghan, Pageland, and Jefferson. The Water System's water supply is from 11 gravel-packed deep wells in the Middledorf/McQueen aquifer, with a total production capacity of 7,500 gallons per minute. The Water System includes a 10 million gallon per day chlorine and lime injection facility and six high service/booster pumps. The Water System has approximately 200 fire hydrants throughout its service area. Currently, the Borrower's Water System serves approximately 86% of Chesterfield County and produces just over one billion gallons of water annually.

**History and General Description of Sewer System**

The Borrower's Sewer System currently pumps all wastewater to the City of Hartsville wastewater treatment plant for treatment and disposal. The Borrower has a contract with the City of Hartsville for 40 years. The Sewer System consists of 10 duplex sewer pump stations, approximately 10 miles of sewer mains, and 15 manholes. Currently, the Sewer System serves 10 industries and two schools.

**General Description of Borrower**

The Borrower is a South Carolina nonprofit corporation created under Title 33, Chapter 36 of the Code of Laws of South Carolina 1976, as amended (the "Corporations Not-for-Profit Financed by Federal or State Loans Act"). Pursuant to the Corporations Not-for-Profit Financed by Federal or State Loans Act, the Borrower has typical nonprofit corporation powers, including, without limitation, the power to contract and the power to incur indebtedness. In addition to these typical corporate powers, the Borrower has authority to utilize the power of eminent domain with respect to its water and sewer utility business. The process that the Borrower must follow to use its eminent domain powers is substantially identical to the process that municipal county governments in South Carolina must follow to use their powers of eminent domain. The Borrower has successfully used its eminent domain powers on several occasions.

The Borrower received its determination letter as a 501(c)(12) organization from the Internal Revenue Service on August 22, 2001. The Borrower is current with filing all annual returns with the IRS (on Form 990) through fiscal year 2019 and the South Carolina Department of Revenue.

The Borrower, as a corporate entity, has members consisting of its water and sewer customers. Members may be individuals, business organizations (corporations, partnerships, etc.), nonprofit entities, and governmental entities. Each such customer has one membership interest in the Borrower. Each member has one vote at membership meetings.

At the annual meeting of members (currently held in June), the members elect the Borrower's board of directors (the "Board of Directors"). The Board of Directors currently consists of seven members. The Borrower's by-laws require that a majority of the directors be farmers and rural residents. The current members of the Board of Directors are as follows:

<u>Name</u>	<u>First Elected</u>	<u>End of Current Term</u>	<u>Occupation</u>
Wade Huggins	June 1995	June 2023	Retired from Sonoco Products Co.
Odis Hawkins	June 1999	June 2023	Retired from Sonoco Products Co.
Joseph R. Catoe	February 2008	June 2022	Retired from Sonoco Products Co.
Willie Mae Roary	June 2012	June 2021	Retired from Sandhills Medical Foundation
Frankie Joyner	April 2008	June 2021	Auto Parts Store Owner
Sherrrie Knight	October 2018	June 2022	Retired U.S. Postal Service
Harold Snipes	June 2017	June 2022	Retired Auto Parts Dealer

Immediately following the members meeting on or about last Sunday in June of each year, the Board of Directors elects a president and vice-president of the Borrower, each for a one-year term, from among the members of the Board of Directors. The Board of Directors also elects a secretary and a treasurer (or secretary-treasurer), who need not be members of the Board of Directors, for a one-year term.

The current president, vice president, secretary, and treasurer are as follows:

Wade Huggins, President, is a retired employee of Sonoco Products Company in Hartsville, SC. He has also retired from his part time job as a chicken producer. Mr. Huggins also served our country in the US Army.

Odis Hawkins, Vice President, is a retired mill wright shop superintendent for Sonoco Products Company and he operates a metal fabrication shop in his spare time.

Joseph Catoe, Secretary, is a retired electronics specialist at Sonoco Products Company. Mr. Catoe also served our country in the US Navy.

Willie Mae Roary, Treasurer, is a retired nurse from Sandhills Medical Foundation.

The Borrower's articles of incorporation currently provide that in the event of dissolution of the Borrower, each member, including former members, shall receive his or her proportionate share based upon patronage, of the Borrower's property and assets, after paying or providing for the payment of all debts of the Borrower.

The Borrower's articles of incorporation and by-laws further provide that so long as the Borrower is indebted for a loan or loans made to it by the United State Department of Agriculture – Rural Development (the "USDA RD"), the Borrower's articles of incorporation and by-laws may not be amended or repealed without the prior written consent of USDA RD.

#### **No Parent Company, Subordinate Entities, or Other Related Parties**

No corporate interest in the Borrower is owned by any person or entity other than as a customer and member of the Borrower as described above in "General Description of Borrower." The Borrower does not own any interest in another corporation, limited liability company, or partnership, nor does it have any subordinate entities or other corporate affiliates.

#### **Management Agreement**

Since November 2002, Odom & Associates, Inc. (the "Manager"), has managed and operated the System under the direction of the Board of Directors pursuant to the terms of the Management Agreement, dated November 19, 2002 (the "Management Agreement"), between the Manager and the Borrower. The Management Agreement has a stated term ending on November 19, 2022. The Manager provides financial services, office operations and management, and operation and maintenance services for the System, including billing, collection, repairs, as well as grant and loan applications. Pursuant to the terms of the Management Agreement, the Manager provides all essential licensed workers.

Compensation of the Manager consists of a base monthly amount of \$60,000, which is subject to increase as follows:

- (i) The base management fee will increase by 40% of water sales revenue in excess of 600 million gallons per year.
- (ii) The base management fee will increase by 25% of revenues for transporting sewage in excess of 40 million gallons per year.
- (iii) The base management fee will also be increased by 40% and 25%, respectively, for increased sales revenue for the base amount of water and sewer which is generated by cost increases imposed by the Borrower on its customers.

The Management Agreement also requires the Borrower pay, or reimburse the Manager for paying, certain expenses incurred with respect to operating the System.

During the past three fiscal years, the Manager's compensation under the Management Agreement has been \$1,672,937, \$1,489,372, and \$1,510,307, plus expenses pursuant to the terms of the Management Agreement.

**Annexation**

The Borrower's service area has not previously been subject to annexation or other infringement by water and sewer utility providers as a consequence of the protection provided to borrowers of USDA Rural Development loans. Section 1926(b) of Title 7 of the United States Code provides that utility systems which are indebted to USDA RD cannot be infringed upon without the consent of USDA RD. As a result of the refunding of the Outstanding Loans, the service area protection provided by Section 1926(b) will end. Consequently, competing water and/or sewer service providers can legally attempt to provide utility services to the Borrower's present customers. The Borrower cannot predict the effects this will have on its customer base or rates at which it charges for its utility service. However, the Borrower expects to apply for USDA Rural Development loans in the future, which, if granted and closed, would afford the protection at that time under 1926(b) for the term of such loan, but such protection may not coincide with the term of the Series 2021 Bonds.

**Other Business Activities of the Borrower**

In addition to the utility services provided by the Borrower's System, the Borrower also owns an approximately 136 acre tract of land upon which an industrial park has been developed. The industrial park is served by a primary road into the park from the adjoining highway, and electric, gas, water and sewer utilities. The Borrower is not engaged in developing the industrial park, but makes parcels in the park available for industrial development recruiting of new industries by State and local economic development agencies. Nestle Waters North America (now Blue Triton) and Dominion Energy are both located in the industrial park.

**THE SYSTEM**

**General**

The System currently provides water and/or sewer services to customers, either as wholesale customers or retail customers, both within portions of Chesterfield County and in adjacent unincorporated portions of Kershaw County. With approximately 500 miles of water lines and approximately 15 miles of sewer lines, the System provides water services to approximately 1,800 water customers and sewer services to approximately 16 sewer customers in a combined service area that covers approximately 200 square miles.

The Borrower operates the System on a fiscal year consisting of the twelve-month period ending on December 31.

**System Components – Water**

Water Lines	Approx. 500 miles
Elevated Tanks	5
Ground Tanks	1
Hydrants	120

**System Components – Sewer**

Sewer Lines	Approx. 15 miles
Pump Stations	9
Capacity, purchased	Max capacity 2 million/day
Manholes	15

**Description of the Water System**

The following table sets forth the average daily flow, total annual water volume sold, and total annual revenues for the Water System from water sales in each of the last five fiscal years.

<u>Fiscal Year</u>	<u>Average Daily Flow (MGD)</u>	<u>Total Annual Water Volume Sold (MG)</u>	<u>Total Annual Water Sales</u>
2016	2,367	863.92	\$ 2,583,056
2017	2,640	963.67	2,865,860
2018	2,984	1,034.75	3,162,220
2019	3,102	1,109.55	3,309,393
2020	2,896	967.50	3,084,288

See "RISKS AND INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" in the front part of this Official Statement for discussion of anticipated impacts on System Revenues related to the COVID-19 pandemic.

**Description of the Sewer System**

The Borrower’s Sewer System currently pumps all wastewater to the City of Hartsville’s wastewater treatment plant for treatment and disposal. The Borrower has a contract with the City of Hartsville with a term of 40 years. The Sewer System consists of 10 duplex sewer pump stations, approximately 10 miles of sewer mains, and 15 manholes. Currently, the Sewer System serves ten industries and two schools.

The current sewer customers are as follows:

- A.O. Smith
- Talley Metals
- Kenco Company, Inc.
- Mar-Mac Wire, Inc.
- DuPont
- R.C. Moore
- Mar-Mac Manufacturing, Inc.
- Nestle Waters
- Dominion Energy
- McBee Elementary/McBee High School

*Service Area*

The Borrower’s Sewer System is comprised of 9 miles of 8, 6, and 4 inch force mains along with 10 duplex sewer pump stations. The Sewer System is located in and around the Town of McBee. All effluent is pumped to Hartsville, South Carolina for treatment and disposal.

*Sewage Collection*

The following table sets forth the average daily flow, total annual volume of sewage collected by the Sewer System, and total annual revenues of the sewer system in each of the last five fiscal years.

<u>Fiscal Year</u>	<u>Average Daily Flow (MGD)</u>	<u>Total Amount Volume (MG)</u>	<u>Total Annual [Gross] Revenues</u>
2016	0.203	74.423	\$562,984
2017	0.198	72.413	627,701
2018	0.185	67.478	678,248
2019	0.163	59.498	613,872
2020	0.143	52.185	639,527

**Customers**

Set forth below are the approximate historical number of water and sewer customers of the System during the fiscal years 2016-2020.

Historical Water Customer Accounts

<u>Fiscal Year</u>	<u>Number of Water Customers</u>
2016	1,715
2017	1,735
2018	1,745
2019	1,755
2020	1,770

Historical Sewer Customer Accounts

<u>Fiscal Year</u>	<u>Number of Sewer Customers</u>
2016	16
2017	16
2018	16
2019	16
2020	16

**Largest Customers**

The largest wholesale customer of the Water System is Chesterfield County Rural Water Company, Inc. Set forth below is information relating to the wholesale customers and the seven largest water and sewer customers of the System for the 12 months ended December 31, 2020.

<u>Wholesale Customer</u>	<u>Annual Water Consumption</u>	<u>Total Billed</u>
Chesterfield County Rural Water Company, Inc.	763,724,315	\$1,550,360
Town of McBee	51,038,450	124,089
Cassatt Water Company, Inc.	80,280	80,280

**Seven Largest Retail Water Customers  
(For the 12 Months Ended December 31, 2020)**

<u>Customer</u>	<u>Product/Use</u>	<u>Approximate Annual Water Consumption (Gallons [000's])</u>	<u>% Fiscal Year 2020 Water Consumption</u>	<u>Total Billed</u>
McLeod Farms	Produce Farm	1,275.20	0.12%	\$ 6,556
Talley Metals	Manufacture	10,904.20	1.03	121,034
Steven Walters	Turkey Farm	2,338.10	0.22	5,797
Elaine Teal	Turkey Farm	973.07	0.09	2,464
Plainview Elementary School	Public School	178.80	0.02	1,927
AMI Kids Sandhills	Boys Home	1,862.70	0.18	19,705
Nestle Waters	Water Bottling Plant	<u>29,636.00</u>	2.80	<u>143,694</u>
<b>Total</b>		47,168.10	4.50%	\$301,176

**Seven Largest Sewer Customers  
(For the 12 Months Ended December 31, 2020)**

<u>Customer</u>	<u>Product/Use</u>	<u>Approximate Annual Consumption (Gallons (000's))</u>	<u>% Fiscal Year 2020 Sewer Consumption</u>	<u>Total Billed</u>
A.O. Smith	Manufacture	30,297.3	58.06	\$333,271
Talley Metals	Manufacture	10,904.0	20.90	119,947
MarMac	Manufacture	1,736.5	3.33	65,332
McBee Elementary	School	523.7	1.00	21,614
McBee High	School	685.2	1.31	21,600
Nestle Waters	Water Bottling	8,017.1	15.36	56,163
RC Moore	Trucking Co.	9.7	0.02	10,800
	<b>Total</b>	<b>52,173.5</b>	<b>99.98</b>	<b>\$628,727</b>

**Rate Making**

The Board of Directors each year on or before December 31 establishes water and sewer rates based upon recommendations of senior staff. The Borrower's rate setting is not subject to any review or approval by any other administrative body.

The Borrower recovers the costs of operating the System from its customers according to System usage. The methodology used in designing the rates for the System incorporate the previous year's sales and expenses, projected growth in customer counts and usage, and any anticipated increased operating costs, to be covered by a 10% cushion.

The Borrower has consistently maintained a policy of full cost recovery in setting its rates for water and sewer services. The Borrower has set its utility rates at levels which have resulted in full coverage of debt service out of customer revenues.

Set forth below are the historical tap fee revenues collected during the period of Fiscal Year 2016 through Fiscal Year 2020:

**Tap Fee Revenue**

<u>Fiscal Year</u>	<u>Revenue</u>
2016	\$30,000
2017	32,500
2018	35,000
2019	34,500
2020	37,800

**Water System**

Other than for wholesale customers, revenue requirements for the Water System are allocated between two types of charges:

- **Customer Service Charge** – This charge is designed to recover the Borrower’s customer service costs. This is a monthly “base” charge and includes up to 2,000 gallons of water consumption.
- **Volume Charge** – The supply, treatment, transmission and distribution costs are most fairly recovered each month as a rate per thousand gallons of metered water. Equitable volume rates are related to the customers’ usage of the water system beyond the base customer service charge. Since each customer cannot have a unique rate, it is an accepted practice in the utility industry to classify customers into reasonably homogenous groups, or classes, according to their existing demand characteristics.

*Customer Service Charges*

Water System customer service charges, as shown in the following table, are designed to recover the costs of Water System operation from users, in proportion to their potential demands on the Water System. Customer service charges are consistent within customer classes. Meter size is used as the determinant of customer service charges per customer account. The water meter serves as a physical control on the demands that a customer can place on the Water System. Consequently, it provides an effective means of distinguishing among customers. The monthly customer service charge includes up to 2,000 gallons of water consumption.

**Water System Charges**

Monthly Minimum	\$30.00
Water Included w/Minimum Bill:	2,000 gallons

Additional customer service charges are included for specific services as described in the table below.

<u>Fee</u>	<u>Amount</u>
Disconnect Fee	\$ 65
Returned Check Fee	35
Refundable Rental Deposit	100
Business Hours Service Charge	35
After Hours Service Charge	45
Holiday Service Charge	60
New 3/4" Tap	1,000

*Volume Charges*

The Borrower’s rate structure is designed to reflect the cost of service for each class of customers.

<u>Class of Customer</u>	<u>Volume Charge Per Gallon over 2,000 gallons</u>
Residential	\$10.25 per 1,000 gallons
Commercial	\$3.23 per 1,000 gallons
Industrial	\$11.25 per 1,000 gallons

*Wholesale Water Charges*

The Borrower has wholesale water supply agreements with two nonprofit corporation providers of water service and one municipal provider of water service. The water charges under the contracts are set forth below.

<u>Provider</u>	<u>Wholesale Water Charges</u>
Chesterfield County Rural Water Company, Inc.	\$2.03 per 1,000 gallons
Town of McBee	\$2.23 per 1,000 gallons
Cassatt Water Company, Inc.	\$2.23 per 1,000 gallons (\$6,690 minimum)

**Sewer System**

Sewer customer service charges are shown in the following table.

**Sewer System Charges**

\$7.05 per 1,000 gallons (Nestle Water)  
\$11.00 per 1,000 gallons (all other customers)  
Minimum charge: \$900

*Other Fees*

The Borrower charges impact fees on industrial customers.

*History of Rate Increases*

The table below sets forth the rate increases, or decreases, to the water and sewer rate schedules approved by the Borrower since Fiscal Year 2016.

	2016	2017	2018	2019	2020
<b>Residential</b>					
1 <sup>st</sup> 2,000 gallons	\$23.00	\$27.00	\$27.00	\$27.00	\$30.00
Next 2,001 -99999999	\$6.00 per 1,000 gallons	\$8.00 per 1,000 gallons	\$8.00 per 1,000 gallons	\$9.25 per 1,000 gallons	\$10.25 per 1,000 gallons
<b>Commercial</b>					
1 <sup>st</sup> 2,000 gallons	\$22.75	\$27.00	\$27.00	\$27.00	\$30.00
Next 2,001 -99999999	\$1.25 per 1,000 gallons	\$2.03 per 1,000 gallons	\$2.03 per 1,000 gallons	\$2.23 per 1,000 gallons	\$3.23 per 1,000 gallons
<b>Industrial</b>					
1 <sup>st</sup> 2,000 gallons	\$30.00	\$27.00	\$27.00	\$27.00	\$23.00
Next 2,001 -99999999	\$5.85 per 1,000 gallons	\$8.00 per 1,000 gallons	\$8.00 per 1,000 gallons	\$9.25 per 1,000 gallons	\$11.25 per 1,000 gallons
<b>Nestle Water Bottling Plant (now Blue Triton)</b>					
1 <sup>st</sup> 1,000-19999000 gallons	\$5.00				
Next 19999001-99999999999	\$4.50				
<b>Wholesale Water</b>					
Chesterfield County Rural Water	\$1.92 per 1,000 gallons	\$2.23 per 1,000 gallons	\$2.23 per 1,000 gallons	\$2.03 per 1,000 gallons	\$2.03 per 1,000 gallons
Town of McBee	\$1.92 per 1,000 gallons	\$2.23 per 1,000 gallons	\$2.23 per 1,000 gallons	\$2.23 per 1,000 gallons	\$2.23 per 1,000 gallons
Cassatt Water Company, Inc.	\$1.92 per 1,000 gallons	\$2.23 per 1,000 gallons	\$6,690.00 minimum	\$6,690.00 minimum	\$6,690.00 minimum
<b>Sewer:</b>					
Others	\$7.24 per 1,000 gallons	\$9.50 per 1,000 gallons	\$9.50 per 1,000 gallons	\$11.00 per 1,000 gallons	\$11.00 per 1,000 gallons
Nestle	\$6.05 per 1,000 gallons	\$6.05 per 1,000 gallons	\$6.05 per 1,000 gallons	\$6.05 per 1,000 gallons	\$6.05 per 1,000 gallons
Minimum Charge	\$500	\$900	\$900	\$900	\$900

*Regulation of Rates*

The Borrower's water and sewer rates are not subject to prior approval by any administrative body other than its Board of Directors. Such rates and rate setting procedures are subject to judicial review upon action of a ratepayer.

*Rate Comparison with Surrounding Communities*

An estimate of how the Borrower's monthly charge for a typical residential customer's water bill compares with other local water service providers is shown below. A typical residential customer's water consumption is assumed to be 6,000 gallons per month.

Chesterfield County Rural Water Company	\$72.00
Cassatt Water Company	56.51
Town of McBee	28.42
Town of Cheraw	21.20
Borrower	71.00

**Water Rates of Neighboring Utilities:**

Chesterfield County Rural Water Company - \$18.00 monthly plus \$9.00/1,000 gallons.

Cassatt Water Company, Inc. - \$25.71 plus \$4.89 from 0-5000 gallons then \$6.35/1,000 after.

Town of McBee - \$10.60 from 0-1,000, \$4.06 from 1001-2000 then \$3.44/1,000 after.

Town of Cheraw - \$12.00 from 0-2,000 then \$2.30/1,000 after.

**Sewer Rates of Neighboring Utilities:**

*City of Hartsville*

<u>Meter Size</u>	<u>Minimum In-Town Rate</u>	<u>Minimum Out-of-Town Rate</u>
¾ inch or less	\$ 18.96	\$ 34.73
1 inch	43.88	80.30
1.5 inch	85.57	156.60
2 inch	135.59	248.14
3 inch	269.02	492.29
4 inch	419.10	766.95
6 inch	1,127.85	2,063.97
8 inch	2,336.91	4,276.54
10 inch	3,504.28	6,412.83
12 inch	4,421.49	8,091.33

*Town of Cheraw*

Sewer Rates (per 1,000 gallons)	\$2.78
0-4,999,999 gallons	2.14
5,000,000-11,999,999 gallons	2.13
12,000,000-18,999,999 gallons	2.12
19,000,000-24,999,999 gallons	2.11
25,000,000 gallons or greater	2.09

**Summary of Capital Improvements Plan**

<u>Fiscal Year</u>	<u>Capital Projects</u>	<u>Estimated Cost</u>
	<b>Water:</b>	
2021	Rehabilitation of wells will be needed on wells 3,4,5,6,7,8,9,10,11	\$2,100,000
2022	Upgrade of radio read meters	200,000
2023	Paint Tank #4	150,000

All funds are to be paid by Chesterfield County and federal grants.

The Borrower has no plan to borrow any other funds in the foreseeable future.

**Environmental Matters**

The System has not been the subject of any regulatory enforcement action or order since 2011.

**FINANCIAL FACTORS**

**Historical Net Revenues and Expenses**

The following table sets forth the historical operating results of the System for Fiscal Years 2015 through 2019.

	2015	2016	2017	2018	2019
<b>Operating Revenues:</b>					
Wholesale water sales	\$ 1,534,416	\$ 1,496,492	\$ 1,724,389	\$ 1,850,248	\$ 2,007,161
Customer water sales	837,632	1,076,969	1,227,807	1,232,290	1,250,648
Sewer revenue	546,446	567,120	620,500	658,096	616,953
Penalties and tap fees	51,466	132,151	85,922	76,888	67,681
Capital credit refunds and fees	614	-0-	-0-	101,958	37,039
Miscellaneous	<u>861,817</u>	<u>57,039</u>	<u>17,617</u>	<u>6,478</u>	<u>103,115</u>
Total Operating Revenues	\$ 3,832,391	\$ 3,329,771	\$ 3,676,235	\$ 3,925,958	\$ 4,082,597
Total Operating Expenses	\$ 3,324,554	\$ 3,694,667	\$ 3,819,935	\$ 4,035,742	\$ 4,308,469
Operating income (loss)	507,837	(364,896)	(143,700)	(109,784)	(225,872)
Total Nonoperating Revenues (Expenses)	(796,110)	(672,864)	(733,747)	(752,384)	(876,356)
<b>Unrestricted Net Position:</b>					
Net Position Beginning of Year	\$20,317,525	\$19,089,087	\$18,059,680	\$17,170,241	\$16,308,073
Net Position at the End of the Year	\$19,475,554	\$18,051,327	\$17,182,233	\$16,308,073	\$15,209,845

### Historical Long Term Debt Service Coverage

The following table presents historical long term debt service coverage for the fiscal years ended December 31, 2015 through December 31, 2019. Investors should form their own judgement as to the reasonableness of the assumptions below. Such information should be considered in conjunction with the information concerning the Borrower contained elsewhere in this Official Statement.

	2015	2016	2017	2018	2019
Historical Net Earnings Available for Debt Service <sup>1</sup>	\$2,666,971	\$1,866,855	\$1,978,505	\$2,302,118	\$2,138,154
Historical Long Term Debt Service <sup>2</sup>	1,263,881	1,328,534	1,508,508	1,296,110	1,658,639
Historical Long Term Debt Service Coverage	2.11x	1.41x	1.31x	1.78x	1.29x

<sup>1</sup> Net Earnings Available for Debt Service equals total operating revenues, minus total operating expenses, plus depreciation and other noncash expenses, plus interest expense on debt.

<sup>2</sup> Includes debt service on loans from USDA RD, Mutual Savings Bank, CoBank, and certain local banks with initial terms in excess of 12 months.

Source: Alligator Rural Water & Sewer Company, Inc. FY 2015-2019 Audited Financial Statements.

*Pee Dee Electric Loans.* During fiscal year 2016 the Borrower obtained two loans from Pee Dee Electric in the initial aggregate amount of \$1,300,000, bearing interest at 0% maturing in 2025 (the "Pee Dee Electric Loans"). Debt service payments on the Pee Dee Electric Loans are guaranteed by USDA's Rural Business Enterprise Grant program and were excluded from the calculation above. As of December 31, 2020, both Pee Dee Electric Loans were outstanding.

*CAT Financial Loans.* During fiscal years 2018 and 2019 the Borrower obtained two loans from CAT Financial to purchase equipment in the initial aggregate amount of \$241,152, bearing interest less than 1% and maturing in 2023 and 2024, respectively (the "CAT Financial Loans"). Debt service payments on the CAT Financial Loans are entirely offset by receivables from the Management Company and were excluded from the calculation above. As of December 31, 2020, both CAT Financial Loans were outstanding.

Set forth below are the Borrower's historical debt service coverage ratios of Net Earnings Available for Debt Service on the Borrower's long term debt, Pee Dee Electric Loans, and CAT Financial Loans for the past five fiscal years.

	Fiscal Year ended December 31				
	2015	2016	2017	2018	2019
Historical Net Earnings Available for Debt Service <sup>1</sup>	\$2,666,971	\$1,866,855	\$1,978,505	\$2,302,118	\$2,138,154
Historical Long Term Debt Service, Pee Dee Electric Loans, and CAT Financial Loans <sup>2</sup>	1,263,881	1,388,119	1,651,512	1,450,454	1,837,991
Historical Long Term Debt Service Coverage	2.11x	1.34x	1.20x	1.59x	1.16x

<sup>1</sup> Net Earnings Available for Debt Service equals total operating revenues, minus total operating expenses, plus depreciation and other noncash expenses, plus interest expense on debt.

<sup>2</sup> Calculated as debt service on the table above plus debt service on the Pee Dee Electric Loans and CAT Financial Loans.

Source: Alligator Rural Water & Sewer Company, Inc. FY 2015-2019 Audited Financial Statements.

**Budgetary Process and Controls**

The Borrower's budget process is completed by senior staff. A combination of previous year's sales and expenses are reviewed for the budget. Rate increases and projected growth are incorporated in determining total income. Any increase in cost of operations is also factored in.

**Fiscal Year 2021 Budget Summary**

A summary of the Borrower's budget for the current Fiscal Year 2021 appears below.

<b>Operating Revenue</b>	<u>Water</u>	<u>Sewer</u>
Water Service User Fees	\$3,200,000	\$ -0-
CD	10,000	-0-
Sewer Service User Fees	<u>-0-</u>	<u>350,000</u>
<b>Total Operating Revenues</b>	<b>\$3,210,000</b>	<b>\$ 350,000</b>
<b>Operating Expenses</b>		
Utilities	\$400,000	\$ 12,000
Insurance	100,000	-0-
Contracts	-0-	200,000
DHEC	10,000	-0-
Engineering	30,000	-0-
Fees- Professional	40,000	-0-
Debt service on Outstanding Loans	1,284,000	-0-
Management/Operating	<u>1,000,000</u>	<u>-0-</u>
<b>Total Operating Expenses</b>	<b>\$2,840,000</b>	<b>\$312,000</b>
<b>Total Non-operating Revenues</b>	<b>370,000</b>	<b>38,000</b>
<b>Net Income (Loss)</b>	<b>370,000</b>	<b>38,000</b>
<b>Equity End of Period</b>	<b>\$370,000</b>	<b>\$ 38,000</b>

**Debt Payment Record**

The Borrower has not defaulted in the payment of principal or interest or in any other material respect with respect to any of its indebtedness at any time within the past 25 years, nor has the Borrower within that time issued any refunding bonds for the purpose of preventing a default in the payment of principal of or interest on indebtedness then outstanding. The Borrower has not used the proceeds of any indebtedness for current operating expenses at any time within the last 25 years.

**Anticipated Issuance of Additional Bonds or Other Indebtedness**

The Borrower does not anticipate the issuance of additional bonds or incurring additional indebtedness in the foreseeable future. See "Summary of Capital Improvements Plan" in this Appendix A.

**Recent Events**

Beginning in the first quarter of 2020, the COVID-19 pandemic has had certain fiscal and other impacts on the Borrower. See "RISKS AND INVESTMENT CONSIDERATIONS-Coronavirus (COVID-19)" in the front part of this Official Statement for information regarding the fiscal impact of COVID-19 on the Borrower and actions taken by the Borrower in response to the COVID-19 pandemic.

**Retirement Plans and Other Postemployment Benefits**

All employees of the Borrower are eligible for membership in the South Carolina Governmental Employees' Retirement System (SCRS), a defined benefit plan.

The Borrower is required to make contributions on behalf of its employees into the pension system. The Borrower's expenses are funded on an actuarial basis determined by the State, and the Borrower is assessed on an annual basis for its share of the State retirement system's pension costs. The Borrower's pension contributions have risen substantially since fiscal year 2000. This has resulted in increases in the Borrower's pension costs as shown in the table below.

**Retirement Plan Costs**

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$100,556	\$104,764	\$104,483	\$112,030	\$116,075

For the current fiscal year, employees contribute 9.0% of salary. The Borrower's current share is 15.41% of salaries. All employees are eligible for retirement at age 65 or after 30 years of service. Vesting rights are after eight years of service. See Note 8 to the Notes to Financial Statements in APPENDIX B hereto for more information regarding the Borrower's employee benefits plan.

Recently enacted legislation by the State General Assembly increased the employer contribution rate to 14.41% in Fiscal Year 2019 and 15.41% in Fiscal Year 2020. The legislation provides that employer rates will continue to increase annually by 2% through Fiscal Year 2022. This legislation also increases and caps the employee contribution rate to 9.7%.

The Borrower does not provide postemployment benefits to its employees other than the pension benefits described above.

**Insurance**

Insurance protection for the Borrower is provided from the South Carolina Insurance Reserve Fund established by the State Fiscal Accountability Authority.

**DESCRIPTION OF SERVICE AREA**

The service area for the Borrower's Water System currently consists of approximately 80% of Chesterfield County, South Carolina. In addition, the Borrower provides wholesale water sales to Cassatt Water Company Inc, for its distribution in portions of Kershaw County, South Carolina. The service area of the Borrower's Sewer System consists of the Town of McBee, South Carolina and surrounding environs. The Series 2021 Bonds will be payable by the Issuer solely and exclusively out of payments to be made by the Borrower under the Loan Agreement. The Bonds will not constitute an indebtedness of Chesterfield County or any other political subdivision or agency of the State of South Carolina within the meaning of any state constitutional provision or statutory limitation, nor will the Bonds constitute or give rise to any pecuniary liability Chesterfield County or any other political subdivision or agency of the State of South Carolina or a charge against the general credit or taxing powers of any such governmental entities.

**Description of Chesterfield County**

Chesterfield County (the "County"), formed in 1798, is located in northwestern South Carolina and borders North Carolina. The County has a land area of 790 square miles which includes the Carolina Sandhills National Wildlife Refuge, Sand Hills State Forest, and Cheraw State Park. According to the 2010 Census, the County has a population of 38,577. The County contains the City of Cheraw (population 5,851), and the Towns of Mount Croghan (population 195), Pageland (population 2,760), McBee (population 867), Patrick (population 351), and Ruby (population 360).

The County, located just southeast of Charlotte, North Carolina, retains its rural nature, but espouses a very strong industrial base. In fact, Chesterfield County has more manufacturing jobs per capita than any county in South

Carolina and more metal working jobs per capita than any county in the Southeast. Much of this success is directly tied to the County's relationship with the Borrower.

The Borrower was established in 1987 to meet a critical need in the Middendorf Community, just north of McBee, where the Borrower is headquartered. Since that start, the Borrower has grown steadily while meeting the needs of the County. Additionally, in 1998, the McBee area faced losing several area industries that were struggling to operate on septic systems. These facilities employed almost 2,000 people. In response, the Borrower partnered with the City of Hartsville and installed a regional sewer system to preserve jobs.

Around 2000, during a time of severe drought, six towns in Chesterfield County were struggling with water volume and quality. The Borrower assisted the County and now serves approximately 86% of the County. Water restrictions are no longer necessary, even in the hottest months with little rain and industries in the area continue to grow and expand.

Chesterfield County's strong manufacturing base saw some minor losses, but very few lay-offs and almost no closings as a result of the national COVID-related economic downturn in 2020.

Since March 2021, the County has seen a dramatic uptick of inquiries for new and expanding manufacturing companies that prefer smaller/mid-sized towns and cities that are less reliant on public transportation. One such entity, the Brewer gold mine, would double the Borrower's current water production while providing jobs and a stabilizing tax base for the County.

#### **Form of Government**

The County operates under the Council-Administrator form of government in accordance with Title 4, Chapter 9 of the South Carolina Code (known as the "Home Rule Act"). The County Council of Chesterfield County (the "County Council") consists of nine Council members elected from defined single-member districts. The Council members are qualified electors of the County and are elected for four-year staggered terms.

The County Council appoints a professional administrator to oversee the daily operations of the departments of public safety, public works, planning and development, finance, assessment, and equalization, personnel, and general services.

In addition to an elected County Council, various County officers are also elected, including the County Treasurer, County Auditor, Clerk of Court, Probate Judge, and Sheriff.

#### **Services Provided**

The County operates and maintains various programs which are funded from County revenues, as reflected in its annual budget for fiscal year 2020-21; these programs include:

1. Administrative services;
2. Judicial services;
3. Law enforcement;
4. Public health and social services;
5. Building inspection;
6. Rural fire protection;
7. Library services;
8. Public works, roads and streets;
9. Election Commission; and
10. Miscellaneous services.

The County's General Fund budget for fiscal year 2020-21 provides for estimated expenditures of \$18,802,593 as compared to approximately \$18,018,824 budgeted for fiscal year 2019-20.

During the present fiscal year, the County has approximately 260 employees. None of these employees belong to a union or collective bargaining group.

**Other Services Provided Within the County**

The several municipalities within the County also provide some of the services listed above and additional services not provided by the County. Special purpose districts within the County created by State legislation have taxing authority and may provide certain services with funds from taxes levied and collected for them by the County.

**School District**

The School District of Chesterfield County was formed on July 1, 1968, by the consolidation of all school districts in the County into one county-wide school district. The School District has taxing authority and provides public educational services with funds from taxes levied and collected by the County and State appropriated funds.

**Population**

The following table sets forth the County’s population for each of the six most recent census years shown in the following table.

<u>Year</u>	<u>Population</u>
1970	33,667
1980	38,161
1990	38,575
2000	42,768
2010	43,480
2020	45,870

Source: U.S. Bureau of the Census

More recent estimates of the County’s population are set forth below.

<u>Year</u>	<u>Population</u>
2015	46,135
2016	46,120
2017	45,979
2018	45,881
2019	45,650

Source: U.S. Bureau of the Census

**Per Capita Income**

The per capita personal income statistics in current dollars for Chesterfield County, the State, and the United States are set forth below.

<u>Year</u>	<u>Chesterfield County</u>	<u>State</u>	<u>United States</u>
2015	\$27,975	\$39,496	\$48,978
2016	28,645	40,404	49,870
2017	29,745	42,081	51,885
2018	31,200	43,702	54,446
2019	32,249		

Source: U.S. Department of Commerce, Bureau of Economic Analysis, regional economic accounts

## Retail Sales

The following table shows total gross sales and net taxable sales in the Chesterfield County for the Fiscal Years 2015-2019 (latest data available).

<u>Fiscal Year</u>	<u>County Total Gross Sales</u>	<u>County Net Taxable Sales</u>
2015	\$ 789,246,993	\$191,306,072
2016	1,211,901,233	222,765,250
2017	887,667,232	224,559,904
2018	873,909,751	220,149,855
2019	861,627,582	224,668,106

Source: South Carolina Department of Revenue.

## Education

According to the U.S. Census Bureau (American Community Survey 5-year Estimates), estimated education attainment for residents of the County over the age of twenty-five (25) in the year 2019 is set forth in the following table.

<u>Educational Attainment</u>	<u>Number</u>	<u>Percentage</u>
High school graduates (includes equivalency)	29,589	76.7%
Some college, or associates degree	2,508	6.5%
Bachelor's degree	4,012	10.4%
Graduate or professional degree	2,508	6.5%

Note: These statistical estimates contain margins of error averaging approximately 1.83%.

*Transportation.* The County is served by three major federal and State highways. It is located approximately 20 miles from U.S. Interstate 20 (a major East-West route); 24 miles from I-485, which connects U.S. Interstate 77 and U.S. Interstate 85; and 27 miles from U.S. Interstate 95 (which extends along the East Coast). Rail freight service is provided mainly by CSX Transportation and Norfolk Southern Corporation. Rail passenger service is available through Amtrak in nearby Hamlet, North Carolina. Nationwide motor freight service is available through approximately 38 motor freight lines regularly serving the area, including six located within the County. Domestic and international airline service is provided by three commercial airports which are located within driving distance: Douglas International in Charlotte, North Carolina; Florence Regional Airport in Florence, South Carolina; and Columbia Metropolitan Airport in Columbia, South Carolina. Two more airports are located within the County and serve smaller aircraft. The Lynch Bellinger Field, located in Cheraw, offers approximately 4,400 feet of lighted runway facilities, and Pageland Municipal Airport offers a 3,400-foot runway. Principal airfreight and express companies such as Federal Express and United Parcel Service offer pickup and delivery service within the County.

*Educational Facilities.* The County is serviced by six institutions of higher education located in the region surrounding the County, the largest being Francis Marion University in Florence, South Carolina with an enrollment of approximately 4,100 students. Other schools in the region include Coker College in Hartsville, South Carolina; the University of South Carolina – Lancaster in Lancaster, South Carolina; Wingate College in Wingate, North Carolina; Pfeiffer College in Misenheimer, North Carolina; and Clemson University in Clemson, South Carolina. Technical colleges in the area include Chesterfield-Marlboro Technical College in Cheraw, South Carolina and Florence-Darlington Technical College in Florence, South Carolina. Both are part of the South Carolina Special Schools Division, which trains employees for new and existing companies at little or no cost to the employer.

*Medical Facilities.* Chesterfield General Hospital is the County's acute primary care facility. The 66-bed hospital provides a high-tech environment for more than 25 doctors and their patients. The hospital offers in-patient and outpatient surgery facilities, an intensive care unit, a cardiac rehabilitation unit, and state-of-the-art diagnostic technology. Other medical facilities within the region include Carolina Pines Hospital in Hartsville, South Carolina,

McLeod Regional Medical Center in Florence, South Carolina, Kershaw County Medical Center in Camden, South Carolina, and Union Regional Medical Center in Monroe, North Carolina.

#### **News Media**

The Link Newspaper, with a circulation of 11,480, is the area's local newspaper. It focuses on social, cultural, and historical features and is published weekly. In addition, The State newspaper published in nearby Columbia is daily with large State-wide circulation.

Television news and other programming are provided by several stations in Columbia, including ABC affiliate WOLO-TV, Fox affiliate WACH-TV, PBS affiliate South Carolina ETV, NBC affiliate WIS-TV, and CBS affiliate WLTX-TV, among others. Cable and satellite television is provided in the Town by several competing providers. There are many radio stations in the Lexington and Columbia area, providing a wide variety of listening choices.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF ALLIGATOR RURAL WATER & SEWER COMPANY, INC.  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

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**Alligator Rural Water and Sewer Company, Inc.**

**Financial Statements  
Year Ended December 31, 2019  
(With Independent Auditor's Report Thereon)**

**Alligator Rural Water and Sewer Company, Inc.**  
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HIGHSMITH & HIGHSMITH, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Member  
South Carolina Association of  
Certified Public Accountants

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Travelers Rest, South Carolina 29690  
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Member  
American Institute of  
Certified Public Accountants

### Independent Auditor's Report

To the Board of Directors  
Alligator Rural Water and Sewer Company, Inc.  
McBee, South Carolina

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Alligator Rural Water and Sewer Company, Inc. as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Alligator Rural Water and Sewer Company, Inc.'s basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Alligator Rural Water and Sewer Company, Inc., as of December 31, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

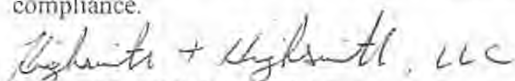
***Other Matters***

***Required Supplementary Information***

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020, on our consideration of the Alligator Rural Water and Sewer Company, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alligator Rural Water and Sewer Company, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alligator Rural Water and Sewer Company, Inc.'s internal control over financial reporting and compliance.

  
Highsmith & Highsmith, LLC  
Travelers Rest, South Carolina

September 28, 2020

Alligator Rural Water and Sewer Company, Inc.

Statement of Net Position  
December 31, 2019

	Water	Sewer	Total
<u>Assets</u>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 5,479	\$ 143,511	\$ 148,990
Cash-restricted	866,906	-	866,906
Accounts receivable, net of allowance of \$20,998	670,706	45,282	715,988
Due from other governments	214,930	220,900	435,830
Inventory	147,800	-	147,800
<b>Total current assets</b>	1,905,821	409,693	2,315,514
<b>Noncurrent Assets</b>			
Note Receivable-related party	209,466	-	209,466
Utility Plant and Equipment, net of accumulated depreciation	38,422,339	3,351,013	41,773,352
<b>Total noncurrent assets</b>	38,631,805	3,351,013	41,982,818
<b>Total assets</b>	\$ 40,537,626	\$ 3,760,706	\$ 44,298,332
<b>Deferred outflows of resources</b>			
	\$ 329,387	10,187	339,574
<b>Total assets and deferred outflows</b>	\$ 40,867,013	\$ 3,770,893	\$ 44,637,906
<u>Liabilities</u>			
<b>Current Liabilities</b>			
Accounts payable	\$ 139,984	65,656	205,640
Accounts Payable-related party	418,596	-	418,596
Bank overdraft protection	493	3,499	3,992
Accrued interest	32,696	19,120	51,816
Current portion of note payable	732,527	415,060	1,147,587
<b>Total current liabilities</b>	1,324,296	503,335	1,827,631
<b>Noncurrent Liabilities</b>			
Long-term debt	23,760,494	2,641,096	26,401,590
Net pension liability	1,047,308	32,391	1,079,699
<b>Total long-term liabilities</b>	24,807,802	2,673,487	27,481,289
<b>Total liabilities</b>	26,132,098	3,176,822	29,308,920
<b>Deferred inflows of resources</b>			
	\$ 115,567	\$ 3,574	\$ 119,141
<b>Total liabilities and deferred inflows</b>	\$ 26,247,665	\$ 3,180,396	\$ 29,428,061
<u>Net Position</u>			
Invested in capital assets, net of related debt	13,929,318	294,857	14,224,175
Restricted	866,906	-	866,906
Unrestricted	(176,876)	295,640	118,764
<b>Total net position</b>	\$ 14,619,348	\$ 590,497	\$ 15,209,845
<b>Total liabilities, deferred inflows and net position.</b>	\$ 40,867,013	\$ 3,770,893	\$ 44,637,906

See accompanying notes to financial statements

Alligator Rural Water and Sewer Company, Inc.

Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2019

	Water	Sewer	Total
<b>Operating Revenues</b>			
Water revenue-wholesale	\$ 2,007,161	\$ -	\$ 2,007,161
Water revenue-customer	1,250,648	-	1,250,648
Sewer revenue	-	616,953	616,953
Penalties and tap fees	66,490	1,191	67,681
Refunds and fees	37,039	-	37,039
Other revenues	103,115	-	103,115
Total operating revenues	<u>3,464,453</u>	<u>618,144</u>	<u>4,082,597</u>
<b>Operating Expenses</b>			
Management fee	1,626,433	46,504	1,672,937
Contract expense	-	217,075	217,075
Office expense	10,698	676	11,374
Billing expense	6,393	-	6,393
Insurance	52,296	-	52,296
Pension expense	47,416	25,778	73,194
Utilities	404,931	30,837	435,768
Telephone	32,629	-	32,629
Repairs and maintenance	156,156	1,122	157,278
Chemicals	34,090	-	34,090
Professional fees	45,605	-	45,605
Fuel	34,508	-	34,508
Bank charges	10,035	508	10,543
Taxes and licenses	1,961	-	1,961
Dues	15,405	1,000	16,405
Training	7,866	900	8,766
Miscellaneous	9,456	-	9,456
Depreciation	1,411,963	76,228	1,488,191
Total operating expenses	<u>3,907,841</u>	<u>400,628</u>	<u>4,308,469</u>
Operating income (loss)	<u>(443,388)</u>	<u>217,516</u>	<u>(225,872)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Other financing sources (uses)	(830,108)	830,108	-
Interest income	3,839	-	3,839
Interest expense	(502,949)	(373,246)	(876,195)
Total nonoperating revenues (expenses)	<u>(1,329,218)</u>	<u>456,862</u>	<u>(872,356)</u>
Income (loss) before contributions	<u>(1,772,606)</u>	<u>674,378</u>	<u>(1,098,228)</u>
Capital contributions	-	-	-
Increase in net position	<u>(1,772,606)</u>	<u>674,378</u>	<u>(1,098,228)</u>
Net position, beginning of year	16,391,954	(83,881)	16,308,073
Net position, end of year	<u>\$ 14,619,348</u>	<u>\$ 590,497</u>	<u>\$ 15,209,845</u>

See accompanying notes to financial statements.

Alligator Rural Water and Sewer Company, Inc.

Statement of Cash Flows  
Year Ended December 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 3,464,453	\$ 618,144	\$ 4,082,597
Cash paid to suppliers of goods and services	(2,143,176)	(698,595)	(2,841,771)
Cash paid to employees	(751,414)	-	(751,414)
Net cash provided (used) by operating activities	<u>569,863</u>	<u>(80,451)</u>	<u>489,412</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Issuance of notes receivable	(101,754)	-	(101,754)
Proceeds from issuance of debt	2,840,333	2,084,347	4,924,680
Principle payments against capital debt	(1,781,583)	(2,000,554)	(3,782,137)
Transfers	(830,108)	830,108	-
Interest paid on capital debt	(493,339)	(354,126)	(847,465)
Net cash used by capital and related financing activities	<u>(366,451)</u>	<u>559,775</u>	<u>193,324</u>
<b>Cash Flows From Investing Activities</b>			
Cash purchase of property, plant and equipment	(313,486)	(540,861)	(854,347)
Interest received	3,839	-	3,839
Net cash provided (used) by investing activities	<u>(309,647)</u>	<u>(540,861)</u>	<u>(850,508)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(106,235)	(61,537)	(167,772)
Cash and Cash Equivalents, beginning of year	978,620	205,048	1,183,668
Cash and Cash Equivalents, end of year	<u>\$ 872,385</u>	<u>\$ 143,511</u>	<u>\$ 1,015,896</u>
<b>Reconciliation to Statement of Net Position</b>			
Cash and cash equivalents	\$ 5,479	\$ 143,511	\$ 148,990
Restricted cash and cash equivalents	866,906	-	866,906
Total cash and cash equivalents, end of year	<u>\$ 872,385</u>	<u>\$ 143,511</u>	<u>\$ 1,015,896</u>

See accompanying notes to financial statements

Alligator Rural Water and Sewer Company, Inc.

Statement of Cash Flows  
Year Ended December 31, 2019

	Water	Sewer	Total
<b>Reconciliation of Operating Income to Net</b>			
<b>Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (443,388)	\$ 217,516	\$ (225,872)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	1,411,963	76,228	1,488,191
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(58,217)	(1,916)	(60,133)
(Increase) decrease in due from other governments	(214,930)	(190,900)	(405,830)
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	(50,242)	(208,613)	(258,855)
Increase (decrease) in accounts payable-related party	(123,664)	-	(123,664)
Increase (decrease) in accrued payroll and related liabilities	-	-	-
Increase (decrease) in bank overdraft protection	(75)	1,456	1,381
Increase (decrease) in net pension liability	138,634	32,391	171,025
Changes in deferred outflows and inflows:			
(Increase) decrease in deferred outflows - pensions	(32,113)	(10,187)	(42,300)
Increase (decrease) in deferred inflows - pensions	(58,105)	3,574	(54,531)
Net cash provided (used) by operating activities	<u>\$ 569,863</u>	<u>\$ (80,451)</u>	<u>\$ 489,412</u>

See accompanying notes to financial statements.

**Alligator Rural Water and Sewer Company, Inc.**

**Notes to Financial Statements  
Year Ended December 31, 2019**

**Note 1 – Description of Entity**

Alligator Rural Water and Sewer Company, Inc. (the "Company") is a non-profit Organization chartered by the State of South Carolina on July 9, 1987. Its principal activities consist of constructing, maintaining, operating, and providing water and sewer distribution and supply facilities to individuals, farms, businesses, corporations, and political subdivisions within its area. The Organization has received 501©(12) tax-exempt status from the Internal Revenue Service. It is governed by an elected board comprised of members of the Water Company.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation and Accounting**

The Company's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Company applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Company has not adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 980, Regulated Operations.

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Company's principal ongoing operations. The principal operating revenues of the Company are charges to customers for water. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**Alligator Rural Water and Sewer Company, Inc.**

**Notes to Financial Statements  
Year Ended December 31, 2019**

**Note 2 – Summary of Significant Accounting Policies, continued**

The accounting and financial reporting treatment applied to the Company is determined by its measurement focus. The transactions of the Company are accounted for on a flow of economic resources measurement

focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets, net of total liabilities) are segregated into “invested in capital assets, net of related debt”; “restricted for debt service”; and “unrestricted” components.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents, for purposes of the statements of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and highly liquid debt instruments with original maturities of three months or less.

The State of South Carolina Statutes permits the Company to invest in certain types of financial instruments. Cash is maintained in demand deposits or savings accounts, certificates of deposits, or money market funds.

**Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents represent a) cash required by loan covenants and b) cash maintained in accordance with resolutions and formal actions of the Company or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the utility systems.

**Accounts Receivable**

Accounts receivable represents volume fees earned, but not yet collected. Cycle billings at the end of the fiscal year are estimated to record revenues earned through yearend. The Company’s management has not provided an allowance for estimated uncollectible accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding and deemed uncollectible after management has used reasonable collection efforts are written-off directly as an expense.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies, continued

**Inventory**

Inventory, valued at the lower of cost or market using the first-in, first-out method, consists of materials and supplies for water treatment and repair.

**Utility Plant and Equipment**

Utility, plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Property, plant and equipment is defined by the Company as assets with an initial individual cost of more than \$1,000 or renewal and replacement cost of a component of existing assets with a cost of more than \$1,000. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value, if available, or at engineers' estimated fair market value or cost to construct at the date of the contribution. Internal engineering costs are capitalized to the extent of direct support and contribution to construction and expansion projects. Costs of studies that directly result in specific construction projects are capitalized.

Maintenance and repairs, which do not significantly extend value or life of property, plant and equipment, are expensed as incurred.

Assets are depreciated on the straight-line method. Depreciation is calculated using the following estimated useful lives:

Water lines, tanks, etc.	50 years
Buildings	39 years
Equipment	10 years
Vehicles	5 years
Computers	5 years

**Long-term Obligations and Costs**

Long-term obligations are reported at face value. There are no applicable premiums or discounts.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Company currently has one type of deferred outflows of resources: The Company reports deferred pension charges in connection with its participation in the South Carolina Retirement System. The deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies, continued

Deferred Outflows/Inflows of Resources, continued

periods in accordance with GAAP.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Company currently has one type of deferred inflows of resources: The Company reports deferred pension credits in connection with its participation in the South Carolina Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

Compensation for Future Absences

Accumulated vacation pay eligible to be paid to employees is recorded as an expense and liability as the benefits are earned.

Claims and Judgments

These obligations are recorded on the accrual basis when the event occurs and the obligation arises.

Revenues and Rate Structure

Revenues from water services are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs and capital outlay.

The Company has a monthly billing cycle.

Water billing rates for a standard 3/4" tap are as follows:

Effective January 7, 2016		
0 - 2,000 gallons consumed (minimum charge)	\$	30.00
Each additional 1,000 gallons	\$	10.25

Operating revenues are those revenues that are generated directly from the primary activity of the Company.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies, continued

**Capital Contributions**

Contributions are recognized in the statements of revenues, expenses and changes in net position when earned. Contributions include developer-contributed water systems.

**Special and Extraordinary Items**

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net position.

**Pensions**

The Company recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Company's proportionate share thereof in the case of cost-sharing multiple-employer plan, measured as of the Company's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**Net Position**

Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: invested in capital assets, net of related debt; restricted for debt service; and unrestricted net position. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted for capital activity and debt service consists of net position for which a constraint is placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net positions not included in the above categories.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies, continued

Net Position, continued

The Company uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources.

Budget and Budgeting

The Company employs budget integration as a management control device. Annual budgets are formally adopted by the Board of Directors and are used as a management tool and are not a legal requirement.

Note 3 - Deposits

*Custodial credit risk – deposits.* Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Company will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2019, none of the Company's bank balances were exposed to custodial credit risk.

The Company has not formally adopted a policy governing deposits and investments.

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Company has the following recurring fair value measurements as of December 31, 2019:

- Certificate of deposits of \$866,906 are valued using quoted market prices (Level 1 inputs)

Note 4 – Restricted Assets

Notes payable to U.S. Department of Agriculture (USDA) require a certain level of cash in a separate account. The Company's Board of Directors has imposed restrictions on the use of certain cash and cash equivalents. At December 31, 2019, the USDA restricted cash balance was \$866,906.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

**Note 5 – Utility Plant and Equipment**

Capital asset activity during the year ended December 31, 2019 was as follows:

Water System:

	December 31, 2018	Additions	Transfers and Disposals	December 31, 2019
Capital assets not being depreciated:				
Land	\$ 263,661	\$ 32,859	\$ -	\$ 296,520
	<u>263,661</u>	<u>32,859</u>	<u>-</u>	<u>296,520</u>
Capital assets being depreciated:				
Water system	50,870,797	260,427	-	51,131,224
Building	423,444	-	-	423,444
Equipment	1,098,349	52,059	-	1,150,408
Computers	64,824	-	-	64,824
Furniture and fixtures	125,524	-	-	125,524
Other capital assets	177,391	-	-	177,391
Total capital assets being depreciated	52,760,329	312,486	-	53,072,815
Accumulated depreciation	(13,535,033)	(1,411,963)	-	(14,946,996)
Net capital assets being depreciated	39,225,296	\$ (1,099,477)	\$ -	\$ 38,125,819
Total capital assets	\$ 39,488,957	(1,066,618)	-	38,422,339

Depreciation expense for the Water System for the year ended December 31, 2019 was \$1,411,963.

Sewer System:

	December 31, 2018	Additions	Transfers and Disposals	December 31, 2019
Capital assets not being depreciated:				
Land	\$ 429,340	\$ -	\$ -	\$ 429,340
	<u>429,340</u>	<u>-</u>	<u>-</u>	<u>429,340</u>
Capital assets being depreciated:				
Sewer system	3,382,044	521,862	-	3,903,906
Equipment	249,611	18,999	-	268,610
Total capital assets being depreciated	3,631,655	540,861	-	4,172,516
Accumulated depreciation	(1,174,615)	(76,228)	-	(1,250,843)
Net capital assets being depreciated	2,457,040	\$ 464,633	\$ -	\$ 2,921,673
Total capital assets	\$ 2,886,380	464,633	-	3,351,013

Depreciation expense for the Sewer System for the year ended December 31, 2019 was \$76,228.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 6 – Long-Term Debt

Water System:

The Company is indebted on a loan from RECD to finance the construction of additional waterlines and a new office building under Phase VI and VII. The amount financed was \$1,917,580 and interest is being charged at 4.375%. The loan is collateralized by an additional lien on the water system. The monthly payment is \$8,927. The balance at December 31, 2019 was \$1,582,679.

The Company is indebted on a loan from RECD to finance an expansion of the water system under Phase VIII. The amount financed was \$3,504,000 and interest is being charged at 4.125%. The monthly payment is \$13,746 through 2048. The loan is collateralized by an additional lien on the water system. The balance at December 31, 2019 was \$2,739,761.

The Company is indebted on a loan from RECD to finance water system expansion. The amount financed was \$2,784,000 and interest is being charged at 4.125%. The monthly payment is \$12,000 through 2047. The loan is collateralized by an additional lien on the water system. The balance at December 31, 2019 was \$2,351,412.

The Company is indebted on a loan from RECD to finance water system expansion. The amount financed was \$720,000 and interest is being charged at 4.125%. The monthly payment is \$3,104 through 2047. The loan is collateralized by an additional lien on the water system. The balance at December 31, 2019 was \$608,026.

The Company is indebted on a loan from RECD. The amount financed was \$216,000 and interest is being charged at 4.375%. The monthly payment is \$955 through 2049. The balance at December 31, 2019 was \$188,317.

The Company is indebted on a loan from RECD. The amount financed was \$177,000 and interest is being charged at 2.75%. The monthly payment is \$609 through 2049. The balance at December 31, 2019 was \$146,447.

The Company is indebted on a loan from RECD to finance an additional Phase. The amount financed was \$4,551,000 and interest is being charged at 2.375%. The monthly payment is \$15,201 through 2050. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$3,883,099.

The Company is indebted on a loan from RECD to finance an additional Phase. The amount financed was \$4,869,000 and interest is being charged at 2.5%. The monthly payment is \$16,555 through 2051. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$4,296,928.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 6 – Long-Term Debt, continued

Water System, continued

The Company is indebted on a loan from RECD to finance an additional Phase. The amount financed was \$431,000 and interest is being charged at 2.25%. The monthly payment is \$1,410 through 2051. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$377,597.

The Company is indebted on a loan from CAT Financial to purchase equipment. The monthly payment is \$1,890 through 2051 and interest is being charged at a rate of less than 1%. The loan is collateralized by equipment. The balance at December 31, 2019 was \$85,037.

The Company is indebted to Mutual Savings Bank. The amount financed was \$1,880,030. The monthly payment is \$8,471 through 2058 and interest is being charged at 4.5%. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$1,808,688 of which \$475,883 was reported in the Water System and \$1,332,865 was reported in the Sewer System.

The Company is indebted to Mutual Savings Bank. The amount financed was \$7,371,453. The monthly payment is \$22,226 and interest is being charged at 4.5%. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$7,371,453.

The Company is indebted on a loan from CAT Financial to purchase equipment. The monthly payment is \$2,278 through 2024 and interest is being charged at a rate of .29%. The loan is collateralized by equipment. The balance at December 31, 2019 was \$118,173.

The Company is indebted to Mutual Savings Bank for improvements to the system. The amount financed was \$1,019,755. The monthly payment is \$42,888 and interest is being charged at less than 1%. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$1,019,756 of which \$268,274 was reported in the Water System and \$751,482 was reported in the Sewer System.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 6 – Long-Term Debt, continued

Water System, continued

The loan activity is as follows:

Loan Number	Balance at January 1, 2019	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
21	\$ 1,619,676	\$ -	\$ (37,002)	\$ 1,582,674	\$ 38,651
27	2,790,560	-	(50,799)	2,739,761	52,930
23	2,397,386	-	(45,974)	2,351,412	47,903
25	619,926	-	(11,900)	608,026	12,929
29	191,463	-	(3,146)	188,317	3,883
33	149,679	-	(3,232)	146,447	3,322
39	4,386,944	-	(90,016)	4,296,928	92,290
40	385,920	-	(8,323)	377,597	8,511
35	3,972,141	-	(89,042)	3,883,099	91,177
Mutual savings: 4562	4,932,834	2,438,619	-	7,371,453	59,109
Mutual savings: 4026	1,880,030	-	(1,404,207)	475,823	4,552
CAT Dozer	107,712	-	(22,675)	85,037	22,676
CAT Skid Steer	-	133,440	(15,267)	118,173	26,320
Mutual savings: 6385	-	268,274	-	268,274	268,274
	<u>\$ 23,434,271</u>	<u>\$ 2,840,333</u>	<u>\$ (1,781,583)</u>	<u>\$ 24,493,021</u>	<u>\$ 732,527</u>

Annual maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 732,527	\$ 873,380	\$ 1,605,907
2021	482,804	829,705	1,312,509
2022	498,461	814,302	1,312,763
2023	508,765	798,328	1,307,093
2024	492,340	781,798	1,274,138
Thereafter	21,778,124	12,698,802	34,476,926
	<u>\$ 24,493,021</u>	<u>\$ 16,796,315</u>	<u>\$ 41,289,336</u>

**Alligator Rural Water and Sewer Company, Inc.**

**Notes to Financial Statements  
Year Ended December 31, 2019**

**Note 6 – Long-Term Debt, continued**

Sewer System:

The Company is indebted to Mutual Savings Bank for improvements to the system. The amount financed was \$1,880,030. The monthly payment is \$33,399 and interest is being charged at 4.5% through 2058. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$1,808,688 of which \$475,823 was reported in the Water System and \$1,332,865 was reported in the Sewer System.

The Company is indebted to Mutual Savings Bank. The amount financed was \$150,000. The monthly payment is \$2,675 and interest is being charged at 5.0% through 2023. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$115,653.

The Company is indebted to Mutual Savings Bank for improvements to the system. The amount financed was \$1,019,755. The monthly payment is \$42,888 and interest is being charged at 4.5%. The loan is collateralized by a lien on the water system. The balance at December 31, 2019 was \$1,019,756 of which \$268,274 was reported in the Water System and \$751,482 was reported in the Sewer System.

The Company is indebted to Pee Dee Electric from Rural Development for the use of providing equipment and working capital. The amount financed was \$1,000,000. The monthly payment is \$8,334 through 2025. The loan calls for a monthly service charge of \$833. The service charge may not exceed 1% of the loan amount. The balance at December 31, 2019 was \$658,306.

The loan activity is as follows:

<u>Loan Number</u>	<u>Balance at January 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
Pee Dee Electric	\$ 758,314	\$ -	\$ (100,008)	\$ 658,306	\$ 100,008
Pee Dee Electric	227,850	-	(30,000)	197,850	30,000
Mutual savings: 4562	1,747,056	-	(1,747,056)	-	-
Mutual savings: 4364	142,260	-	(26,607)	115,653	26,607
Mutual savings: 4885	96,883	-	(96,883)	-	-
Mutual savings: 4026	-	1,332,865	-	1,332,865	12,750
Mutual savings: 6385	-	751,482	-	751,482	245,695
	<u>\$ 2,972,363</u>	<u>\$ 2,084,347</u>	<u>\$ (2,000,554)</u>	<u>\$ 3,056,156</u>	<u>\$ 415,060</u>

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 6 – Long-Term Debt, continued

Sewer System:

Annual maturities are as follows:

		<u>Principal</u>		<u>Interest</u>		<u>Totals</u>
2020	\$	415,060	\$	107,633	\$	522,693
2021		149,485		98,671		248,156
2022		150,380		97,777		248,157
2023		151,316		96,841		248,157
2024		152,295		95,862		248,157
Thereafter		2,064,227		1,808,189		3,872,416
	\$	<u>3,082,763</u>	\$	<u>2,304,973</u>	\$	<u>5,387,736</u>

Note 7 – Member Deposits

The Company collects deposits for renter’s water accounts in advance from customers. The deposits are refundable. The amount of deposits at December 31, 2019 was \$400.

Note 8 – Pension Plan Obligation

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

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

**Note 8 – Pension Plan Obligation, continued**

incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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

**Plan Description**

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

**Membership**

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

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

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 8 – Pension Plan Obligation, continued

**Benefits**

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

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

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

**Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 8 – Pension Plan Obligation, continued

**Contributions, continued**

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates (1) are as follows:

	Fiscal Year 2020	Fiscal Year 2019
<b>SCRS</b>		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%

Required employer contributions rates (1) are as follows:

	Fiscal Year 2020	Fiscal Year 2019
<b>SCRS</b>		
Employer Class Two	15.41%	14.41%
Employer Class Three	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%

- (1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
- (2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 8 – Pension Plan Obligation, continued

**Net Pension Liability**

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. Net pension liability totals, as of June 30, 2019, for SCRS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

**Actuarial Assumptions**

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 8 – Pension Plan Obligation, continued

Actuarial Assumptions, continued

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2019 valuations for SCRS.

	SCRS
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return (1)	7.25%
Projected salary increases (1)	3.0% to 12.5% (varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually

(1) Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2019, total pension liability are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

**Long-Term Expected Rate of Return**

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

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 8 – Pension Plan Obligation, continued

Long-Term Expected Rate of Return, continued

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Global Equity	<b>51.0%</b>		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	<b>12.0%</b>		
Real estate (Private)	8.0%	5.59%	0.45%
Real estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
			7.66%

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 8 – Pension Plan Obligation, continued

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 1,360,194	\$ 1,079,699	\$ 845,609

**Net Pension Liability**

At December 31, 2019, the Company reported a net pension liability of \$1,079,699 for its proportionate share of the SCRS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Company's proportionate share of the net pension liabilities was based on a projection of the Company's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2019, the Company's proportionate share of the SCRS plan was .004728 percent.

**Pension Expense**

For the year ended December 31, 2019, the Company recognized pension expense for the SCRS plan of \$203,686.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2019, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Alligator Rural Water and Sewer Company, Inc.**

**Notes to Financial Statements  
Year Ended December 31, 2019**

**Note 8 – Pension Plan Obligation, continued**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued**

For the SCRS plan, there were total deferred outflows of resources of \$339,574 consisting of differences between expected and actual experience of \$22,499, the net difference between projected and actual earnings on pension plan investments of \$33,844, changes in proportion and differences between employer contributions and proportionate share of contributions of \$225,438, and Company contributions subsequent to the measurement date of \$57,793. There were deferred inflows of resources of \$119,141 for the SCRS plan consisting of differences between expected and actual experience.

The \$57,793 reported as deferred outflows of resources resulting from the Company’s contributions subsequent to the measurement date for the SCRS plan during the year ended December 31, 2019 will be recognized as a reduction of the net pension liabilities in the year ending December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS plan:

For the SCRS plan, \$44,673 will be recognized for the year 2020; \$72,896 for year 2021; \$40,479 for year 2022. For fiscal year 2023 \$4,592 will be recognized.

**Covered Payroll and Contributions**

The payroll for Company employees covered by the SCRS totaled \$751,414 and \$751,136 for the years ended December 31, 2019 and 2018, respectively.

The Company’s contributions to SCRS are summarized as follows:

Year Ended	Employer		Employee	
	Percent	SCRS	Percent	SCRS
December 31, 2019	100%	\$ 112,030	100%	\$ 51,152
December 31, 2018	100%	\$ 104,483	100%	\$ 45,962
December 31, 2017	100%	\$ 104,764	100%	\$ 42,729

**Alligator Rural Water and Sewer Company, Inc.**

**Notes to Financial Statements  
Year Ended December 31, 2019**

**Note 9 – Related Party Transactions**

The Company has a Management Agreement with Odom & Associates, Inc., a related party. Odom and Associates, Inc. is to provide management and personnel, provide compliance reporting for all Rural Development notes payable and DHEC regulations, and to provide for the operation of the water and sewer systems. The agreement calls for monthly payments of \$60,000 adjusted based upon the volume of water and sewer handled by Odom & Associates, Inc. above 600 million gallons per year of water and 40 million gallons per year of sewage. The base management fee will be increased by forty percent of sales revenue on water sales in excess of 600 million gallons per year and increased by twenty-five percent of revenues for transporting sewage in excess of 40 million gallons per year. The term of the agreement is for 25 years and is renewable by either party.

Management fees paid for the year ended December 31, 2019 are as follows:

Water System	\$ 1,626,433
Sewer System	<u>\$ 46,504</u>
	<u>\$ 1,672,937</u>

At December 31, 2019, the Company had the following receivable and payable balances with Odom & Associates, Inc.:

Notes Receivable	\$ 209,466
Accounts payable related party	\$ 418,596

**Note 10 – Risk Management**

The Company is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To insure against casualty risks, the Company obtains insurance from commercial insurance carriers for errors and omissions, and physical property loss and natural disasters to its buildings and pump stations. The Company self-insures its water mains and tanks.

The Company acquires insurance from commercial insurance carriers for job-related injury and illness (worker's compensation) to its employees, medical insurance encompassing health, dental, life and other medical benefits to employees and their dependents.

During December 31, 2019, the Company did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for unasserted claims is necessary.

Alligator Rural Water and Sewer Company, Inc.

Notes to Financial Statements  
Year Ended December 31, 2019

Note 11 – Subsequent Events

Subsequent events have been evaluated through September 28, 2020, which is the date the financial statements were available to be issued.

**Alligator Rural Water and Sewer Company, Inc.**

**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios**  
**Year Ended December 31, 2019**

Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
December 31, 2019	0.004728%	\$ 1,079,699	\$ 751,414	143.69%	54.40%
December 31, 2018	0.004055%	\$ 676,924	\$ 751,136	110.96%	53.30%
December 31, 2017	0.003007%	\$ 676,924	\$ 844,188	124.71%	53.30%
December 31, 2016	0.004714%	\$ 1,006,903	\$ 981,433	97.47%	57.00%
December 31, 2015	0.0030870%	\$ 533,698	\$ 433,640	81.25%	59.90%

*Schedule is intended to show information for 10 years. Additional information will be displayed as they become available.*

Alligator Rural Water and Sewer Company, Inc.

Schedule of Employer Contributions  
Year Ended December 31, 2019

	2019	2018	2017	2016	2015
SCRS					
Contractually required contribution	\$ 112,030	\$ 104,483	\$ 104,764	\$ 109,528	\$ 46,963
Contributions in relation to the contractually required contribution	112,030	104,483	104,764	109,528	46,963
Contributions deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 751,414	\$ 751,136	\$ 844,188	\$ 981,433	\$ 433,640
Contributions as a percentage of covered payroll	14.91%	13.91%	12.41%	11.16%	10.83%

*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**Alligator Rural Water and Sewer Company, Inc.**

**Notes to Required Supplementary Information  
Year Ended December 31, 2019**

The following table provides a summary for the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the SCRS plan:

	SCRS
Valuation date	July 1, 2017
Actuarial cost method	Entry age normal
Asset valuation method	5-year smoothed
Amortization method	Level % of pay
Remaining amortization period	30-year maximum, closed period
Investment return	7.25%
Inflation rate	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.
Comment on the development of the actuarially determined and actual contribution rate	Contribution rate for fiscal year 2019 is determined in accordance with the Retirement System Funding and Administration Act of 2017.



HIGHSMITH & HIGHSMITH, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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South Carolina Association of  
Certified Public Accountants

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Member  
American Institute of  
Certified Public Accountants

**Independent Auditor's Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of Financial Statements Performed In  
Accordance With *Government Auditing Standards***

To the Board of Directors  
Alligator Rural Water and Sewer Company, Inc.  
McBee, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alligator Rural Water and Sewer Company, Inc. (the "Company", as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements and have issued our report thereon dated September 28, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

### **Compliance and Other Matters**

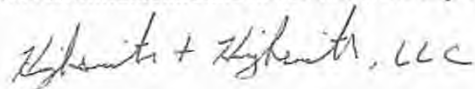
As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Alligator Rural Water and Sewer Company, Inc.'s Response to Findings**

The Company's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Company's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Highsmith & Highsmith, LLC  
Travelers Rest, South Carolina

September 28, 2020

Alligator Rural Water and Sewer Company, Inc.

Schedule of Findings and Responses  
Year Ended December 31, 2019

Section I – Findings – 2019 Financial Statement Audit

**Significant Deficiency**

None

**Material Weakness**

None

**Alligator Rural Water and Sewer Company, Inc.**

**Schedule of Prior Year Audit Findings  
Year Ended December 31, 2019**

**Significant Deficiency**

None

**Material Weakness**

None

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**APPENDIX C**

**FORMS OF THE PRINCIPAL DOCUMENTS**

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INDENTURE OF TRUST

between

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of May 1, 2021

Relating to the Issuance of

\$26,795,000

South Carolina Jobs-Economic Development Authority  
Economic Development Revenue Bonds  
(Alligator Rural Water & Sewer Company, Inc. Project)  
Series 2021

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Exhibit A - Form of the Bonds

Exhibit B - Instructions for Refunding Refunded Loans

Exhibit C - Refunded Loans

TRUST INDENTURE

**THIS INDENTURE OF TRUST** (this "Indenture") is dated as of May 1, 2021, and is made and entered into by and between the **SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic and an agency of the State of South Carolina (the "Issuer"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as Trustee (the "Trustee")

RECITALS

**WHEREAS**, the Issuer, acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to utilize any of its programme funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act, and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State of South Carolina, and

**WHEREAS**, the Issuer is further authorized by Section 41-43-110 of the Act to issue revenue bonds payable by the Issuer solely from a revenue-producing source and secured by a pledge of said revenues in order to provide funds for any purpose authorized by the Act, and

**WHEREAS**, in furtherance of the purposes of the Act and in order to promote the prosperity, health, safety, and welfare of the citizens of the State of South Carolina, the Issuer has established a loan program to refinance a portion of the costs of acquiring, constructing, furnishing, and equipping improvements to the water treatment and distribution system and wastewater collection (the "System") of Alligator Rural Water & Sewer Company, Inc (the "Borrower") located in Chesterfield County, South Carolina, by refunding all or a portion of the Borrower's outstanding USDA Rural Development Loans (the "RD Loans"), which were incurred by the Borrower for the purpose of financing a portion of the costs of acquisition, construction, improvement, and renovation of the System, to achieve debt service savings, pursuant to a Loan Agreement, dated as of the date hereof (the "Loan Agreement"), by and between the Issuer and the Borrower, and

**WHEREAS**, pursuant to and in accordance with the Act, particularly Section 41-43-110 thereof, the Issuer has authorized and undertaken to issue its \$26,795,000 aggregate principal amount Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc Project) Series 2021 (the "Bonds"), pursuant to a Bond Resolution adopted by the Board of Directors of the Issuer and this Indenture in order to provide funds for refinancing the costs of the System, and

**WHEREAS**, pursuant to the Loan Agreement, the Borrower is required to make loan payments sufficient to pay when due the principal of and premium, if any, and interest on, the

Bonds and related fees, costs, and expenses and thereby provide a revenue source with which to pay the Bonds, and

**WHEREAS**, the Trustee has the power to enter into this Indenture and to execute the trusts hereby created and has accepted the trusts so created and an evidence thereof has joined in the execution hereof, and

**WHEREAS**, all things necessary to make the Bonds, when issued, executed and delivered by the Issuer and authenticated by the Trustee, to the extent required pursuant to this Indenture, the valid, binding, and legal limited obligations of the Issuer, and to constitute this Indenture as a valid assignment and pledge of the revenues hereon pledged to the payment of the principal of, redemption premium, if any, and interest on the Bonds and a valid assignment and pledge of certain rights of the Issuer has been done and performed, and the creation, execution and delivery of this Indenture, and the execution, issuance, and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized,

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that to secure the payment of principal of, redemption premium, if any, and interest on the Bonds according to their true intent and meaning, and all other amounts due from time to time under this Indenture, including those due to the Trustee, to secure the performance and observance of all of the covenants, agreements, obligations, and conditions contained in the Bonds and in this Indenture, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured, and enforced and in consideration of the premises and the acceptance by the Trustee of the trusts created hereon and of the purchase and acceptance of the Bonds by the Bondholders (as defined hereon) and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer has executed and delivered this Indenture and absolutely and irrevocably pledges and assigns to the Trustee, and to its successors in trust, on the basis set forth herein, and its and their assigns, all right, title, and interest of the Issuer in and to the Trust Estate as defined in Article I.

**TO HAVE AND TO HOLD** unto the Trustee and its successors in trust and its and their assigns forever,

**BUT IN TRUST, NEVERTHELESS**, and subject to the provisions hereof:

- (a) for the equal and proportionate benefit, security, and protection of all Bonds,
- (b) for the enforcement of the payment of the principal of, redemption premium, if any, and interest on the Bonds, and all other amounts due from time to time under this Indenture, including those due to the Trustee, when payable, according to the true intent and meaning thereof and of this Indenture, and
- (c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms, and conditions of this Indenture and the other Bond Documents (as defined hereon), in each case, without preference, priority, or distinction, as to lien or otherwise except as provided hereon, of any one Bond over any

2

other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery, or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien, and privilege under this Indenture and shall be secured equally and proportionately by this Indenture; it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale, or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold, and delivered to purchasers for value, provided, however, that, upon satisfaction of and in accordance with the provisions of Article VII, the rights assigned hereby shall cease, determine, and be void to the extent described therein, otherwise, such rights shall be and remain in full force and effect.

**IT IS DECLARED** that all Bonds issued under and secured by this Indenture are to be issued, authenticated, and delivered, and that all Revenues (as herein defined) assigned or pledged hereby are to be dealt with and disposed of under, upon, and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses, and purposes provided in this Indenture, and the Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Bondholders, as follows:

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

**SECTION 1.1. Definitions.** Certain terms used in this Indenture and in the other Bond Documents are defined in this Section or are defined by reference to one of the other Bond Documents; and when and if used hereon, such terms shall have the meanings given to them by the language employed in this Section defining such terms or by the language employed in such other Bond Document defining such terms, unless the context clearly indicates otherwise.

**"Act"** means the South Carolina Jobs-Economic Development Fund Act (codified as Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended) and all other statutory authorizations, now or hereinafter enacted, authorizing the Issuer to provide for the issuance of Bonds.

**"Act of Bankruptcy"** means the filing of a petition in bankruptcy under the Bankruptcy Code, or the commencement of a proceeding under any other applicable law concerning insolvency, reorganization or bankruptcy, by or against the Issuer or the Borrower, as debtor.

**"Additions"** means any and all alterations, additions, extensions, accessions, betterments and improvements to the Property (or any portion thereof), substitutions therefor, and renewals and replacements thereof.

**"Administration Expenses"** means compensation, indemnities and reimbursement of fees, expenses and advances payable to the Issuer, the Trustee, the Paying Agent, and the Registrar, all as described in Article VII of the Loan Agreement.

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"Agency Obligations" means obligations issued by the following agencies that are backed by the full faith and credit of the United States of America: (i) *U.S. Export-Import Bank* (Eximbank) (direct obligations or fully guaranteed certificates of beneficial ownership), (ii) *Farmers Home Administration* (FmHA), (iii) *Federal Financing Bank*, (iv) *General Services Administration* (participation certificates), (v) *U.S. Maritime Administration* (guaranteed Title XI financing), and (vi) *U.S. Department of Housing and Urban Development* (HUD) (Project Notes), Local Authority Bonds, New Communities Debentures — U.S. government-guaranteed debentures, U.S. Public Housing Notes and Bonds — U.S. government-guaranteed public housing notes and bonds).

"Authorized Borrower Representative" means the President of the Borrower or such other person at the time designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by its President. Such certificate may designate an alternate or alternates.

"Authorized Denomination" means \$5,000 and any integral multiple thereof.

"Authorized Issuer Representative" means the Chairman, the Vice Chairman, or the Executive Director of the Issuer or such person at the time designated to act on behalf of the Issuer by written certificate furnished to the Borrower and the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Chairman or the Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. 101 *et seq.* and all future acts supplemental thereto or amendatory thereof.

"Bond Counsel" means Howell Linkous & Nettles, LLC and any other Independent Counsel that regularly renders opinions with general acceptance in the municipal bond market that is familiar with the transactions contemplated under this Indenture and that is approved by the Issuer. Unless specifically otherwise provided, any opinion of Bond Counsel or other Independent Counsel required by any of the Bond Documents shall be in writing.

"Bond Documents" means and includes (without limitation) the Bonds, the Bond Purchase Agreement, this Indenture, the Loan Agreement, the Security Agreement, the Continuing Disclosure Undertaking, and any and all other documents which the Issuer, the Borrower, or any other party or parties or their representatives have executed and delivered, or may hereafter execute and deliver, in evidence or secure the Issuer's Obligations or the Borrower's Obligations, or any part thereof, or in connection therewith, together with any and all Supplements thereto.

"Bond Fund" means the Bond Fund created in Section 4.1.

"Bond Payment Date" means any Interest Payment Date, Sinking Fund Installment Date, and any other date on which the principal of, premium (if any) or interest on the Bonds is to be

paid to the Owners thereof (whether at maturity thereof, or by acceleration of maturity or after notice of redemption or prepayment or otherwise).

"Bond Purchase Agreement" means the Bond Purchase Agreement dated May 18, 2021, among the Issuer, the Borrower, and the Underwriter, with respect to the Bonds.

"Bonds" means the Issuer's \$26,795,000 Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project) Series 2021 issued pursuant to this Indenture.

"Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book-entry and (ii) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as holder, with the physical bond certificates "immobilized" in the custody of the Depository or the Trustee on behalf of the Depository.

"Borrower" means Alligator Rural Water & Sewer Company, Inc., a South Carolina non-profit corporation, its successors and assigns.

"Borrower's Obligations" means the obligations of the Borrower under the Bond Documents to (a) pay the principal of, premium (if any), and interest on the Loan as required by Section 3.3 of the Loan Agreement, when and as the same become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of redemption or prepayment or otherwise), (b) pay all other payments required by the Bond Documents to be paid by the Borrower to the Issuer, to the Trustee, or to others, when and as the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by any of the Bond Documents to perform or observe.

"Business Day" or "business day" means any day other than a day on which either (a) banks located in each of the cities in which the Principal Office of the Trustee and the Paying Agent is located are required or authorized by law or executive order to close for business, (b) The New York Stock Exchange is closed, or (c) a Saturday, a Sunday, or a legal holiday in the State of South Carolina.

"Chairman" means the Chairman of the Board of Directors of the Issuer or such other person or office to which the principal functions of the Chairman may be transferred.

"Closing Date" means May 26, 2021, the date of the issuance and initial delivery of fully executed and authenticated Bonds to the Underwriter.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations in effect with respect thereto.

"Collateral" means all of the personal property, equipment, fixtures, System Revenues, fees, charges, assessments, all income from whatever source derived, accounts receivable, and other choses in action of whatever nature in connection with the operation of the System

"Collateral Locations" means the address where the Collateral is located

"Consultant" shall mean any consultant, architect, consulting engineer, architectural firm, accountant, economist, appraiser, financial advisory or investment banking firm, or other expert, or firm of such experts, qualified for work of the character required, as determined by an Authorized Borrower Representative, and retained by the Borrower to perform acts and carry out the duties provided for such consultant in this Indenture.

"Costs of Issuance" means all fees, costs, and expenses incurred in connection with the issuance of the Bonds

"Depository" means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in municipal bonds, and to effect transfers of municipal bonds in Book-Entry Form, and includes and means initially The Depository Trust Company, New York, New York.

"Encumbrance" means any mortgage, pledge, lien, security interest, charge or other encumbrance.

"Event of Default" means, when used in or with respect to any Bond Document, any event therein listed and expressly identified as such.

"Executive Director" means the Executive Director of the Issuer or such other person or office to which the principal functions of the chief administrative officer and secretary of the Issuer may be transferred.

"Expenses of Operating and Maintaining the System" means the current expenses, paid or accrued, of operation, maintenance, and current repair of the System, as calculated in accordance with generally accepted accounting principles and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, cost of water, cost of water treatment, cost of sewer treatment, costs of power, cost of gas, cost of routine repairs, renewals, replacements, and alterations occurring in the usual course of business, the costs of billings and collections, cost of insurance, cost of audits, taxes, if any, a properly allocable share of the Borrower's administrative and overhead expenses, any Trustee, fiduciary, or custodian fees and expenses, and all other reasonable and necessary costs of the Borrower or charges required to be paid by the Borrower in order to comply with the terms hereof, but excluding in all cases depreciation, renewals, replacement, and obsolescence charges or reserves therefor, any principal or interest payment in respect of Indebtedness including the Bonds, any costs of issuance relating to any Indebtedness including the Bonds, amortization or intangibles, any non-cash unfunded OPEB obligations, and any Expenses of Operating and Maintaining the

System payable from money other than System Revenues.

"Extraordinary Redemption Event" has the meaning given that term in Section 3.1(b).

"Fiscal Year" shall mean the period of twelve (12) calendar months, beginning on the first day of January of each year and ending with the 31st day of December of the same year, until changed to a different twelve-month period by resolution of the Borrower.

"Government Obligations" means direct obligations of, or obligations the full and timely payment of the principal of and interest on, which are unconditionally guaranteed by, the United States of America.

"Governmental Authority" means any federal, state or local governmental or quasi-governmental entity, including without limitation, any court, department, commission, board, bureau, agency, administration, service or other instrumentality of any governmental entity.

"Governmental Requirements" means all laws, ordinances, orders, rules or regulations of all Governmental Authorities, including, without limitation, laws, ordinances, orders, rules and regulations relating to public disclosures, zoning, certificates of need, licenses, permits, subdivision, building, safety, health, fire protection or environmental matters.

"Indebtedness" shall mean any obligation of the Borrower for borrowed money with an initial term in excess of twelve (12) months and not offset by receipts from any other person.

"Indenture" means this Indenture of Trust, together with any and all Supplements hereto.

"Independent Accountant" means an Independent Person engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State and in fact independent, designated in writing by the Borrower and qualified to pass upon those matters required by the Bond Documents to be passed upon by an Independent Accountant.

"Independent Counsel" means an Independent Person duly admitted to practice law before the highest court of the State.

"Independent Engineer" means an Independent Person registered and qualified to practice the profession of engineering under the laws of the State.

"Independent Person" means a person designated by the Borrower and not a member, officer, employee, or affiliate of the Borrower.

"Interest Account" means the Interest Account created within the Bond Fund pursuant to Section 4.1.

"Interest Payment Date" means the March 15 and September 15 of each year, beginning on March 15, 2022, and continuing until there are no Bonds Outstanding.

"Notes" means Indebtedness that has a maturity of one year or less from their date of original incurrence.

"Official Statement" means the Official Statement, dated May 18, 2021, prepared by the Borrower with respect to the sale of the Bonds.

"Outstanding" or "outstanding" means, (a) when used in reference to the Bonds as of any given date, all Bonds that have been duly authenticated and delivered by the Trustee under this Indenture except:

(i) Bonds which have been cancelled by the Trustee at or prior to such date or which have been delivered to the Trustee at or prior to such date for cancellation;

(ii) Bonds deemed to be paid in accordance with Article III or Article VII, and

(iii) Bonds in lieu of which other Bonds have been authenticated under Section 2.9;

and (b) when used in reference to any other Indebtedness as of any given date, all Indebtedness on which there remains unpaid principal or interest.

"Owner" or "Owners" or "Owner of Bonds" or "Owners of Bonds" means the person or persons in whose name any Bond is registered on the books of the Issuer maintained by the Registrar.

"Paying Agent" means the Trustee, or any successor Paying Agent appointed under this Indenture.

"Permits" means and includes, collectively any and all operating, permits, licenses, franchises, certificates, consents, and other authorizations and approvals by any Governmental Authority, now or hereafter existing with respect to the acquisition, letting, ownership, and/or operation of the System.

"Permitted Encumbrances" means, as of any particular time, (a) utility access and other restrictions and exceptions that will not materially interfere with or impair the operations being conducted, or contemplated to be conducted, on the System, and (b) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the System and as do not in the opinion of an Independent Engineer, materially impair the portion of the System affected thereby for the purposes for which that portion of the System was acquired or is held by the Borrower, (c) encumbrances permitted by the Issuer, (d) liens for taxes not delinquent or being contested in good faith and by appropriate proceedings, (e) liens in connection with worker's compensation, unemployment insurance or other social security obligations, (f) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business, (g) mechanics', worker's, materialmen's, landlords', carriers', or other like

"Issuance Costs Fund" means the Issuance Costs Fund created in Section 4.1.

"Issuer" means the South Carolina Jobs-Economic Development Authority, a public body corporate and politic and an agency of the State, or any successor to its rights and obligations hereunder.

"Issuer's Obligations" means the limited obligations of the Issuer under the Bond Documents to (a) pay (but solely out of the Revenues) the principal of, premium (if any), and interest on the Bonds, when and as the same become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of redemption or prepayment or otherwise), (b) pay, or cause to be paid (but solely out of the Revenues), all other payments (if any) required by the Bond Documents to be paid by the Issuer, and (c) timely perform, observe, and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Issuer is required by the Bond Documents to perform and observe.

"Loan" means the loan in the amount of the Principal Sum made by the Issuer to the Borrower evidenced by and described in the Loan Agreement.

"Loan Agreement" means the Loan Agreement, dated as of the date hereof, between the Issuer and the Borrower evidencing and securing the Loan, together with any and all Supplements thereto.

"Loan Term" means the period the Loan is to be outstanding as described in Section 3.1 of the Loan Agreement.

"Mail" means mail by first-class postage to Owners of the Bonds and in the case of notices of redemption of Bonds to Owners of Bonds in an aggregate principal amount of \$1,000,000 or more, certified mail-return receipt requested. Any notice to Owners given by Mail shall be deemed given and received when deposited by the Trustee into the United States mail, postage prepaid. In case, by reason of suspension of regular mail service or by reason of any other cause, it shall be impracticable to give such notice by Mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors.

"Net Earnings" shall mean, for any given period of time, the System Revenues for such period less the Expenses of Operating and Maintaining the System for such period.

"Net Proceeds" means, when used with respect to any Condemnation Award or insurance proceeds allocable to the System, the gross proceeds from a Condemnation Award or insurance proceeds so allocable, with respect to which that term is used, remaining after payment of all expenses (including attorneys' fees and expenses) incurred in the collection of such gross proceeds.

items arising in the ordinary course of business by operation of law with respect to obligations that are not due or that are being contested in good faith by appropriate proceedings, and (b) purchase money security interests on any property hereafter acquired in connection with equipment financing.

"Permitted Investments" means

- (a) Government Obligations;
- (b) Agency Obligations;
- (c) direct obligations or revenue obligations (including bonds, notes, or participation certificates) of, or obligations the principal of and interest on which are unconditionally guaranteed by, any state of the United States of America or any agency or instrumentality of any state of the United States of America, which obligations or bonds are rated within the two highest rating categories (without regard to qualification, numerical or otherwise) of both Moody's and S&P;
- (d) certificates of deposit or other obligations maturing not more than one year after the date of acquisition thereof, issued by any bank or trust company organized under the laws of the United States of America or any state thereof, and which is owned by a holding company whose long-term debt or commercial paper is rated within the two highest rating categories (without regard to qualification, numerical or otherwise) of both Moody's and S&P;
- (e) open market commercial paper with a maturity not in excess of one year from the date of acquisition thereof which on the date of acquisition carries the highest credit rating (without regard to qualification, numerical or otherwise) by either S&P or Moody's; and
- (f) any money market or short term investment fund investing in or consisting solely of and secured by Government Obligations and/or Agency Obligations, including any such fund maintained by the Trustee, which fund carries the highest credit rating (without regard to qualification, numerical or otherwise) by either S&P or Moody's, including any such fund maintained by the Trustee (including any proprietary mutual fund of the Trustee or any affiliate of the Trustee for which the Trustee or an affiliate of the Trustee serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor)

"Person" or "person" means any natural person, firm, association, corporation, company, trust, partnership, public body or other entity.

"Prime Rate" means the prime rate of interest established and declared by the Trustee as a commercial banking institution from time to time. Any adjustment in the Prime Rate shall be made effective as of the date of any adjustment in the prime rate of the Trustee.

"Principal Account" means the Principal Account created within the Bond Fund pursuant to Section 4.1

"Principal Office" means, with respect to the Trustee, the Registrar, the Paying Agent, the office at the address set forth in Section 12.8, or such other office which may be designated as such, from time to time, by the respective party in writing to the Issuer, the Borrower, the Trustee, the Paying Agent, and the Registrar; provided, however, that with respect to payments on the Bonds and any exchange, transfer, or other surrender of the Bonds, the Principal Office shall mean the corporate trust operations office of the Trustee in St. Paul, Minnesota or such other office or location designated by the Trustee in writing.

"Principal Payment Date" means each March 15, commencing March 15, 2023, through and including the final Maturity Date of the Bonds

"Principal Sum" means \$26,795,000, the initial aggregate principal amount of the Loan

"Property" means the System and all the land, improvements, equipment, and all other items of property included in the term "System."

"Rebate Amount" means the Rebate Amount with respect to the Bonds determined in accordance with Section 4.13.

"Rebate Analyst" means an independent certified public accountant, financial analyst, or bond counsel, or any firm of the foregoing, or financial institution, experienced in making the arbitrage and rebate calculations required pursuant to Section 148(f) of the Code, retained by the Borrower to facilitate compliance with Section 148(f) of the Code as it pertains to the Bonds.

"Rebate Analyst Fee" means the fees and expenses of the Rebate Analyst

"Rebate Fund" means the fund by that name created in Section 4.13.

"Refunded Loans" means the outstanding loans to the Borrower, as more fully described on Exhibit C, hereto, to be refunded in their entirety from proceeds of the Bonds.

"Record Date" means the fifteenth day of the calendar month preceding each Interest Payment Date, and in the case of the payment of any defaulted interest, the fifth day before such payment, provided, however, that if any such date is not a Business Day, the Record Date shall be the Business Day immediately preceding such date.

"Registrar" or "Bond Registrar" means the Trustee, or any successor Registrar appointed under this Indenture.

"Reimbursement Rate" means the Prime Rate plus 2% per annum.

"Reserved Rights of the Issuer" means (a) all rights of the Issuer as set forth in Article VII of the Loan Agreement, including, without limitation, the rights of the Issuer to receive the Issuer's Annual Fee, indemnification, payment of expenses and inspection; (b) the right of the Issuer to receive notices, reports or other information, make determinations and grant approvals hereunder and under the other Bond Documents; (c) all rights of the Issuer in connection with

any amendment to or modification of the Bond Documents, and (d) all enforcement remedies with respect to the foregoing.

"Resolution" means the Resolution adopted by the Issuer on February 17, 2021, as amended by resolution of the Issuer on March 17, 2021 authorizing the issuance of the Bonds.

"Revenues" means (a) all moneys paid or payable to the Trustee for the account of the Issuer pursuant to the Loan Agreement and all revenues of the Issuer attributable to the refinancing of the System with the proceeds of the Bonds, including (without limitation) any moneys realized from the liquidation and sale of any security for the Loan, (b) any moneys received by the Trustee under any of the Bond Documents, and (c) all other receipts of the Trustee credited under the provisions of this Indenture against payments on the Bonds, provided that the term "Revenues" does not include Reserved Rights of the Issuer.

"Security Agreement" means the Security Agreement, dated as of the date hereof, between the Borrower and the Trustee, creating a security interest in the System Revenues and other Collateral in favor of the Trustee to secure the obligations of the Borrower under the Loan Agreement.

"Sinking Fund Installment" means the principal amount of Bonds to be called for redemption on any Sinking Fund Installment Date as provided in Section 3.1(c).

"Sinking Fund Installment Date" means the date of any Sinking Fund Installment provided in Section 3.1(c).

"S&P" means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns.

"Special Facilities Revenue" shall mean the contractual payments and all other revenues derived by or available to the Issuer from a Special Facility which are pledged to secure Special Facility Bonds.

"State" means the State of South Carolina.

"Supplement" or "Supplements" means any and all extensions, renewals, modifications, amendments, supplements, and substitutions.

"System" shall mean the water treatment and distribution system and sewer collection system of the Borrower, as the same is now constituted, all matters and things incident thereto, all apparatus and equipment used in connection therewith, and all replacements, enlargements, improvements, extensions, additions, and betterments that may be made thereto at any time hereafter, including any other system which may be combined with or consolidated into the System according to law.

"System Revenues" means, except to the extent specifically excluded herefrom, all revenues, income, fees, tolls, rates, rentals, earnings, and charges received or accrued by the Borrower from the operation and ownership of the System, as determined in accordance with

generally accepted accounting principles, as modified from time to time. The following, including any investment earnings thereon, are specifically excluded from System Revenues: (i) gifts, grants, and other income (including any investment earnings thereon) otherwise included in this definition of "System Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds or other Indebtedness, (ii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds or other Indebtedness (except to the extent Net Proceeds are utilized to pay Expenses of Operating and Maintaining the System), (iii) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in Section 8.5 of the Loan Agreement if the Borrower determines to include such excess or portion thereof to System Revenues), (iv) customer deposits, or (v) any amounts collected by the Borrower representing sales taxes or user fees which are required by law or agreement to be paid to the State of South Carolina or any of its political subdivisions. System Revenues do not include donated, deeded, or otherwise contributed capital assets which are incorporated into the System.

"Taxes" means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, charges and levies and any prior liens (including federal tax liens) for the Taxes which are or may be levied, imposed or assessed upon the System or any part thereof, or any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as ad valorem, excise or income taxes.

"Trust Estate" means and includes:

- (a) the Revenues;
- (b) the Collateral;
- (c) all of the Issuer's right, title and interest in and to and remedies under the Loan Agreement, the Security Agreement, and all other Bond Documents, including (without limitation) any and all security for the Loan referred to therein;

(d) all moneys which are at any time or from time to time on deposit in the Bond Fund and any and all accounts and subaccounts therein, and

(e) all right, title and interest in and to and remedies with respect to any and all other property of every description and nature from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by anyone on its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

provided, however, that the term "Trust Estate" does not include the Reserved Rights of the Issuer.

"Trustee" means U.S. Bank National Association having its Principal Office in Columbia, South Carolina, and its successor or successors in the trust created by this Indenture.

"Underwriter" means Oppenheimer & Co. Inc. as Underwriter for the Bonds.

"Vice Chairman" means the Vice Chairman of the Board of Directors of the Issuer or such person or office to which the principal functions of the Vice Chairman may be transferred.

SECTION 1.2. Rules of Construction. The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Indenture in its entirety.

The terms "agreed" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections, and other subdivisions of this Indenture.

The headings of this Indenture are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any reference to particular sections or subsections of the Code and applicable Income Tax Regulations shall include any successor provisions of law or regulations, to the extent the same shall apply to the Bonds.

Unless specifically provided otherwise, all accounting terms shall have the definitions given them in accordance with generally accepted accounting principles as applied to the applicable Person and its subsidiaries, if any, on a consistent basis by its Independent Accountants and, unless otherwise indicated, all accounting terms and covenants shall be applied on a consolidated basis.

**ARTICLE II**

**ISSUANCE OF THE BONDS; DETAILS OF THE BONDS**

SECTION 2.1. Restriction on Issuance of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued and Outstanding hereunder is expressly limited to \$26,795,000.

SECTION 2.2. Source of Payment of the Bonds. The Issuer shall be obligated to pay the principal of, and the premium (if any), and the interest on the Bonds only out of the Revenues pledged for the payment thereof under this Indenture, and not otherwise. All the Bonds to be issued hereunder shall be equally and ratably secured, to the extent provided herein, by this Indenture.

SECTION 2.3. Authorization of the Bonds. (a) There is hereby authorized for issuance under this Indenture an issue of bonds limited in aggregate principal amount to \$26,795,000, and designated "South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project) Series 2021." The Bonds shall be substantially in the form, appropriately completed, attached hereto as Exhibit A and made a part hereof. The Bonds shall be lettered "R", and shall be numbered separately from "I" consecutively upward. The Bonds shall be dated the Closing Date, shall have a final maturity date of March 15, 2051 and be issued as fully registered bonds without coupons in Authorized Denominations. The Bonds shall bear interest as set forth below payable on each Interest Payment Date. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal of the Bonds shall be payable as set forth below, maturing on March 15 as follows:

Year	Principal Amount	Interest Rate
2023	\$ 800,000	4.00%
2024	780,000	4.00
2025	780,000	4.00
2026	765,000	4.00
2027	685,000	4.00
2028	710,000	4.00
2029	740,000	4.00
2030	770,000	4.00
2031	800,000	4.00
2032	830,000	4.00
2033	865,000	3.00
2034	890,000	3.00
2035	920,000	3.00
2038	2,925,000	3.00
2039	1,035,000	3.00
2040	1,065,000	3.00
2041	1,095,000	3.00
2051	10,340,000	2.50

(b) The Bonds shall be subject to redemption as provided in Article III. The certificate of authentication on each Bond shall be dated the date on which such Bond is authenticated by the Trustee.

(c) Each Bond shall bear interest from the Interest Payment Date immediately preceding the date on which such Bond is authenticated; provided, however, (a) if any Bond is authenticated on an Interest Payment Date, such Bond shall bear interest from such Interest Payment Date, (b) if any Bond is authenticated prior to the first Interest Payment Date, such Bond shall bear interest from the Closing Date, and (c) if at the time of authentication of any Bond, the Issuer is in default with respect to the payment of interest on such Bond, such Bond shall bear interest from the date to which interest shall have been paid.

(d) Principal of, premium (if any), and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, but only from the Revenues and from any other moneys made available to the Issuer for such purpose. Principal of and premium (if any) on the Bonds and interest due and payable thereon prior to an Interest Payment Date, shall be payable at the designated office of the Paying Agent upon presentation and surrender of the Bonds as the same become due, unless otherwise provided in the Bonds. Interest on the Bonds payable on any Interest Payment Date shall be paid to the Owners of the Bonds in whose names the Bonds are registered at the close of business on the Record Date by check mailed to such Owners at their addresses as they appear on the registration books kept by the Registrar or at such other address as is furnished to the Paying Agent in writing by any such Owner.

(e) At the option of any Owner of Bonds in an aggregate principal amount of at least \$1,000,000, any payment due on the Bonds owned by such Owner may be transmitted by wire transfer to such Owner at such Owner's written request, to the bank account number on file with the Registrar on the fifth day before the Record Date, or, if any such day is not a Business Day, the Business Day immediately preceding such day.

(f) If any payment of the principal of, premium (if any), or interest on the Bonds is due on a Bond Payment Date that is not a Business Day, such payment will be made on the next succeeding Business Day, and no interest will accrue on the amount of such payment during the intervening period.

**SECTION 2.4. Execution of the Bonds.** The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of either the Executive Director or the Chairman, or in the Chairman's absence, the Vice Chairman. In case any officer or official whose signature or a facsimile of whose signature shall appear on any of the Bonds shall cease to be such officer or official before the authentication and delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer or official had remained in office until authentication and delivery. Furthermore, it shall not be necessary that the same officer or official sign all of the Bonds that may be issued hereunder at any one time or from time to time.

**SECTION 2.5. Form of the Bonds.** The definitive Bonds, which may be engraved, printed, or typewritten including the Trustee's Certificate of Authentication to be endorsed thereon and the form of assignment, shall be substantially in the form attached hereto as Exhibit A and made a part hereof, with, in the case of definitive Bonds, such appropriate variations, omissions, and insertions as permitted or required by this Indenture. The Trustee is hereby authorized to make such modifications to the form of the Bonds as may be appropriate to conform to any standard specifications for registered municipal securities which may be promulgated by any entity generally recognized in the municipal securities industry (including without limitation the American National Standards Institute) in order to facilitate computer or other mechanical processing methods for registration of municipal bonds.

**SECTION 2.6. Book-Entry Registration of Bonds.** (a) The provisions of this Section shall apply to the Bonds so long as they are maintained in Book-Entry form with a Depository, any other provisions of this Indenture to the contrary notwithstanding.

(b) A system for registration of the Bonds in Book-Entry form with a Depository, which shall initially be The Depository Trust Company, New York, New York ("DTC"), shall be in effect on the date of the issuance and sale of the Bonds.

(c) In connection with the establishment of a Book-Entry System for the Bonds, the Issuer and the Trustee agree to execute and deliver to the Depository any representation letters or other agreements as may be reasonably required by the Depository in order to qualify the Bonds for registration in Book-Entry form (the "Depository Letters of Representation"). All payments of principal of and premium (if any) and interest on the Bonds to be held in Book-Entry form and all notices with respect thereto, including (without limitation) notices of redemption, shall be made and given at the times and in the manner set forth in or required by the Depository Letters of Representation. The terms and provisions of the Depository Letters of Representation shall govern in the event of any inconsistencies between the provisions of this Indenture and the Depository Letters of Representation. The Depository Letters of Representation may be amended without the consent of the Owners of the Bonds.

(d) The principal of and premium (if any) and interest on the Bonds shall be payable to the Depository, or registered assigns, as the registered owner of the Bonds, in same day funds on each date on which the principal of, premium (if any) or interest on the Bonds is due as set forth in this Indenture and in the Bonds. Such payments shall be made to the offices of the Depository specified by the Depository to the Trustee in writing. Without notice to or the consent of the Owners of the Bonds, the Issuer, the Paying Agent, the Trustee and the Depository may agree in writing, or through operation of the Depository Letters of Representations, to make payments of principal, redemption price, purchase price and interest in a manner different from that set out herein. Neither the Issuer nor the Trustee nor the Paying Agent shall have any obligation with respect to the transfer or crediting of the appropriate principal, premium (if any) and interest payments to the direct or indirect participants of the Depository (the "Participants") or the beneficial owners of the Bonds or its nominees.

(e) In the event that part but not all of any outstanding bond is to be retired by redemption, by acceleration or otherwise, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Bond upon presentation and surrender of such Bond to the Trustee or (ii) shall make appropriate notation on the Bond certificate indicating the date and amount of each principal payment, provided that payment of the final principal amount of any Bond shall be made only upon presentation and surrender of such Bond to the Trustee as hereinafter provided.

(f) So long as the Depository or its nominee is the registered owner of the Bonds, the Issuer, the Trustee, the Paying Agent and the Registrar will recognize the Depository or its nominee, respectively, as the Owner of all of the Bonds for all purposes, including (without limitation) the payment of the principal of, premium (if any) and interest on the Bonds, the giving of notices and any consent or direction required or permitted to be given to, or on behalf

of the Owners of the Bonds under this Indenture. The Trustee may recognize votes by or on behalf of the beneficial owners of the Bonds as if such votes were made by Owners of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy of the Depository or otherwise pursuant to the rules of the Depository, the provisions of the Depository Letters of Representation or other proof of beneficial ownership and indemnification satisfactory to the Trustee.

(c) The Issuer may, and upon the request of the Underwriter, the Issuer shall, replace any Depository as the Depository for the Bonds with another Depository or discontinue the maintenance of the Bonds with any Depository if (i) the Issuer, in its sole discretion, or the Underwriter, in its sole discretion, determine that (A) any such Depository is incapable of discharging its duties with respect to the Bonds, or (B) the interests of the beneficial owners of the Bonds might be adversely affected by the continuation of the Book-Entry System with such Depository as the Depository for the Bonds, or (ii) such Depository determines not to continue to act as a securities depository for the Bonds or is no longer permitted to act as such Depository. Notice of any determination pursuant to clause (i) shall be given to such Depository at least 30 days prior to any such determination (or such lesser number of days as shall be acceptable to such Depository). A copy of any such notice shall be delivered promptly to the Borrower, the Trustee, and the Paying Agent. Neither the Issuer nor the Trustee nor the Paying Agent nor the Underwriter will have any obligation to make any investigation to determine the occurrence of any events that would permit the Issuer or the Underwriter to make any determination described in this paragraph.

(d) If, following a determination of event specified in the immediately preceding paragraph, the Issuer discontinues the maintenance of the Bonds in Book-Entry Form, the Issuer will issue Bonds directly to the Participants as shown on the records of the Depository or, to the extent requested by any Participant, to the beneficial owners of Bonds as further described in this Section. The Trustee shall make provisions to notify Participants and the beneficial owners of the Bonds by mailing or appropriate notice to the Depository, or by other means deemed appropriate by the Trustee and the Issuer in their discretion, that the Issuer will issue Bonds directly to the Participants shown on the records of the Depository or, to the extent requested by any Participant, to beneficial owners of Bonds shown on the records of such Participant as of a date set forth in such notice, which shall be a date at least 10 days after receipt of such notice by the Depository (or such lesser number of days as shall be acceptable to the Depository).

(e) In the event that Bonds are to be issued to Participants or to beneficial owners of the Bonds, the Trustee shall promptly have prepared Bonds registered in the names of such Participants as shown on the records of the Depository or, if requested by such Participants, in the names of the beneficial owners of the Bonds, as shown on the records of such Participants as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph (b).

(f) The Depository and its Participants and the beneficial owners of the Bonds, by its acceptance of the Bonds, agree that neither the Issuer nor the Borrower nor the Trustee nor the Paying Agent shall have any liability for the failure of such Depository to perform its obligations to the Participants and the beneficial owners of the Bonds, nor shall the Issuer, the Borrower, the

Trustee, or the Paying Agent be liable for the failure of any Participant or other nominee of the beneficial owners to perform any obligation the Participant may incur to a beneficial owner of the Bonds.

(g) Upon the written request of Owners of 10% of the beneficial interests in the Bonds, the identities of which beneficial owners shall have been evidenced to the satisfaction of the Trustee by the Participants on the Depository, the Trustee shall terminate any Book-Entry System then in effect and Bonds shall be issued and delivered as provided above. The Trustee shall promptly give notice of such request to the Issuer, the Borrower, and the Underwriter.

**SECTION 2.7. Effect of Authentication.** Only such Bonds as shall have evidenced thereon a certificate of authentication substantially in the form set forth in the form of the Bonds attached hereto as Exhibit A and duly executed by the Trustee shall be entitled to any right, benefit or security under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if manually signed by a duly authorized officer of the Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder.

**SECTION 2.8. Authentication and Delivery of the Bonds.** The Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to the initial purchaser(s) of the Bonds as directed by the Issuer as provided in this Section.

Prior to the initial authentication and delivery by the Trustee of the Bonds on the Closing Date, the Trustee shall have received the following:

- (a) A duly certified copy of the Resolution.
- (b) An original, fully executed counterpart of each of this Indenture, the Loan Agreement, the Security Agreement, and all other Bond Documents specifically identified to the Trustee and documents to be received on the Closing Date.
- (c) A request and authorization signed by a duly authorized officer of the Issuer requesting and authorizing the Trustee to authenticate and to deliver the Bonds upon payment to the Trustee for the account of the Issuer of the amount of the initial purchase price for the Bonds specified in such request and authorization plus a specified amount of accrued interest (if any) on the Bonds to the date of delivery.
- (d) An opinion of Bond Counsel to the effect that the Bonds have been duly and validly authorized and issued by the Issuer. The opinion of Bond Counsel may be qualified as to such matters as are acceptable to the Issuer.

(e) An opinion or opinions of Independent Counsel to the effect that the Bond Purchase Agreement, this Indenture, the Security Agreement, and the Loan Agreement have

been duly authorized, executed, and delivered by the Borrower and that the Borrower is duly formed, validly existing, and is in good standing as a non-profit corporation created under Title 33, Chapter 36 of the Code of Laws of the State of South Carolina 1976, as amended.

(f) Evidence reasonably satisfactory to the Issuer of the filing of financing statements with respect to the security interest in favor of the Trustee in the Trust Estate, including the Collateral.

(g) Policies of insurance, binders or certificates of insurance to evidence that the Borrower has obtained, and there is then in effect, insurance of the types and in the amounts required by the Loan Agreement.

The proceeds from the sale of the Bonds shall be paid over directly to the Trustee and deposited as provided under Article IV. Delivery by the Issuer of the request and authorization described in item (c) shall be conclusive evidence to the Trustee that the requirements of item (f) have been satisfied and that the Borrower has obtained insurance of the types and in the amounts required by the Loan Agreement.

**SECTION 2.9. Mutilated, Lost, Stolen or Destroyed Bonds.** (a) In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Trustee shall authenticate a new Bond of like principal amount, denomination and interest rate as that of the bond mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and, in the case of any lost, stolen or destroyed Bond there shall be first furnished to the Issuer and the Trustee evidence of such loss. If it is destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to each of them. In the event any such Bond shall have matured, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof. The Issuer and the Trustee may charge the Owner of such Bond they expense and reasonable fees, if any, in this connection. If after the delivery of such substitute Bond, a bona fide purchaser of the original Bond (in lieu of which such substitute Bond was issued) presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such substitute Bond from the person to whom it was delivered or any other person who receives delivery thereof, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided thereby or otherwise to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

(b) All substitute Bonds issued and authenticated pursuant to this Section 2.9 shall constitute original contractual obligations of the Issuer (whether or not, in the case of paragraph (a), lost, stolen or destroyed Bonds be at any time found by anyone) and shall be entitled to equal and proportionate rights and benefits hereunder as all other Outstanding Bonds issued hereunder.

**SECTION 2.10. Negotiability, Registration, Transfer, and Exchange of Bonds.** (a) All of the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds remain outstanding, the Issuer shall maintain and keep at the office of the Registrar books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at such

office, the Registrar shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as the Issuer or the Registrar may prescribe, any Bond entitled to registration or transfer.

(b) Whenever a Book-Entry System is not in effect with respect to the Bonds, each Bond shall be transferable only upon the books of the Issuer maintained for such purpose by the Registrar, at the written request of the registered Owner thereof or his attorney duly authorized in writing, upon presentation and surrender thereof, together with a written instrument of transfer substantially in the form set forth in the form of the Bonds attached hereto as Exhibit A, or as may otherwise be substituted to the Registrar, duly executed by the registered Owner or his attorney duly authorized in writing. Upon the surrender for transfer of any Bond, the Issuer shall issue, and the Trustee shall authenticate, in the name of the trustee, in Authorized Denominations, a new Bond or Bonds of the same aggregate principal amount, maturity date and interest rate as the surrendered Bond.

(c) The Issuer, the Registrar, the Borrower, the Trustee, and the Paying Agent may deem and treat the person in whose name any Outstanding Bond is registered upon the books of the Issuer maintained by the Registrar as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and premium (if any), 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 Issuer, the Registrar, the Borrower, the Trustee, nor the Paying Agent shall be affected by any notice to the contrary.

(d) Upon payment of any required tax or other governmental charge, and subject to such payment, upon presentation and surrender at the designated office of the Registrar, Bonds of an aggregate principal amount equal to an Authorized Denomination may, at the option of the registered Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of any other Authorized Denomination.

(e) For every exchange or transfer of Bonds, whether temporary or definitive the Issuer or the Trustee may make a charge sufficient to reimburse itself for any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture to the contrary, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax or other governmental charge) shall be paid by the Borrower as required by the Loan Agreement. If the Borrower does not make such payment, the Issuer or the Trustee shall be reimbursed with funds from the Bond Fund.

(f) The Issuer and the Registrar shall not be required to make exchange, or register the transfer of any Bond or any portion thereof (A) for a period of 15 days prior to the date on which Bonds are selected for redemption, or (B) after such Bond or portion thereof is called for redemption, unless the transfer of such Bond or portion thereof delivers to the Trustee and to

the Registrar is written acknowledgement of such call for redemption and agrees in writing to be bound by such call for redemption.

(g) Bonds delivered upon any transfer as provided herein, or as provided in Section 2.9, shall be valid limited obligations of the Issuer, evidencing the same obligation as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

SECTION 2.11. Obligations of Issuer Limited. No Mitigation. The Bonds, together with premium (if any) and interest thereon, do not constitute an indebtedness to which the faith and credit of the Issuer are pledged, but are limited obligations of the Issuer payable from the Trust Estate. The Bonds shall be a valid claim of the respective Owners thereof only against the Trust Estate. THE BONDS SHALL BE A LIMITED OBLIGATION OF THE ISSUER. THE PRINCIPAL AND INTEREST ON WHICH SHALL BE PAYABLE BY THE ISSUER SOLELY FROM THE TRUST ESTATE, WHICH OBLIGATION CONSTITUTES AN INDEBTEDNESS PAYABLE ONLY FROM A REVENUE-PRODUCING SOURCE OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(b) OF THE CONSTITUTION OF THE STATE OF SOUTH CAROLINA, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE THE BONDS AND THE INTEREST THEREON DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER OR OF THE STATE OF SOUTH CAROLINA OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF SOUTH CAROLINA WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (EXCEPT AS DESCRIBED ABOVE) OR STATUTORY LIMITATION, AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR OF THE STATE OF SOUTH CAROLINA OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF SOUTH CAROLINA OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF SOUTH CAROLINA OR AGAINST THE TAXING POWERS OF THE STATE OF SOUTH CAROLINA OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF SOUTH CAROLINA. THE ISSUER DOES NOT HAVE TAXING POWERS. THE PRINCIPAL AND INTEREST ON THE BONDS SHALL BE SECURED SOLELY BY THE TRUST ESTATE AND BY THE PLEDGE AND ASSIGNMENT TO THE TRUSTEE MADE UNDER THIS INDENTURE OF SAID TRUST ESTATE.

Neither the members of the Board of Directors of the Issuer nor any person executing the Bonds or any agreement entered into by the Issuer under the Act nor any employee of the Issuer, shall be liable personally on the Bonds or agreement or be subject to any personal liability or accountability by reason of the issuance, execution or delivery thereof. Each Bond, on its face, shall plainly state that it has been issued under the provisions of the Act and that it does not constitute an indebtedness to which the faith and credit of the State, the Issuer, or any other public body of the State is pledged.

It is recognized that, notwithstanding any other provision of this Indenture, no Owner shall look to the Issuer for damages suffered by such Owner as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under any of the Bond Documents, or its fi-

result of the incorrectness of any representation made by the Issuer in the Bond Documents. Although this Indenture recognizes that the Bond Documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Indenture shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees (but only in their official capacities) to enforce the provisions of any of the Bond Documents.

Although the Issuer may have the right to seek remedies in the event of a default by the Borrower, the Issuer, by this Indenture, assigns the right to take action to the Trustee in order to implement the purposes and intent of the Act, namely, to facilitate the refinancing of the System by the Borrower without incurring any pecuniary obligation or liability by the Issuer. In any cases where action by the Trustee requires simultaneous or subsequent action by the Issuer, the Issuer will cooperate with the Trustee and take any and all action reasonably necessary to effectuate the purposes and intent of this Indenture.

The Issuer shall not be required to do any act whatsoever or exercise any diligence whatsoever rather than to perform its limited obligations hereunder and under the other Bond Documents) to mitigate any damages of the Borrower or any other person if any Event of Default shall occur hereunder or under any of the other Bond Documents.

The provisions of this Section 2.11 shall control every other provision of this Indenture anything to such other provisions to the contrary notwithstanding.

SECTION 2.12. Cancellation and Disposition of Bonds. All Bonds which have been surrendered due to mutilation or for payment or purchase or redemption or for registration or transfer or exchange pursuant to this Article II shall be cancelled and destroyed by the Trustee and a counterpart of the certificate of disposition evidencing such destruction shall be furnished by the Trustee to the Issuer, the Paying Agent, and the Borrower, upon request. Any mutilated Bond surrendered to the Trustee in exchange for a new Bond pursuant to Section 2.9 or any Bond surrendered to the Trustee for transfer to a new Owner or for exchange shall be cancelled by the Trustee and shall not be reissued and, upon the disposition thereof, a counterpart of the certificate of disposition evidencing such destruction shall be furnished by the Trustee to the Issuer, the Paying Agent and the borrower, upon request. Any Bonds so cancelled may be retained by the Trustee for such period of time as the Trustee may determine and shall be disposed of by the Trustee at the end of such period. Any Bond so cancelled shall thereafter no longer be considered. Outstanding for any purpose of this Indenture or the other Bond Documents.

**ARTICLE III  
REDEMPTION**

SECTION 3.1 **Redemption of Bonds Prior to Maturity.** In the manner and with the effect provided in this Indenture, the Bonds shall be subject to redemption prior to maturity as follows:

- (a) **Optional Redemption at Direction of Borrower.** The Bonds maturing on or prior to March 15, 2031 are not subject to redemption prior to their maturity. The Bonds maturing on or after March 15, 2032 are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the Borrower, on or after March 15, 2031, at par plus accrued interest to the date fixed for redemption.
- (b) **Special Redemption Upon Extraordinary Redemption Event.** The Bonds shall be subject to redemption by the Issuer (solely from the Trust Estate), at the written direction of the Borrower to the Trustee (such direction to be given by the Borrower at least 45 days prior to the date fixed for redemption), upon notice to the Owners as set forth in Section 3.3, in whole at any time, at a redemption price equal to the principal amount thereof, without premium or penalty, if any of the following events (each such event being herein referred to as an "Extraordinary Redemption Event") shall have occurred, as evidenced to the Trustee by a certificate of the Authorized Borrower Representative delivered together with such direction:
  - (i) The System is damaged or destroyed by casualty to such extent that in the opinion of both the Authorized Borrower Representative and an Independent Engineer or an Independent Architect, both opinions to be filed with the Trustee and the Issuer, (A) the System cannot be repaired, rebuilt, or restored within a period of six months to the evolution thereof immediately preceding such damage or destruction, or (B) the Borrower is thereby prevented, in the Borrower's judgment, from carrying on its normal operations at the System for a period of six months; or (C) the cost of restoration of the System would exceed the Net Proceeds of insurance carried thereon pursuant to the Loan Agreement.
  - (ii) Title to, or the temporary use of, all or substantially all of the System or any part thereof is taken under the exercise of the power of eminent domain by any Governmental Authority which, in the opinion of both the Authorized Borrower Representative and an Independent Engineer or an Independent Architect prevents or is likely to prevent the Borrower from carrying on its normal operations at the System for a period of six months, both opinions to be filed with the Trustee and the Issuer; or
  - (iii) A change in the Constitution of the State or the Constitution of the United States of America, or a legislative or administrative action (whether local, state or federal), or a final decree, judgment or order of any court or administrative body (whether local, state or federal) contested by the Borrower in good faith causes the Loan Agreement to become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in the Bond Documents.

(c) **Mandatory Sinking Fund Redemption.** The Series 2021 Bonds maturing on March 15, 2038 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

Date (March 15)	Principal Amount
2036	\$ 945,000
2037	975,000
2038 <sup>1</sup>	1,005,000

<sup>1</sup>Final Maturity Date.

**Mandatory Sinking Fund Redemption.** The Series 2021 Bonds maturing on March 15, 2051 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Fund on the redemption dates and in the principal amounts as follows:

Date (March 15)	Principal Amount	Date (March 15)	Principal Amount
2042	\$1,130,000	2047	\$1,165,000
2043	1,160,000	2048	1,045,000
2044	1,185,000	2049	905,000
2045	1,120,000	2050	855,000
2046	1,140,000	2051 <sup>1</sup>	635,000

<sup>1</sup>Final Maturity Date.

At the election of the Borrower, the Sinking Fund Installment due on any date shall be redeemed by an amount equal to the aggregate principal amount of Bonds that have been redeemed pursuant to Section 3.1(a) or (b) and Bonds that are surrendered uncancelled by the Borrower to the Registrar prior to such date and in either case not theretofore credited against a Sinking Fund Installment. If the Borrower fails to make the election described in the immediately preceding sentence, the principal amount of any Bonds redeemed otherwise than pursuant to this subsection (c) shall be first applied to reduce the last Sinking Fund Installment until the principal amount of such Sinking Fund Installment equals zero, and then to the amount of the Sinking Fund Installment payable on the immediately preceding Sinking Fund Installment Date, and so on in reverse chronological order.

**SECTION 3.2 Selection of Bonds To Be Redeemed.** A redemption of Bonds shall be a purpose in accordance with the provisions of this Indenture. The particular Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot in the principal amounts designated to the Trustee by the Borrower or otherwise as required by this Indenture; provided that, in selecting Bonds for redemption, each Bond shall be deemed to represent that number of Bonds that is obtained by dividing the principal amount of such Bond by an amount equal to the

minimum Authorized Denomination to the extent possible and further provided that, for so long as the Bonds are in Book Entry Form, such selection shall be made by the Depository. Unless otherwise provided in the Bonds, if a portion of any Bond is to be called for redemption, then, upon notice of intention to redeem such portion of such Bond, the Owner of such Bond shall forthwith surrender such Bond to the Paying Agent for (a) payment to such Owner of the redemption price of such portion of such Bond and (b) delivery to such Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond, unless otherwise provided in the Bonds. New Bonds representing the unredeemed balance of the principal amount of such Bond shall be issued to the Owner thereof without charge therefor. If the Owner of any Bond or portion thereof selected for redemption fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond or portion thereof shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the principal amount called for redemption (and to that extent only), and interest on such Bond or such portion thereof shall cease to accrue on the date fixed for redemption.

**SECTION 3.3. Bonds of Redemption.** (a) In the event any of the Bonds are called for redemption, the Trustee shall give notice in the name of the Issuer, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed by CUSIP number, the redemption date, any conditions to the redemption, the redemption price and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds are to be redeemed, the numbers of such Bonds to be redeemed and, in the case of Bonds in a denomination other than the minimum Authorized Denomination, the numbers of the Bonds that are to be redeemed in part and the portions of such Bonds to be redeemed, and (ii) state that on the redemption date the Bonds or portions thereof to be redeemed shall cease to bear interest. In connection with any optional redemption pursuant to Section 3.1(a), the notice of redemption shall also state that if moneys sufficient for such redemption have not been deposited with the Trustee on or before the date fixed for redemption, the redemption shall be cancelled and the notice of redemption shall be of no force or effect. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by Mail, not more than 45 days and not fewer than 20 days prior to the date fixed for redemption, to the Owners of Bonds or portions of Bonds to be redeemed, at the addresses shown on the registration books of the Registrar as of the third day immediately preceding the date on which notice by Mail is given, or, if any such day is not a Business Day, the Business Day immediately preceding such day. The failure to give notice by Mail to any Owner of any Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings for redemption of the Bonds. Unless otherwise provided in the Bonds, upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds or such portions thereof shall be redeemed. The Trustee will use its best efforts to Mail a second notice of redemption to Owners of Bonds who have not presented their Bonds for redemption sixty (60) days after the date fixed for redemption.

(b) In the case of any type of optional redemption, said redemption may be conditioned upon the occurrence or non-occurrence of a particular event, including, without limitation, the deposit with the Trustee of moneys sufficient to redeem all the Bonds called for redemption. In the case of any such conditional optional redemption (a "Conditional Optional Redemption"), the corresponding notice of redemption shall state that (i) it is conditioned upon the occurrence or non-occurrence of a particular event (fully describing such event, or, if

applicable, that it is conditioned on the deposit of moneys with the Trustee in an amount equal to the amount necessary to effect the redemption no later than the redemption date, and (2) the Borrower, on behalf of the Issuer, retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and Conditional Optional Redemption shall be of no effect if the event described in clause (1) does not occur, as the case may be, or such moneys are not so deposited, as applicable, and the notice is rescinded as described in this subsection. Any such notice of Conditional Optional Redemption shall be captioned "Conditional Notice of Optional Redemption". Any Conditional Optional Redemption may be rescinded at any time prior to the redemption date, if an Authorized Borrower Representative delivers a written direction to the Trustee directing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Registered Owners. Any Bonds subject to Conditional Optional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the Borrower to make such funds available shall constitute an event of default under this Indenture. The Trustee shall give prompt notice to the securities information repositories and the affected Registered Owners that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

**SECTION 3.4. Right to Rescind Notice.** The Issuer, at the written direction of the Borrower, shall direct the Trustee to rescind any redemption and notice on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given under this Indenture. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

**SECTION 3.5. Effect of Notice of Redemption.** Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption at the redemption price provided for herein. Any Bond or portion thereof called for redemption which is not delivered to the Trustee on the date fixed for redemption shall nonetheless be deemed to have been redeemed and paid if moneys for its redemption have been deposited with the Trustee on or before such date fixed for redemption in accordance with this Indenture, and (a) interest on such Bond or such portion thereof shall cease to accrue to the Owner thereof as of such date fixed for redemption, and (b) the Owner of such Bond or such portion thereof shall cease to be entitled to the benefits and security of this Indenture as of such date fixed for redemption, except in respect to the moneys representing the redemption price of such Bond against delivery thereof at the designated office of the Trustee.

**SECTION 3.6. No Partial Redemption After Default.** Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default, there shall be no redemption of fewer than all of the Bonds at the time Outstanding, unless the redemption is pro-rata of all Outstanding Bonds.

**SECTION 3.7. Payment of Redemption Price**

- (a) The redemption price to be paid for Bonds redeemed pursuant to Section 3.1 shall be accompanied by all interest accrued on the Bonds to be redeemed to the date fixed for redemption.
- (b) Bonds, or portions of Bonds, redeemed pursuant to Section 3.1 shall be redeemed in such amounts that no Bond of less than the minimum Authorized Denomination remains Outstanding after such redemption.
- (c) In connection with any optional redemption pursuant to Section 3.1(b), if moneys sufficient to pay the redemption price of the Bonds and accrued interest thereon to the date fixed for redemption have not been deposited with the Trustee on or before such date, such optional redemption shall be cancelled and the notice thereof given pursuant to Section 3.3 shall be automatically rescinded.
- (d) For the redemption of any of the Bonds, the Issuer shall cause to be deposited in the Bond Fund, solely out of the Revenues and any other moneys constituting the Trust Estate, an amount sufficient to pay the principal of, premium (if any) and interest to become due on the date fixed for such redemption. The obligation of the Issuer to cause any such deposit to be made hereunder shall be reduced by the amount of moneys in the Bond Fund available for and used on such redemption date for payment of the principal of, premium (if any) and accrued interest on the Bonds to be redeemed within the meaning of Article VII. All action required by this Article for a particular redemption shall be taken by the Trustee; and the Issuer shall have no obligations under this Article or otherwise to take any such action; provided, however, that the Trustee shall not be responsible for the failure of the Issuer to cause deposits to be made into the Bond Fund hereunder.

**ARTICLE IV  
FUNDS AND ACCOUNTS; DEPOSIT AND USE  
OF BOND PROCEEDS; REVENUES**

- SECTION 4.1. Creation of Funds. There are hereby created by the Issuer and ordered established the following trust funds and trust accounts to be held by the Trustee:
  - (a) A "Bond Fund" to be designated "South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project), Series 2021 Bond Fund" and created and established therein a "Principal Account" and an "Interest Account";
  - (b) [Reserved]
  - (c) An "Issuance Costs Fund" to be designated "South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project), Series 2021 Issuance Costs Fund," and

- (d) A Refunding Fund to be designated "South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project), Series 2021 Refunding Fund"

**SECTION 4.2. Deposit and Use of Bond Proceeds.** The proceeds of the Bonds in the amount of \$27,726,220.75 representing the par amount of the Bonds plus net original issue premium of \$1,467,120.75 less \$535,900.00 of proceeds paid directly to the Underwriter at closing as compensation and expenses for underwriting the Bonds shall be received by the Trustee in trust for the benefit of the Owners from time to time of the Bonds subject to and in accordance with the terms of this Indenture. Upon receipt of such proceeds, the Trustee shall make deposits from such proceeds as follows:

- (i) the amount of \$298,217.58 shall be deposited in the Issuance Costs Fund and disbursed upon the written direction of the Borrower pursuant to Section 4.10 hereof to pay the Costs of Issuance as hereinafter set forth; and
- (ii) the amount of \$27,428,003.17 shall be deposited in the Refunding Fund to be promptly used by the Trustee (without further direction of the Borrower or Issuer) in accordance with Section 4.3 hereof to refund the Refunded Loans in accordance with the instructions set forth in Exhibit B attached hereto.

**SECTION 4.3. Refunding Fund**

(a) The Trustee shall deposit into the Refunding Fund proceeds of the Bonds in the amount provided in Section 4.2(ii) hereof. Such deposit shall constitute an irrevocable pledge of such proceeds to the payment of the Refunded Loans. Such proceeds are to be used solely to prepay the Refunded Loans in accordance with the instructions set forth in Exhibit B attached hereto. The Borrower hereby represents that the amount of such proceeds will be sufficient to prepay in full the Refunded Loans.

(b) The obligees under the Refunded Loans shall have, and are hereby granted, express first party liens upon and security interests in all funds in the Refunding Fund from time to time until the same are used and applied as provided in this Indenture. If the cash or other investments on hand in the Refunding Fund are ever insufficient to make the payments required hereunder, the Borrower shall, as soon as practicable after notice has been given by the Trustee, provide the required sum of money necessary to discharge such deficiency. Nothing in this Indenture shall be construed to create an obligation or duty on the part of the Trustee to calculate or in any way verify the sufficiency or projected future sufficiency of the cash or other investments in the Refunding Fund to prepay the Refunded Loans.

(c) Upon the payment in full of the Refunded Loans, any remaining funds in the Refunding Fund shall be transferred to the Bond Fund.

SECTION 4.4 Bond Fund

- (a) There shall be deposited into the Bond Fund as and when received (i) all moneys transferred to the Bond Fund pursuant to Sections 4.3 or 4.11 hereof; (ii) all other moneys deposited into the Bond Fund pursuant to the Loan Agreement or this Indenture; and (iii) all other moneys received by the Trustee when accompanied by written directions from an Authorized Borrower Representative that such moneys are to be paid into the Bond Fund. There also will be retained in the Bond Fund, interest and other income received on investment of moneys in the Bond Fund as provided in Section 5.1 hereof.
- (b) Except as provided in this Section and in Sections 2.10(e), 4.7, 4.13, and 7.1 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds on each Bond Payment Date.
- (c) The Bond Fund shall be in the custody of the Trustee, and the Issuer authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, and to withdraw sufficient funds from the Bond Fund for other purposes authorized in Sections 2.10(e), 4.7, 4.13, and 7.1 hereof.
- (d) Amounts on deposit in the Bond Fund shall (i) be held in trust solely for the benefit of the Registered Owners of the Bonds, and (ii) be applied only in accordance with the provisions of this Indenture. The Borrower shall have no legal, equitable, nor reversionary interest in, or right to, the amounts described in the foregoing sentence. In the event of any Act of Bankruptcy by the Borrower, the Borrower has, in the Loan Agreement, waived any right it might otherwise have to assert, claim or contend that any portion of the Bond Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

SECTION 4.5 Bonds Not Presented for Payment (a) In the event any Bonds are not presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or the acceleration of maturity, or in the event the interest due thereon is unclaimed, if moneys sufficient to pay the principal of and interest on such Bonds are held by the Trustee, the Trustee shall segregate and hold such moneys in trust, without liability for interest thereon, for the benefit of Owners of such Bonds who shall, except as provided in the following paragraph, thereafter be restricted exclusively to such moneys for the satisfaction of any claim of whatever nature on their part under this Indenture or on, or with respect to, such Bonds. Any moneys which the Trustee segregates and holds in trust for the payment of the principal of or interest on any Bond and which remain unclaimed for one year after such principal or interest has become due and payable, upon the Borrower's written request to the Trustee, but only to the extent permitted by law, shall be paid to the Borrower, provided, however, that

- (i) before the Trustee makes any such payments to the Borrower, the Trustee, at the expense of the Borrower, shall cause notice to be given once by Mail to the Owner of such Bond, at the last address for such Owner listed on the registration books maintained by the

Registrar, to the effect that such moneys remain unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notice by Mail, any unclaimed balance of such moneys then remaining will be paid to the Borrower, and

- (ii) no such payment shall be made to the Borrower if the Trustee has notice, within the meaning of Section 9.5, that an Event of Default shall have occurred and be continuing under any of the Bond Documents.

(b) After the payment of such unclaimed moneys to the Borrower, the Owner of such Bond shall thereafter look only to the Borrower for the payment thereof, and all liability of the Issuer, the Trustee and the Paying Agent with respect to such moneys shall thereupon cease.

SECTION 4.6 Moneys Held in Trust All moneys required to be deposited with or paid to the Trustee for deposit into the Refunding Fund, the Bond Fund or the Issuance Costs Fund under any provision hereof, and any moneys withdrawn from the Refunding Fund, the Bond Fund and the Issuance Costs Fund and held by the Trustee, shall be held by the Trustee in trust, and such moneys (other than moneys held pursuant to Section 4.3) shall, while so held, constitute part of the Trust Estate and be subject to the lien hereof. The Borrower shall not have any right, title, or interest therein.

SECTION 4.7 Payment to the Borrower After the lien of this Indenture shall have been discharged in accordance with Article VII, and the Trustee shall have received written evidence that all fees, expenses and other amounts payable to the Issuer, the Paying Agent, the Registrar and the Trustee pursuant to any provision hereof shall have been paid in full, any moneys remaining in the Bond Fund shall be paid to the Borrower upon its written request.

SECTION 4.8 [Reserved]

SECTION 4.9 [Reserved]

SECTION 4.10 Issuance Costs Fund There shall be deposited into the Issuance Costs Fund proceeds of the Bonds in the amount set forth in Section 4.2(i) hereof. Such moneys shall be expended to pay Costs of Issuance as directed in writing by the Borrower in the form attached to as Exhibit A to the Loan Agreement, as provided in, and in satisfaction of the Borrower's Obligations set forth in Section 7.2(a) of the Loan Agreement. The Trustee shall be fully protected in relying upon such written directions of the Borrower and shall have no duty or obligation to make any investigation or inquiry in connection therewith. After payment of the Costs of Issuance, any remaining moneys on deposit in the Issuance Costs Fund shall be transferred to the Bond Fund. The Trustee shall keep and maintain accurate records pertaining to the Issuance Costs Fund and all payments therefrom, which shall be open to inspection by the Borrower, the Issuer, or their duly authorized agents during normal business hours of the Trustee.

SECTION 4.11 [Reserved]

**SECTION 4.12. Monthly Statements.** The Trustee shall keep and maintain complete and accurate records pertaining to the funds and accounts created hereunder. The Trustee shall furnish the Issuer and the Borrower monthly cash transaction statements which include detail for all disbursements, debits and credits and investment transactions effected by the Trustee or brokers selected by the Issuer and the Borrower. Upon the Issuer and the Borrower's election, such statements may be delivered electronically by the Trustee, and upon electing such service, paper statements will be provided only upon request. The Issuer and the Borrower waive the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Issuer and the Borrower further understand that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

**SECTION 4.13. Rebate Fund**

(a) There shall be established for the Bonds the Rebate Fund. There shall be deposited in the Rebate Fund as and when received (i) moneys received from the Borrower pursuant to Section 3.3(c) of the Loan Agreement, (ii) moneys transferred to the Rebate Fund from the Bond Fund pursuant to the provisions of this Section, and (iii) all other moneys received by the Trustee when accompanied by written directions that such moneys are to be paid into the Rebate Fund. All amounts in the Rebate Fund, including income earned from investment of such amounts, shall be held by the Trustee, in trust, free and clear of the lien of this Indenture. Amounts in the Rebate Fund shall not be used for the payment of debt service on the Bonds.

(b) Promptly after each fifth Rebate Year, and not later than 30 days after the redemption, payment at maturity, or other retirement of the last Bond, the Borrower shall engage, and furnish information to, the Rebate Analyst and cause the Rebate Analyst to calculate the Rebate Amount with respect to the Bonds. The Trustee shall receive a copy of the report of the Rebate Analyst and determine if the amount in the Rebate Fund is at least equal to the calculated Rebate Amount. Upon request the Trustee shall notify the Borrower of the amount then on deposit in the applicable subaccount in the Rebate Fund. If the amount in the Rebate Fund is in excess of the amount required to be thereon in accordance with the report of the Rebate Analyst, then such excess shall be transferred to the Bond Fund.

(c) The Trustee, on behalf of the Issuer, is hereby directed to pay from amounts on deposit in the Rebate Fund to the United States Treasury from time to time the amounts as required by the report of the Rebate Analyst delivered to the Trustee pursuant to paragraph (b). The Trustee shall be entitled to rely conclusively on the calculations made pursuant to this Section 4.13 and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations.

(d) If, at any time when the Trustee is required to withdraw money from the Rebate Fund, the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, notwithstanding any investment of moneys requirements in Section 5.1 hereof, the Trustee, after first delivering a demand for such deficiency to the Borrower and no money for such purpose is

provided by the Borrower, shall transfer moneys to the Rebate Fund from the following Funds in the following order of priority: the Issuance Costs Fund and the Bond Fund.

(e) The Trustee shall retain records of the determination of the amount required to be deposited in the Rebate Fund, of the proceeds of any investments of money in the Rebate Fund, and of the amounts paid to the United States Treasury until the date six years after the discharge of the last of the Bonds.

(f) The Trustee shall not be obligated to pay any portion of the Rebate Amount (except from funds on deposit in the Rebate Fund) and the Trustee shall not have any responsibility with respect to the calculation of the Rebate Amount.

(g) Notwithstanding any of the provisions of this Section 4.13, if the Borrower provides, at the Borrower's expense, to the Trustee and to the Issuer an opinion of Bond Counsel to the effect that any action required under this Section 4.13 is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of interest on the Bonds pursuant to Section 103(a) of the Code, the Borrower, the Issuer, and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

**ARTICLE V  
INVESTMENTS**

**SECTION 5.1. Investment of Moneys.** Application of **Examinations.** (a) Moneys in any of the funds or accounts established by this Indenture shall be invested by the Trustee, as directed in writing by the Borrower, but only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such funds and accounts. In the absence of any written direction from the Borrower, such funds and accounts shall remain uninvested.

(b) The Borrower shall be responsible for directing the investment of moneys held by the Trustee under this Indenture in accordance with the provisions hereof. The Trustee may conclusively rely upon the Borrower's written investment directions as to both the suitability and legality of the directed investments, and such written direction shall be deemed to be a certification to the Trustee that such investments constitute Permitted Investments. The Trustee shall not be responsible for determining whether any investment made by it in accordance with this Section is authorized under any applicable law or this Indenture.

(c) Subject to the further provisions of this Section, interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts created by this Indenture shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made.

(d) The Trustee may sell or redeem any obligations in which moneys shall have been invested as in this Section provided to the extent necessary to provide cash in the respective

funds or accounts to make any payments required to be made therefrom or to facilitate the transfer of moneys between various funds and accounts as may be required or permitted from time to time pursuant to the provisions of this Indenture. The proceeds from the sale of any investment shall be paid into the fund or account for which the sale thereof was made.

(e) In determining the value of the assets of the funds and accounts created by this Indenture, investments and accrued interest thereon shall be deemed a part thereof. Investments shall be valued at current market value or at the redemption price thereof, if then redeemable at the option of the holder (in any case net of the cost of liquidating such investments). Current market values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee and the Trustee does not have any duty to independently value any Permitted Investments other than by reference to the price provided by pricing services and sources relied upon by Trustee.

(f) Neither the Trustee nor the Issuer shall be liable for any depreciation in the value of any obligations in which moneys of the funds or accounts created by this Indenture shall be invested as set forth above or for any loss arising from any investment permitted herein. In making investments hereunder, the Trustee shall be permitted to utilize its affiliates and charge its and their customary fees. The investments authorized by this Section shall at all times be subject to the provisions of applicable law, as amended from time to time.

(g) As long as no Event of Default shall have occurred and be continuing, the Borrower shall designate, in writing, the investments to be sold and shall otherwise direct, in writing, the Trustee in the sale or conversion to cash of the investments made with the moneys in the funds and accounts established by Section 4.1, provided that the Trustee shall be entitled to conclusively assume the absence of any such Event of Default unless it has notice thereof within the meaning of Section 9.5. During the continuance of an Event of Default, the Owners of a majority in aggregate principal amount of Bonds shall be entitled to designate the investments to be sold and shall otherwise direct the Trustee in the sale or conversion to cash of the investments made with the moneys attributable to the Bonds in the funds and accounts established by Section 4.1.

(h) All investments made under this Section shall be made strictly in accordance with this Indenture.

(i) The Trustee may elect to credit funds and accounts hereunder with moneys representing income or principal payments due on, or sales proceeds due in respect of, the investments therein, or to credit funds and accounts hereunder with the investments it is directed to purchase with such moneys, in each case before actually receiving the requisite moneys from the payment source. Any such crediting shall be provisional in nature, and the Trustee shall be authorized to reverse such crediting in the event that it does not receive good funds with respect thereto. Nothing in this Indenture shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code § 9-206.

## ARTICLE VI GENERAL COVENANTS

### SECTION 6.1 Payment of Principal, Premium (if any), and Interest. No General Obligations

(a) The Issuer covenants that it will promptly pay the principal of, premium (if any), and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the Bonds, provided that the principal, premium (if any), and interest are payable by the Issuer solely from the Trust Estate. Nothing in the Bonds or this Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer other than the Trust Estate.

(b) Each and every covenant made herein by the Issuer is predicated upon the condition that neither the Issuer nor the State nor any political subdivision or public body thereof shall in any event be liable for the payment of the principal of, premium (if any), or interest on the Bonds, or the performance of any pledge, mortgage, obligation or agreement created by or arising under this Indenture or the Bonds from any property other than the Trust Estate, and, further, that neither the Bonds nor any such obligation or agreement of the Issuer shall be construed to constitute a debt of the Issuer, the State or any political subdivision or public body thereof within the meaning of any constitutional or statutory provision whatsoever, or as a pledge of the general credit, full faith or taxing power of the Issuer, the State or any political subdivision thereof. The Issuer has no taxing power.

SECTION 6.2 Performance of Covenants by Issuer, Authority, Due Execution (a) The Issuer covenants that (i) it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto and (ii) it will comply with the provisions of the Act.

(b) The Issuer represents and warrants that (i) it is duly authorized under the constitution and laws of the State, including particularly the Act, to issue the Bonds and to execute this Indenture, to execute and deliver the Loan Agreement, to assign the Loan Agreement and amounts payable thereunder, and to pledge the amounts hereby pledged in the manner and to the extent herein set forth and (ii) all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable limited obligations of the Issuer according to the terms thereof and hereof.

SECTION 6.3 Instruments of Further Assurance. The Issuer agrees that the Trustee may defend the Issuer's rights to the payments and other amounts due under the Loan Agreement for the benefit of the Owners of the Bonds, against the claims and demands of all persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the

holder assuming, transferring, pledging, assigning and confirming to the Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of and interest on the Bonds

**SECTION 6.4. Recordation and Filing:**

(a) To the extent the security interests created by this Indenture can be perfected by the filing by the Borrower of financing statements which fully comply with the South Carolina Uniform Commercial Code – Secured Transactions, (the “UCC”) (or in accordance with the Uniform Commercial Code of any other state, the laws of which may at any time govern the perfection of a security interest in the Trust Estate), financing statements with respect to the security interests granted under this Indenture and the Security Agreement shall be filed with the Office of the South Carolina Secretary of State. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements actually filed with respect to the security interests granted under this Indenture or the Security Agreement. All necessary continuation statements with respect to each financing statement relating to the Trust Estate filed by the Borrower at the time of the issuance of the Bonds shall be filed by the Trustee, at the expense of the Borrower, within the time prescribed by the UCC (or in accordance with the Uniform Commercial Code of any other state, the laws of which may at any time govern any perfection of a security interest in the Trust Estate), in order to continue the security interests created by this Indenture, provided that copies of all filed initial financing statements are timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the Borrower or the Issuer that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower shall be responsible for the customary fees charged by the Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder, and such fees shall be considered fees for the services of the Trustee. The Trustee shall not be responsible for and makes no representation as to the legality, effectiveness or sufficiency of any lien securing the Bonds.

(b) The Issuer shall, upon the reasonable request of the Trustee, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to effectuate the purposes of this Indenture or any provision hereof, provided, however, that no such instruments or actions shall pledge the general credit, the full faith, or the taxing power of the Issuer, the State or any political subdivision thereof.

(c) Subject to the conditions of Subsection (a) hereof, the Trustee agrees to file all necessary continuation statements at the expense of the Borrower, provided for in Sections 4 and 5 of the Security Agreement.

**SECTION 6.5. Rights Under Loan Agreement** The Loan Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Issuer and the Borrower, including provisions that, subsequent to the issuance of the Bonds

and prior to the payment in full or provision for payment thereof in accordance with the provisions thereof, the Loan Agreement (except as expressly provided therein) may not be effectively amended, changed, modified, altered or terminated without the concuring written consent of the Trustee, as provided in Article XI, and reference is hereby made to the Loan Agreement for a detailed statement of such covenants and obligations of the Borrower, and the Issuer agrees that the Trustee, in its name or (to the extent required by law) in the name of the Issuer and subject to the provisions of this Indenture, shall enforce all rights of the Issuer (except for the Reserved Rights of the Issuer) and all obligations of the Borrower under and pursuant to the Loan Agreement for and on behalf of the owners of Bonds, whether or not the Issuer is in default hereunder. The Issuer shall cooperate with the Trustee in enforcing the obligations of the Borrower to pay or cause to be paid all amounts payable by the Borrower under the Loan Agreement.

**SECTION 6.6. No Duplication of Trust Estate** Except as permitted by this Indenture, the Issuer shall not sell, convey, lease, pledge, assign or otherwise encumber to dispose of any part of its interest in the Trust Estate and will promptly pay or cause to be discharged, or make adequate provision to discharge, any lien or charge created by the Issuer on the Trust Estate or any part thereof not permitted hereby.

**SECTION 6.7. Access to Books** All books and documents in the possession of the Issuer relating to the System, the Revenues, and the Trust Estate shall at all reasonable times be open to inspection to the extent permitted by law, by such accountants or other agents as the Trustee may from time to time designate.

**SECTION 6.8. Limitation of Issuer's Liability** The Bonds shall be limited obligations of the Issuer, the principal and purchase price of premium, if any, and interest on which shall be payable by the Issuer solely out of the Revenues derived by the Issuer pursuant to the Loan Agreement and other funds pledged hereunder, which obligations constitute an indebtedness payable only from a revenue-producing project or special source within the meaning of Article X, Section 13(9) of the Constitution of the State, which source does not include revenues from any tax or license. The Bonds and the interest and any premiums, if any, thereon do not and shall never constitute a general obligation or indebtedness of the Issuer or of the State within the meaning of any state constitutional provision or statutory limitation and do not and shall never constitute or give rise to a pecuniary liability of the Issuer or of the State or a charge against the general credit of the Issuer or the State or against the taxing power of the State. The Issuer does not have taxing power. The principal, premium, if any, and interest on the Bonds shall be secured by the Issuer solely by the aforesaid Revenues by the pledge in the Trustee made hereunder of said Revenues and of accounts established hereunder and by the assignment by the Issuer of its rights under the Loan Agreement, except for Reserved Rights of the Issuer, and by moneys drawn under the Loan Agreement, for the equal and ratable benefit of the Owners, from time to time, of the Bonds.

No breach by the Issuer of this Indenture or the Bonds or of any provision or condition hereof or in the Bonds shall result in the imposition of any pecuniary liability upon the Issuer or the State or any change upon the general credit of the Issuer or the State or against the taxing power of the State. The liability of the Issuer under this Indenture and the Bonds, or any

provision or condition hereof or thereof, shall be limited solely and exclusively to the Revenues derived by the Issuer from the Borrower under the Loan Agreement. The Issuer shall not be required to execute or perform any of its duties, obligations, powers, or covenants hereunder or under the Bonds except to the extent that Revenues are available therefor.

No covenant, agreement, or obligation contained in any Bond or this Indenture shall be deemed to be a covenant, agreement, or obligation of any present or future director, officer, member, agent, attorney, or employee of the Issuer in their individual capacity, and neither the directors of the Issuer nor any officer thereof executing this Indenture or any Bond shall be liable personally hereunder or on such Bond or be subject to any personal liability or accountability by reason of the issuance or delivery of such Bonds or the execution and delivery of this Indenture. No officer, director, member, employee, attorney, or agent of the Issuer shall incur any personal liability with respect to any other actum taken, or not taken, by them pursuant to the Loan Agreement, the Bonds or this Indenture, or the Act, provided they do not act with malicious intent.

The provisions of this Section 6.8 shall control every other provision of this Indenture, anything in such other provisions to the contrary notwithstanding.

SECTION 6.9. Annual Report on Outstanding Principal Balance. As long as the Bonds are Outstanding, the Trustee shall furnish the Issuer, prior to August 1 of each year, a report that sets forth the outstanding principal balance of the Bonds as of June 30 of such year.

#### ARTICLE VII DEFEASANCE

SECTION 7.1. Defeasance. (a) If the Issuer pays or causes to be paid to the Owner of any Bond secured hereby the principal, premium (if any) and interest due and payable upon such Bond, or any portion of such Bond equal to an Authorized Denomination, such Bond or portion thereof shall cease to be entitled to any lien, benefit or security under this Indenture. If the Issuer pays or causes to be paid (solely from the Trust Estate) the principal, premium (if any) and interest due and payable on all Outstanding Bonds and pays or causes to be paid (solely from the Trust Estate) all other sums payable hereunder by the Issuer, including all necessary and proper fees, compensation and expenses of the Issuer and all Administration Expenses then, and in that case, the right, title and interest of the Trustee in and to the Trust Estate shall terminate and become void. In such event, the Trustee shall assign, transfer and turn over to the Borrower the Trust Estate, including, without limitation, any surplus in the Bond Fund and any balance remaining in any other fund created under this Indenture (except for the Refunding Fund) and the Trustee shall have no further duties, responsibility or obligations under or pursuant to this Indenture other than the powers and rights granted to the Trustee, the Registrar and the Paying Agent with respect to the payment, registration of transfer and exchange of Bonds.

(b) Any Bond shall be deemed to be paid within the meaning of this Article VII and for all purposes of this Indenture when payment of

(i) the principal of and premium (if any) on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either

(A) shall have been made or caused to be made in accordance with the terms thereof or

(B) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably selling, aside exclusively for such payment,

(1) moneys sufficient, without reinvestment, to make such payment and/or

(II) Government Obligations, not subject to prepayment or call, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment as certified to the Issuer and the Trustee by an Independent Accountant or other verification agent with a favorable reputation in the field of verifying defeasance escrows, in either case selected by the Borrower, and

(1) all necessary and proper fees, compensation and expenses of the Issuer and all Administration Expenses shall have been paid for the payment thereof provided for, to the satisfaction of the Trustee in case of payments due the Trustee and in all other cases as evidenced by a certificate from the person to whom payment is due. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations, as the case may be.

(c) Any Bond for which payment shall have been made or caused to be made in accordance with the terms thereof, shall be deemed to have been paid within the meaning of this Article VII.

(d) Notwithstanding the foregoing paragraph (c), no deposit under clause (b)(1)(B) of this Section 7.1 shall be deemed a payment of such Bonds as aforesaid until (1) if such Bonds are to be redeemed, proper notice of redemption of such Bonds shall have been previously given in accordance with Section 3.3 or provision satisfactory to the Trustee shall have been made for the giving of such notice, and (2) in the event such Bonds are not to be paid or redeemed within the next succeeding 60 days, until the Borrower shall have given the Trustee, on behalf of the Issuer, in firm, satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds in accordance with Section 3.3, that the deposit required by (b)(1)(B) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article VII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable premium (if any) on such Bonds, plus interest thereon to the due date thereof.

ARTICLE VIII

DEFAULTS AND REMEDIES

SECTION 8.1 Events of Default. Each of the following events shall constitute and be referred to in this Indenture as an "Event of Default":

- (a) a failure to pay the principal or premium (if any) on any of the Bonds when the same becomes due and payable at maturity or upon redemption or otherwise, or
- (b) a failure to pay an installment of interest on any of the Bonds when due and payable, or
- (c) an Event of Default occurs under and as defined in the Loan Agreement, or
- (d) a failure by the Issuer to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a) or (b) of this Section 8.1) contained in the Bonds or in this Indenture on the part of the Issuer to be observed or performed, which failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Issuer and the Borrower by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding provided, however, if (i) such failure is other than the payment of money and cannot be corrected within such 60-day period, (ii) appropriate corrective action has been initiated within such 60-day period by the Issuer or the Borrower on behalf of the Issuer to correct such failure and is being diligently pursued and (iii) such failure shall not impair the security for the Borrower's Obligations, the Issuer and the Borrower on behalf of the Issuer shall have an additional 30 days to correct such failure if the Issuer or the Borrower on behalf of the Issuer certifies in writing to the Trustee before the end of the initial 60-day period that the conditions to such extension contained in this paragraph (d) have been complied with and describes the corrective action being taken.

If, on the date payment of principal or interest on the Bonds is due, sufficient moneys are not available to make such payment, the Trustee shall give telephonic or telegraphic notice (promptly confirmed in writing) of such insufficiency to the Borrower.

SECTION 8.2 Acceleration. Other Remedies

(a) Upon the occurrence and continuance of an Event of Default described in Section 8.1, then and in every such case, the Trustee may and, at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, by written notice to the Issuer and the Borrower and the Owners of all Bonds then Outstanding, declare the Bonds to be immediately due and payable, whereupon the Bonds and all accrued and unpaid interest thereon shall, without further action, become and be immediately due and payable.

(b) The provisions of the preceding paragraph (a) are subject to the condition that if, after the principal of the Bonds shall have become due and payable, and before any final judgment or decree shall have been obtained or entered in any suit, action or proceeding instituted on account of an Event of Default or before the completion of the enforcement of any other remedy hereunder or under any of the other Bond Documents, the Issuer causes to be deposited with the Trustee a sum of moneys, sufficient to pay all accrued interest upon all Bonds to the date of accelerated maturity and the principal of any and all Bonds which shall have become due otherwise than by reason of such acceleration of maturity and such amount as shall be sufficient to cover all Administration Expenses then due and payable, and all Events of Default hereunder other than nonpayment of the principal of Bonds which shall have become due solely by such acceleration of maturity shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such acceleration of maturity and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Issuer, the Borrower and the Paying Agent and shall give notice thereof by Mail to all Owners of Outstanding Bonds. No such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Issuer and the Borrower to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties and obligations under the Act and the Bond Documents, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Bond Documents.

(ii) bring suit upon the Bonds.

(iii) by action or suit in equity to require the Issuer to account as if it were the trustee of an express trust for the Owners of Bonds, or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds.

SECTION 8.3 Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the Issuer, the Trustee and the Owners of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

**SECTION 8.4. Owners' Right to Direct Proceedings.** Anything in this Indenture to the contrary notwithstanding, Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture or exercising any trust or power conferred on the Trustee by this Indenture, provided, that the Trustee shall have received satisfactory indemnity and such direction shall be consistent with this Indenture and applicable law and shall not involve the Trustee in any personal liability.

**SECTION 8.5. Limitation on Owners' Right to Institute Proceedings.** Any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder or any other remedy hereunder or on the Bonds may only be initiated by Owners if (a) such Owners previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided, (b) Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to take action hereunder after the right to institute such suit, action or proceeding under Section 8.2 shall have accrued, (c) such Owners shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its name or in the name of the Owners, (d) there also, shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and (e) the Trustee shall not have complied with such request within 60 days from the date such request is made. Such notification, request and order of indemnity are hereby declared in every such case at the option of the Trustee to be conditions precedent to the institution of such suit, action or proceeding by Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, it being understood and intended that no one or more of the Owners shall have any right in any manner whatsoever by his or their action to affect abate or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided for the equal and ratable benefit of all Owners.

**SECTION 8.6. Maintenance of Right to Enforce Payment.** Notwithstanding any other provision in this Indenture, the right of any Owner to receive payment of the principal of and interest on any Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Owner.

**SECTION 8.7. Proceedings by Trustee Without Possession of Bonds.** All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of all Owners, subject to the provisions of this Indenture.

**SECTION 8.8. No Remedy Excludes.** No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies and such and every such remedy shall be cumulative, and shall be in addition to every other remedy

given hereunder or under the Loan Agreement, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture, the Bonds or the Loan Agreement shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 8.8.

**SECTION 8.9. No Waiver of Remedies.** No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein, and every power and remedy given by this Article VIII to the Trustee and the Owners, respectively may be exercised from time to time and as often as may be deemed expedient.

**SECTION 8.10. Application of Money.** Any money received by the Trustee, by any receiver or by any Owner pursuant to any right given or action taken under the provisions of this Article VIII, after payment of the costs and expenses of the proceedings resulting in the collection of such money's and of the fees, expenses, liabilities and advances (including attorneys' fees) incurred or made by the Trustee, shall be deposited in the Bond Fund and all money so deposited in the Bond Fund during the continuance of an Event of Default (other than money for the payment of Bonds which had matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have been declared due and payable, all such money's shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, at the rate per annum borne by the Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment; and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Indenture) with interest on such Bonds at their rate from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay on full Bonds due on any particular date, together with such interest, then to the payment ratably according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds shall have been declared due and payable, all such money's shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this

Article VIII, then, subject to the provisions of clause (b) of this Section 8.10 which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 8.10

(d) The excess of such moneys (if any), after application as set forth in (a), (b) and (c) above, shall be applied to the payment of any unpaid Administration Expenses and any excess, following such application, shall be paid over by the Trustee to the Borrower.

Whenever moneys are to be applied pursuant to the provisions of this Section 8.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee applies such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Owners of Outstanding Bonds and shall not be required to make payment to any Owner until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**SECTION 8.11 Severability of Remedies.** It is the purpose and intention of this Article VIII to provide rights and remedies to the Trustee and the Owners which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Owners shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

**SECTION 8.12 Notice of Event of Default.** If an Event of Default described in Section 8.1 occurs and continues for five Business Days after the Trustee has notice of the same as provided in Section 9.5, then the Trustee shall promptly give notice (hereof by Mail to the Owners of Outstanding Bonds and the Issuer.

#### ARTICLE IX

##### TRUSTEE; PAYING AGENT; REGISTRAR

**SECTION 9.1. Acceptance of Trusts.** The Trustee hereby accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article IX, to all of which the Issuer agrees and the respective Owners agree by their acceptance of delivery of any of the Bonds. All rights, obligations and immunities set forth herein shall be equally applicable to any acts of the Trustee under any of the Bond Documents.

**SECTION 9.2. No Responsibility for Recitals.** The recitals, statements and representations contained in this Indenture or in the Bonds, save only the Trustee's authentication upon the Bonds, shall be taken and construed as made by and on the part of the Issuer, and not by the Trustee, and the Trustee does not assume, and shall not have, any

responsibility or obligation for the correctness of any thereof and makes no representation as to the validity or sufficiency of this Indenture or the Bonds.

**SECTION 9.3. Certain Rights of Trustee.** (a) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and the Trustee shall not be answerable for the negligence or misconduct of any such attorney, agent or receiver selected by it with reasonable care. Without limitation, the Trustee shall be entitled to the benefit of the foregoing sentence with respect to the delegation to the Paying Agent of any or all of the Trustee's duties hereunder, including its duties with respect to payment of principal, premium (if any) or interest on, or redemption of the Bonds, the authentication and delivery thereof, and exchange and transfer thereof. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatsoever in connection with the trust created hereby, except only for its own gross negligence or willful misconduct.

(b) The Trustee shall not be responsible for insuring the Trust Estate or any property securing the Bonds, for making any determinations with respect to any insurance or insurance companies or for collecting any insurance moneys.

(c) The Trustee is under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners unless such Owners have offered to the Trustee security of indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with respect to the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be mandatory for any remedy taken upon the direction of the Owners of a majority in aggregate principal amount of the Bonds.

(d) The Trustee shall not be liable for any error of judgment made in good faith by any of its directors, officers, employees or agents, unless it shall be established that the Trustee was grossly negligent in ascertaining the pertinent facts.

(e) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the provisions of this Indenture.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it has reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(g) The Trustee shall be entitled to act on the opinion or advice of counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay reasonable compensation to all attorneys, agents and receivers as may reasonably be employed in

connection with the trust hereof. The Trustee may act on an opinion of counsel and shall not be responsible for any loss or damage resulting from any action or inaction by it taken or omitted to be taken in good faith in reliance on such opinion of counsel.

(b) In the event it shall become necessary or desirable for the Trustee to make any investigation as to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding preparatory to taking or not taking any action, or doing or not doing anything, its such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely on any certificate required or permitted to be filed with it under the provisions of this Indenture or the Loan Agreement and any such certificate shall be sufficient evidence of such fact, or the sufficiency or validity of such instrument, paper or proceeding, to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact, instrument, paper or proceeding.

(c) The Trustee shall be protected and shall incur no liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, on any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture or on the written opinion of any attorney (who may be an attorney for the Issuer or the Borrower), engineer, appraiser or accountant.

(d) The Trustee shall not be bound to make any investigation into the facts, opinions, calculations, recommendations or other matters stated in any certificate, statement, financial statement, memorandum, opinion, report, recommendation, valuation, notice, request, direction, resolution, consent, order or other paper or document submitted to the Trustee by the Borrower or any consultant or other professional retained by the Borrower pursuant to the Loan Agreement or other Bond Document, provided, that in the case of any such document specifically required to be furnished to the Trustee hereby or by the Loan Agreement or other Bond Document, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements hereof or thereof. The Trustee shall hold such documents for safe-keeping purposes only, and the Trustee's receipt of such documents shall not constitute constructive or actual notice of any information contained therein or determinable from information contained therein. The Trustee may provide copies thereof to Bondholders that request such information. The Trustee shall have no duty or obligation to monitor the financial condition of the Borrower.

(e) The Trustee shall be under no responsibility to approve or evaluate any expert or other skilled person selected by the Issuer or the Borrower for any of the purposes expressed in this Indenture, the Loan Agreement or other Bond Document.

(f) The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture sent by Electronic Means. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile transmission, secure electronic

transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee) or another method or system specified by the Trustee as available for use in connection with its services hereunder; provided, however, that the Issuer and Borrower shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions ("Authorized Officers"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. The Issuer and the Borrower agree that the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate have been sent by such Authorized Officer. The Issuer and the Borrower shall be responsible for ensuring that only their respective Authorized Officers transmit such instructions to the Trustee, and the Issuer, the Borrower and their respective Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with instructions given by Electronic Means notwithstanding such instructions, conflict or are inconsistent with a subsequent written instruction delivered by other means. The Issuer and the Borrower each agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties, (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the use of Electronic Means, (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

**SECTION 9.4 Compensation.** The Trustee, the Paying Agent and the Registrar under this Indenture shall be entitled to reasonable compensation for their services rendered hereunder and to reimbursement for their actual out-of-pocket expenses (including attorneys' fees) reasonably incurred in connection therewith except as a result of their gross negligence or willful misconduct and to indemnity as provided in the Loan Agreement. In the Loan Agreement, the Borrower has agreed that it will pay to the Trustee, the Paying Agent and the Registrar, such compensation and reimbursement of expenses and indemnities. The Trustee, the Registrar, and the Paying Agent shall each have, in addition to any other rights hereunder, a claim, prior to the claim of the Owners, for the payment of their compensation and the reimbursement of their expenses and indemnities, as provided in this Section 9.4, upon the money's and obligations in the Bond Fund, except for moneys representing or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds which are deemed to have been paid in accordance with Article VII of Section 4.6.

**SECTION 9.5 Notice of Events of Default.** The Trustee shall not be required to take notice, or be deemed to have notice, of any default or Event of Default under this Indenture or any other of the Bond Documents, other than an Event of Default under clause (a) or (b) of Section 8.1, unless an officer, agent or employee responsible for matters relating to the Bonds

shall have actual knowledge of such default or Event of Default, or the Trustee shall have been specifically notified in writing of such default or Event of Default by the Issuer, the Underwriter, or Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding. The Trustee shall have no duty or obligation to monitor or ascertain the Borrower's observance or performance of any covenants, conditions or agreements of the Borrower under the Loan Agreement (including, without limitation Article VIII thereof) or other Bond Documents except as expressly set forth in this Indenture.

**SECTION 9.6. Dealings in Bonds and Borrower.** The Trustee, the Paying Agent or the Registrar, or its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, the Paying Agent or the Registrar, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Borrower, and may act as depository, trustee or agent for any committee or body of Owners secured hereby or other obligations of the Issuer or the Borrower as freely as if it did not act in any capacity hereunder.

**SECTION 9.7. [Reserved.]**

**SECTION 9.8. Construction of Indenture.** The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

**SECTION 9.9. Resignation of Trustee.** The Trustee may resign and be discharged of the trusts created by this Indenture by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Issuer, the Borrower, the Registrar, the Paying Agent, and the Owners, not less than 45 days before the date specified in such instrument when such resignation shall take effect. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.11.

**SECTION 9.10. Removal of Trustee.** (a) The Trustee may be removed by Owners of not less than a majority in aggregate principal amount of Bonds Outstanding at any time by filing with the Trustee to be removed, and with the Issuer, the Borrower, the Registrar and the Paying Agent, an instrument or instruments in writing signed by such Owners.

(b) The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provision of this Indenture or the other Bond Documents with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Owners of not less than ten percent in aggregate principal amount of Bonds Outstanding.

**SECTION 9.11. Appointment of Successor Trustee.** (a) In case at any time the Trustee resigns or is removed, or if its property or affairs are taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any

other reason, then a vacancy shall forthwith and ipso facto exist in the office of Trustee, and a successor shall be appointed by the Owners of a majority in aggregate principal amount of Bonds Outstanding, with the consent of the South Carolina State Treasurer if such consent is required, by filing with the Issuer, the Registrar, the Paying Agent, the successor Trustee, and the Trustee being replaced, an instrument or consent instruments in writing, executed by Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding.

(b) Any successor Trustee so appointed shall notify all the Owners of the Bonds of its appointment.

**SECTION 9.12. Qualifications of Successor Trustee.** Every successor Trustee (a) shall be a bank or trust company duly organized under the laws of the United States or any state or territory thereof authorized by law to perform all the duties imposed upon it by this Indenture, (b) shall have a combined capital stock, surplus and undivided profits of at least \$50,000,000, (c) shall not charge more than the current market rates for its services hereunder, and (d) shall be permitted under the Act to perform the duties of Trustee, if there can be located, with reasonable effort, such an institution willing and able to accept the Trust on reasonable and customary terms.

**SECTION 9.13. Judicial Appointment of Successor Trustee.** In case at any time the Trustee resigns and no appointment of a successor Trustee is made pursuant to the foregoing provisions of this Article IX prior to the date specified in the notice of resignation or the date when such resignation is to take effect, the resigning Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a successor Trustee is made pursuant to the foregoing provisions of this Article IX within 45 days after a vacancy shall have occurred in the office of Trustee, any Owner may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and feasible, appoint a successor Trustee.

**SECTION 9.14. Acceptance of Trusts by Successor Trustee.** Any successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee hereon. Upon request of such Trustee, such predecessor Trustee and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the estates, property rights, powers and trusts hereunder of such predecessor Trustee and, subject to the payment of amounts due the Trustee under Section 9.4, such predecessor Trustee shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

**SECTION 9.15. Successor by Merger or Consolidation.** Any corporation (a) into which any Trustee may be merged or converted or with which it may be consolidated, (b) resulting from any merger, conversion or consolidation to which any Trustee shall be a party or (c) to which the Trustee may sell or transfer all or substantially all of its corporate non-business, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Indenture to the contrary

notwithstanding, provided that such corporation shall be qualified to be a successor to such Trustee under the provisions of Section 9.12.

**SECTION 9.16 Standard of Care.** (a) The Trustee shall have no obligation to but may require of the Issuer or the Borrower full information and advice as to performance of the covenants, conditions and agreements contained herein and in any of the other Bond Documents.

(b) The Trustee, prior to the occurrence of an Event of Default and after the waiver or curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture or any other Bond Document against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture, the Loan Agreement or any other Bond Document shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct. In case an Event of Default has occurred which has not been cured or waived the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise under the circumstances in the conduct of his own affairs.

**SECTION 9.17 Intervention in Litigation of the Issuer.** In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Owners, the Trustee may and shall upon receipt of a duly and promptly satisfied demand therefor, and at the written request of Owners of at least a majority in aggregate principal amount of the Bonds then outstanding and if permitted by the court having jurisdiction in the premises, intervene on behalf of the Owners of the Bonds.

**SECTION 9.18 Paying Agent.** Subject to Section 9.19 and Section 9.23, the Issuer shall appoint the Paying Agent for the Bonds. The Paying Agent, if the Paying Agent is not also the Trustee, shall designate to the Issuer and the Trustee its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer under which such Paying Agent will agree, particularly

(a) to hold all sums held by it for the payment of the principal of, premium (if any), or interest on Bonds in trust for the benefit of the Owners until such sums shall be paid to such Owners or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee and the Borrower at all reasonable times; and

(c) upon the request of the Trustee to forthwith deliver to the Trustee all sums so held in trust by the Paying Agent.

**SECTION 9.19 Qualifications of Paying Agent; Resignation; Removal.** (a) The Paying Agent shall be a bank or trust company, duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by

this Indenture. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' notice to the Issuer, the Borrower and the Trustee. The Paying Agent may be removed at any time, at the direction of the Borrower, by an instrument, signed by the Issuer, filed with the Paying Agent and the Trustee, notice of which is given to the Borrower.

(b) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(c) In the event that the Issuer fails to appoint a Paying Agent hereunder, or in the event that the Paying Agent resigns or is removed, or is dissolved, or if the property or affairs of the Paying Agent are taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, such that no Paying Agent exists under this Indenture, and the Issuer shall not have appointed any successor as Paying Agent, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Issuer of the Paying Agent or successor Paying Agent, as the case may be.

**SECTION 9.20 Registrar.** (a) Subject to Section 9.21 and Section 9.23, the Issuer shall appoint the Registrar for the Bonds. The Registrar, if the Registrar is not also the Trustee, shall designate to the Trustee and the Paying Agent its Principal Office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which the Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee, the Borrower and the Paying Agent at all reasonable times.

(b) The Issuer shall cooperate with the Trustee and the Borrower to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds executed by the Issuer and authenticated by the Trustee or its authenticating agent, shall be made available for exchange, registration and redemption at the Principal Office of the Registrar. The Issuer shall cooperate with the Trustee, the Registrar and the Borrower to cause the necessary agreements to be made and thereafter continued whereby the Paying Agent shall be furnished such records and other information, at such times as shall be required to enable the Paying Agent to perform the duties and obligations imposed upon them hereunder.

**SECTION 9.21 Qualifications of Registrar; Resignation; Removal.** (a) The Registrar shall be an entity duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital, surplus and retained earnings of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' notice to the Issuer, the Trustee, the Paying Agent and the Borrower. The Registrar may be removed at any time, at the direction of the Borrower, by an instrument, signed by the Issuer, filed with the Registrar, the Trustee, and the Paying Agent.

(b) In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(c) In the event that the Issuer fails to appoint a Registrar hereunder, or in the event that the Registrar resigns or is removed, or is dissolved, or if the property or affairs of the Registrar are taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, such that no Registrar exists under this Indenture, and the Issuer shall not have appointed any successor as Registrar, the Trustee shall ipso facto be deemed to be the Registrar for all purposes of this Indenture until the appointment by the Issuer of the Registrar or successor Registrar, as the case may be.

**SECTION 9.22. Several Capacities.** Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent, the Registrar and authenticating agent and in any other combination of such capacities, to the extent permitted by law.

**SECTION 9.23. Initial Appointments.** The Trustee is initially appointed as Registrar and Paying Agent hereunder, and hereby accepts such appointment.

**SECTION 9.24. Co-Paying Agents, Co-Registers and Authenticating Agent.** The Issuer shall, at the direction of the Borrower, appoint such Co-Paying Agents and Co-Registers as the Borrower may direct, any such appointments and acceptances of appointments to be upon the same conditions as set forth above for the appointment of the Paying Agent and the Registrar, respectively. The Trustee, by a written instrument delivered to the Issuer, the Paying Agent and the Registrar, may appoint and designate an authenticating agent to authenticate Bonds on behalf of the Trustee.

**SECTION 9.25. Co-Trustees.** (a) It is the purpose hereof that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations in transact business as trustee in such jurisdiction. It is recognized that in case of litigation hereunder and in particular in case of the enforcement of this Indenture upon the occurrence of an event of default, it may be necessary that the Trustee and the Issuer enter into a Supplement to this Indenture to appoint an additional individual or institution as a separate Trustee or Co-Trustee. The following provisions of this Section are adapted to these ends:

(b) Upon the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers and trusts herein granted to the Trustee or to hold a security interest in the Trust Estate or to take any other action which may be necessary or desirable in connection therewith, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in a separate Trustee or Co-Trustee appointed by the Trustee, with the consent of the South Carolina State Treasurer if such consent is required, but only to the extent necessary to enable the separate Trustee or Co-Trustee to exercise such rights, powers and trusts, and every

agreement and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by either of them.

(c) Should any deed, conveyance or instrument in writing from the Issuer be required by the separate Trustee or Co-Trustee so appointed by the Trustee in order to more fully and certainly vest in and confirm to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate Trustee or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

## ARTICLE X

### EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS

**SECTION 10.1. Execution of Instruments, Proof of Ownership.** Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Owners or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by Owners in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgements within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books maintained under the provisions of Section 2.11.

Nothing contained in this Article X shall be construed as limiting the Trustee in such proof, it being intended that the Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Owner shall bind every future Owner of the same Bond or any Bond or Bonds issued in lieu thereof, or on registration of transfer thereof in respect of anything done by the Trustee or the Issuer in pursuance of such request, consent or assignment.

ARTICLE XI

MODIFICATION OF THIS INDENTURE,  
THE LOAN AGREEMENT, AND THE SECURITY AGREEMENT

SECTION 11.1 *Limitations.* Neither this Indenture nor the Loan Agreement nor the Security Agreement shall be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions of this Article XI and Section 6.5.

SECTION 11.2 *Supplements to Indenture Without Owner Consent.* Subject to Section 11.7, the Issuer and the Trustee may, from time to time and at any time, without the consent of or notice to the Owners, enter into Supplements to this Indenture as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in this Indenture, provided that no such action shall materially adversely affect the interests of the Owners of the Bonds;
- (b) to add to the covenants and agreements of the Issuer in this Indenture other covenants or agreements, or to surrender any right or power reserved or conferred upon the Issuer, and which shall not materially adversely affect the interests of the Owners of the Bonds;
- (c) to confirm, as further assurance, any pledge of or lien on the Trust Estate or on any other moneys, securities or funds subject to the lien of this Indenture;
- (d) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;
- (e) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Owners of the Bonds;
- (f) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, and
- (g) to implement the provisions of Section 2.6, which provide for registration of the Bonds in book-entry form.

Before the Issuer and the Trustee enter into any Supplement to this Indenture pursuant to this Section 11.2, there shall have been delivered to the Issuer, the Trustee and the Borrower an opinion of Bond Counsel stating that such Supplement (i) is authorized or permitted by this Indenture and the Act, and complies with their respective terms, (ii) will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms, (iii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds, and (iv) if applicable, is not materially adverse to the Owners of the Bonds. The Trustee shall be fully protected in relying upon such opinion of Bond Counsel.

SECTION 11.3 *Supplements to Indenture Requiring Owner Consent*

(a) Except for any Supplement entered into pursuant to Section 11.2, subject to the terms and provisions contained in this Section 11.3 and not otherwise, Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution and delivery by the Issuer and the Trustee of any Supplement to this Indenture deemed necessary or desirable by the Issuer for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that, (i) unless approved in writing by the Owner of the Bond, nothing herein contained shall permit, or be construed as permitting, a change in the times, amounts or currency of payment of the principal of or interest on such Bond, or a reduction in the principal amount or redemption price of such Bond or a change in the rate of interest thereon, and (ii) unless approved in writing by the Owners of all Bonds then Outstanding and by the Issuer, nothing herein contained shall permit or be construed as permitting (1) the creation of a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien or pledge created by this Indenture (except as referred to in Section 9.4), or (2) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required for any such Supplement or which is required, under Section 11.6, for any modification, alteration, amendment or supplement to the Loan Agreement.

(b) If at any time the Issuer requests the Trustee to enter into any Supplement to this Indenture for any of the purposes of this Section 11.3, the Trustee shall cause notice of the proposed Supplement to be given to all Owners of Outstanding Bonds. Such notice shall be prepared by the Issuer, briefly set forth the nature of the proposed Supplement and state that a copy thereof is on file at the Principal Office of the Trustee for inspection by all Owners.

(c) The Issuer and the Trustee may enter into such Supplement in substantially the form described in such notice, after receipt by the Issuer, the Trustee and the Borrower of (i) the required consents, in writing, of Owners as required by (a) above and of the Borrower, to the extent required pursuant to Section 11.7, and (ii) an opinion of Bond Counsel stating that such Supplement (x) is authorized or permitted by this Indenture and the Act and complies with their respective terms (y) upon the execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and (z) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds.

(d) If Owners of not less than the percentage of the aggregate principal amount of Bonds required by this Section 11.3 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such Supplement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Issuer or the Trustee from executing and delivering the same, or from taking any action pursuant to the provisions thereof.

SECTION 11.4 *Effect of Supplement.* Upon the execution and delivery of any Supplement to this Indenture pursuant to the provisions of this Article XI, this Indenture shall be and be deemed to be, modified and amended in accordance therewith, and the respective rights,

dates and obligations under this Indenture of the Issuer, the Trustee and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced under this Indenture subject to all respects to such modifications and amendments.

**SECTION 11.5. Amendment of Loan Agreement and Security Agreement Without Owner Consent.** Without the consent or notice to the Owners, the Issuer may modify, alter, amend or supplement the Loan Agreement and the Security Agreement, and the Trustee may consent thereto, (a) as may be required by the provisions of the Loan Agreement and this Indenture, or (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein, provided no such action is materially adverse to the Owners.

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement or the Security Agreement pursuant to this Section 11.5, there shall have been delivered to the Issuer, the Trustee, and the Borrower an opinion of Bond Counsel stating that such modification, alteration, amendment, or supplement (i) is authorized or permitted by this Indenture and the Act and complies with their respective terms; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Issuer and the Borrower in accordance with its terms; (iii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds; and (iv) is not materially adverse to the Owners of the Bonds. The Issuer and the Trustee shall be fully protected in relying upon such opinion of Bond Counsel.

**SECTION 11.6. Amendment of Loan Agreement and Security Agreement Requiring Owner Consent.** Except in the case of modifications, alterations, amendments or supplements referred to in Section 11.5, the Issuer shall not enter into, and the Trustee shall not consent to, any amendment, change or modification of the Loan Agreement or the Security Agreement without the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, given and procured as provided in Section 11.3, provided, however, that, unless approved in writing by the Owners of all Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting, a change in the obligations of the Borrower under Sections 3.3 or 3.4 of the Loan Agreement. If at any time the Issuer or the Borrower shall request the consent of the Trustee, in any such proposed modification, alteration, amendment or supplement, the Trustee shall cause notice thereof to be given in the same manner as provided by Section 11.3 with respect to Supplements to this Indenture. Such notice shall be prepared by the Borrower, briefly set forth the nature of such proposed modification, alteration, amendment or supplement and state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by all Owners. The Issuer may enter into, and the Trustee may consent to, any such proposed modification, alteration, amendment or supplement subject to the same conditions and with the same effect as provided in Section 11.3 with respect to Supplements to this Indenture.

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement or the Security Agreement pursuant to this Section 11.6, there shall have been delivered to the Issuer, the Trustee, and the Borrower an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement

(i) is authorized or permitted by this Indenture and the Act and complies with their respective terms; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Issuer and the Borrower in accordance with its terms; and (iii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds. The Issuer and the Trustee shall be fully protected in relying upon such opinion of Bond Counsel.

**SECTION 11.7. Consent of Borrower Required.** Notwithstanding any other provision of this Indenture, no Supplement to this Indenture which affects any rights, powers, agreements or obligations of the Borrower under the Loan Agreement or the Security Agreement, or requires a revision of the Loan Agreement or the Security Agreement, shall become effective unless and until the Borrower shall have consented to such Supplement in writing.

**SECTION 11.8. Action of Trustee.** The Trustee may, but shall not be obligated to, execute any Supplement to this Indenture or consent to any amendment of the Loan Agreement or any of the other Bond Documents that affects its rights, duties or immunities under this Indenture or otherwise.

## ARTICLE XII

### MISCELLANEOUS

**SECTION 12.1. Successors of Issuer.** In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Issuer, shall bind or issue to the benefit of the successors of the Issuer from time to time and any only, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred.

**SECTION 12.2. Parity in Interest.** Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation, other than the Issuer, the Paying Agent, the Registrar, the Borrower and the Trustee and the Owners of Bonds issued hereunder any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Issuer, the Paying Agent, the Registrar, the Borrower and the Trustee and the Owners of Bonds issued hereunder.

**SECTION 12.3. Severability.** In case any one or more of the provisions of this Indenture or of the Loan Agreement, or of the Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture, the Loan Agreement, or such Bonds, and this Indenture, the Loan Agreement and such Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

**SECTION 12.4. No Personal Liability of Issuer Officials.** No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member, official, officer, agent or employee of the State or the Issuer in his individual capacity, and neither the members, the officers or employees of the Issuer or the State nor any

official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**SECTION 12.5. Bonds Owned by Issuer or Borrower.** In determining whether Owners of the requisite aggregate principal amount of the Bonds have concurred in any direction consent or waiver under this Indenture, Bonds which are owned by the Issuer or the Borrower or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower (unless the Issuer, the Borrower or such person own all Bonds which are then Outstanding, determined without regard to this Section 12.5) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Bonds which the Trustee knows are so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer or the Borrower or any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or the Borrower. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

**SECTION 12.6. Counterparts.** This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Indenture.

**SECTION 12.7. Governing Law.** The laws of the State shall govern the construction and enforcement of this Indenture and of all Bonds issued hereunder.

**SECTION 12.8. Notices.** Except as otherwise provided in this Indenture, all notices, demands, requests, consents, approvals, directions, certificates or other communications required under this Indenture to be in writing shall be sufficiently given and shall be deemed to have been properly given or delivered (i) three days after the same is mailed by certified mail, postage prepaid, return receipt requested, (ii) by facsimile transmission with telephonic confirmation of receipt (at which point it shall be deemed received), or e-mail with an imaged or scanned attachment (provided, that an e-mail does not constitute a notice, request or other communication hereunder but rather the portable document format or similar attachment attached to such e-mail shall constitute a notice, request or other communication hereunder), (iii) by overnight delivery service which provides for a record of delivery (receipt to be evidenced by the records of such delivery service), or (iv) by hand-delivery with a written receipt (receipt to be evidenced by execution of written receipt), in each case, addressed to the person to whom any such notice, demand, request, approval, certificate or other communication is to be given, at the appropriate address for the Principal Office of such person designated below:

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**Issuer:**  
South Carolina Jobs-Economic Development Authority  
1201 Mann Street, Suite 1600  
Columbia, South Carolina 29201  
Attention: Executive Director  
Telephone: (803) 737-0284  
Facsimile: (803) 737-0628

**Borrower:**  
Alligator Rural Water & Sewer Company, Inc.  
378 West Pine Avenue  
McBee, South Carolina 29101  
(843) 335-6464

**Trustee and Paying Agent:**  
U.S. Bank National Association  
Global Corporate Trust  
1441 Mann Street, Suite 775  
Columbia, South Carolina 29201  
Attention: Natalie Charles  
Telephone: (803) 212-7900  
Email: [natalie.charles@usbank.com](mailto:natalie.charles@usbank.com)

**Underwriter:**  
Oppenheimer & Co. Inc.  
85 Broad Street, 23<sup>rd</sup> Floor  
New York, New York 10004  
Attention: Vin Kauram, Managing Director  
Telephone: (212) 667-5870  
Email: [vin.kauram@opco.com](mailto:vin.kauram@opco.com)

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, demands, requests, consents, approvals, certificates or other communications shall be sent hereunder. During any period in which the Registrar and the Paying Agent are the same and have the same address, any notice required to be given to either the Registrar or the Paying Agent, or both, may be given by one notice to the address for the Registrar and Paying Agent set forth above. All notices, demands, requests, consents, approvals, directions, certificates or other communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the Borrower or Issuer chooses to use electronic signatures to sign documents delivered to the Trustee, the Issuer and Borrower each agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

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SECTION 12.9. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may, unless otherwise provided in this Indenture or the Loan Agreement, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture, and in the case of payment no interest shall accrue for the period after such nominal date.

SECTION 12.10. Effective Date. This Indenture has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date, by the parties hereto. All representations and warranties set forth herein shall be deemed to have been made on the Closing Date.

IN WITNESS WHEREOF, the Issuer has caused this Indenture of Trust to be signed in its name by its Executive Director, and the Trustee, in acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunder duly authorized all as of the day and year first above written.

**SOUTH CAROLINA JOBS-ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Executive Director

[Issuer's Signature Page to Indenture of Trust]

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U.S. BANK NATIONAL ASSOCIATION,  
as trustee

EXHIBIT A

Form of the Bonds

By: \_\_\_\_\_  
Its: Vice President

[Trustee's Signature Page to Indenture of Trust]

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**EXHIBIT B**

Instructions for Refunding Refunded Loans

**EXHIBIT C**

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**LOAN AGREEMENT**

between

**SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY**

and

**ALLIGATOR RURAL WATER & SEWER COMPANY, INC.**

Dated as of May 1, 2021

Relating to the Issuance of

\$26,795,000

South Carolina Jobs-Economic Development Authority  
Economic Development Revenue Bonds  
(Alligator Rural Water & Sewer Company, Inc. Project)  
Series 2021

CERTAIN RIGHTS OF THE ISSUER UNDER THIS LOAN AGREEMENT HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE UNDER AN INDENTURE OF TRUST, DATED AS OF THE DATE FIRST ABOVE WRITTEN, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME.

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**LOAN AGREEMENT**

**THIS LOAN AGREEMENT** (this "Loan Agreement") is dated as of May 1, 2021, and is made and entered into by and between the **SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic, and an agency of the State of South Carolina (the "Issuer"), and **ALLIGATOR RURAL WATER & SEWER COMPANY, INC.**, a South Carolina non-profit corporation (the "Borrower").

**RECITALS**

**WHEREAS**, the Issuer, acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43 of the Code of Laws of South Carolina, 1976, as amended (the "Act"), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act, and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State of South Carolina; and

**WHEREAS**, the Issuer is further authorized by Section 41-43-110 of the Act to issue revenue bonds payable by the Issuer solely from a revenue-producing source and secured by a pledge of said revenues in order to provide funds for any purpose authorized by the Act; and

**WHEREAS**, in furtherance of the purposes of the Act and in order to promote the prosperity, health, safety, and welfare of the citizens of the State of South Carolina, the Issuer has established a loan program to provide permanent financing for Alligator Rural Water & Sewer Company, Inc., a South Carolina limited liability company (the "Borrower") to refinance a portion of the costs of acquiring, constructing, furnishing, equipping, and improving the Borrower's water treatment and distribution system and wastewater collection system (the "System") located in Chesterfield, South Carolina by refunding a portion of the Borrower's outstanding USDA Rural Development Loans (the "RD Loans"), including, among other things, costs of issuance of Bonds (as defined below), which facilities constitute a business enterprise under the Act; and

**WHEREAS**, the RD Loans were incurred by the Borrower for the purpose of financing a portion of the costs of acquisition, construction, improvement, and renovation of the System; and

**WHEREAS**, the Issuer wishes to assist the Borrower by reducing its costs of capital improvements to the System by refunding the RD Loans to achieve debt service savings; and

**WHEREAS**, the Borrower has determined that the estimated amount necessary to refinance the System will require the issuance, sale, and delivery of the Bonds in the amount of not to exceed \$26,795,000, and

**WHEREAS**, pursuant to and in accordance with the Act, particularly Section 41-43-110 thereof, the Issuer hereby proposes to issue its \$26,795,000 aggregate principal amount Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project) (Series 2021), in one or more issues or series (the "Bonds"), pursuant to the Indenture of Trust, dated as of May 1, 2021 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), and a Bond Resolution adopted by the Board of Directors of the Issuer in order to fund the loan program; and

**WHEREAS**, the Borrower has determined that the estimated amount necessary to refinance the System will require the issuance, sale, and delivery of the Bonds in the amount of not to exceed \$26,795,000; and

**WHEREAS**, to refinance the System, the proceeds derived from the sale of the Bonds will be loaned to the Borrower pursuant to this Loan Agreement under the terms of which the Borrower will be required to make loan payments sufficient to pay when due the principal of premium, if any, and interest on the Bonds and related fees, costs, and expenses and thereby provide a revenue source with which to pay the Bonds; and

**AGREEMENTS**

**NOW, THEREFORE**, in consideration of the premises, the respective representations, covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties herein agree as follows (provided that in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may thereby incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit, but shall be payable solely out of the proceeds derived from the Revenues and the sale of the Bonds):

**ARTICLE I  
DEFINITIONS**

**SECTION 1.1** Definitions. Except as provided below, certain terms used in this Loan Agreement are defined in the Indenture of Trust, dated as of May 1, 2021, by and between the Issuer and U.S. Bank National Association (the "Indenture"). Where and if used herein, such terms shall have the meanings given to them by the language employed in the Indenture defining such terms, unless the context clearly indicates otherwise.

**SECTION 1.2** Rules of Construction. The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Loan Agreement.

The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants".

References to Articles, Sections, and other subdivisions of this Loan Agreement are to the designated Articles, Sections, and other subdivisions of this Loan Agreement.

**SECTION 2.5 Security.** The Borrower's Obligations are secured by the Bond Documents executed and delivered for the purpose of securing the Loan.

**SECTION 2.6 Additional Security.** For the benefit of the Owners of the Bonds, the Borrower hereby assigns and grants a security interest to the Issuer and its assigns in the interest of the Borrower, if any, in the Bond Fund, the Issuance Costs Fund, and all accounts and subaccounts created thereunder.

### ARTICLE III

#### EFFECTIVE DATE OF LOAN AGREEMENT; DURATION OF LOAN TERM; OWNERSHIP OF SYSTEM; REPAYMENT PROVISIONS

**SECTION 3.1 Effective Date of this Loan Agreement; Duration of Loan Term.** This Loan Agreement (and therefore the Loan) shall become effective on the Closing Date, and shall continue in full force and effect until the principal, and premium (if any) and interest on the Bonds have been fully paid, together with all sums then due and owing by the Borrower to the Issuer or the Trustee pursuant to the terms hereof, provided however, that the expiration of this Loan Agreement (and therefore the Loan) shall not affect the Borrower's obligation to pay to (a) the Trustee, the Paying Agent, and the Registrar, any amounts which may thereafter become payable to the Trustee, the Paying Agent, or the Registrar by reason of Section 7.1 or any indemnification of the Trustee, the Paying Agent, and the Registrar; and (b) the Issuer, its agents and employees, any amounts which may thereafter become payable to the Issuer or any indemnification of the Issuer pursuant to Article VII.

**SECTION 3.2 Ownership of the System.** The Issuer agrees that the System shall be solely the property of the Borrower and that the Borrower shall enjoy the sole and exclusive ownership of the System (subject to the right of the Issuer and the Trustee to enter on the Property for inspection and other purposes pursuant to the provisions of Section 7.7). The Issuer consents and agrees that it will not take any action, other than pursuant to (a) Article XI of this Agreement and (b) the Security Agreement, to prevent the Borrower from having quiet and peaceable enjoyment of the System.

**SECTION 3.3 Repayment of Loan.** (a) The Borrower shall pay when due (i) the total interest becoming due on the Bonds to the dates of payment thereof, (ii) the total Principal Sum and (iii) all redemption premiums (if any) payable on the redemption of the Bonds prior to stated payment dates.

(b) In order to provide for the payment of the amounts due under this Section with respect to the Bonds for so long as the Bonds are Outstanding the Borrower agrees that on the 1st day of each month in each year, commencing June 1, 2021, the Borrower shall pay an amount equal to the sum of the following:

(i) to the Interest Account of the Bond Fund for the payment of interest on Bonds, an amount equal to one-sixth (1/6th) of the interest on the Bonds scheduled to be due and payable

The headings of this Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

(Unless specifically provided otherwise, all accounting terms shall have the definitions given them in accordance with generally accepted accounting principles as applied to the applicable Person and its subsidiaries, if any, on a consistent basis by its Independent Accountants and, unless otherwise indicated, all accounting terms and covenants shall be applied on a consolidated basis.

### ARTICLE II

#### ISSUANCE OF BONDS; THE LOAN; SECURITY

**SECTION 2.1 Issuance of Bonds, Deposit and Disbursement of Proceeds.** To provide funds to pay the costs of refinancing the Refunded RD Loans, the Issuer, concurrently with the execution and delivery of this Loan Agreement, and upon satisfaction of the conditions to the delivery of the Bonds set forth in Section 2.8 of the Indenture, shall issue, sell and deliver the Bonds and will cause the proceeds thereof to be deposited with, and disbursed by, the Trustee in accordance with Section 4.2 of the Indenture.

**SECTION 2.2 Issuance of Other Obligations.** The Issuer expressly reserves the right (but shall be under no obligation to do so) to enter into, to the extent permitted by law, an agreement other than this Loan Agreement with respect to the issuance by the Issuer under an indenture or indentures other than the Indenture to provide additional funds to expand, improve, and repair the System, or to refund all or any principal amount of the Bonds, or any combination of the foregoing.

**SECTION 2.3 Establishment of Funds.** The Issuer shall establish the Refunding Fund, the Bond Fund, and the Issuance Costs Fund in accordance with the Indenture. Amounts in such Funds shall be invested and disbursed by the Trustee as provided in the Indenture. Until moneys in such Funds are applied by the Trustee as provided in the Indenture, such moneys shall be and remain subject to the lien of the Indenture as a part of the Trust Estate and held in trust by the Trustee for the benefit of the Owners of Bonds, and the Borrower shall not have any right, title, or interest therein.

**SECTION 2.4 The Loan.** The Issuer agrees, upon the terms and subject to the conditions contained in this Loan Agreement and the Indenture, to make the Loan to the Borrower in the amount of the Principal Sum. The Borrower unconditionally promises to repay the principal of the Loan with interest thereon as provided in this Loan Agreement.

on the next succeeding Interest Payment Date so that there will be accumulated on such Interest Payment Date, after taking into account interest earnings on amounts held in the Interest Account, an amount not less than the interest on the Bonds coming due on the immediately succeeding Interest Payment Date, plus

(d) to the Principal Account of the Bond Fund for the payment of principal of Bonds, an amount equal to one-twelfth (1/12th) of the principal amount on Bonds due by maturity or mandatory redemption on the next Principal Payment Date or Sinking Fund Installment Date, as applicable, so that there will be accumulated in the Principal Account, after taking into account interest earnings on amounts held in such account, an amount not less than the principal of the Bonds coming due by maturity or mandatory redemption on the immediately succeeding Principal Payment Date; Sinking Fund Installment Date, or Maturity Date.

(e) Notwithstanding any of the foregoing provisions of this Section, no amount need be deposited into the Bond Fund for the payment of principal or interest, respectively, if the amount already on deposit therein and available for such purpose is sufficient to pay in full the amount of principal and interest on the Bonds on the next succeeding Bond Payment Date.

(d) [Reserved]

(e) The Borrower shall pay or cause to be paid to the Trustee for deposit to the Rebate Fund all amounts required to be deposited in the Rebate Fund pursuant to Section 4.13 of the Indenture. The Borrower shall also pay to the amount necessary to pay the Rebate Analyst Fee when due.

(f) Each payment to be made hereunder shall be made by check or draft or wire transfer or other method agreed to by the Trustee and the Borrower, and upon such other terms, all as provided in the Indenture.

SECTION 3.4 Place of Payments. The payments provided for in Section 3.3 shall be paid directly to the Trustee for the account of the Issuer and deposited in the Bond Fund. The additional payments to be made to the Issuer, the Trustee, the Paying Agent, or the Registrar under Section 7.1 shall be paid directly to the Issuer, the Trustee, the Paying Agent, or the Registrar for its own use. Any additional payments which the Borrower may be required to pay to the Issuer, the Trustee, the Paying Agent, or the Registrar pursuant to Article VII shall be paid directly to the Issuer, the Trustee, the Paying Agent, or the Registrar, as the case may be, or to such other person as the Issuer, the Trustee, the Paying Agent, or the Registrar may direct, unless otherwise provided herein.

SECTION 3.5 Obligations of the Borrower Hereunder Unconditional. The payment and performance by the Borrower of the Borrower's Obligations shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Issuer or the Trustee, and the Borrower shall pay absolutely net during the Loan Term the payments to be made on account of the Loan as prescribed in Section 3.3 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off, other than as herein expressly provided, and until termination of this Loan

Agreement, the Borrower (a) will not suspend or discontinue any payments provided for in Section 3.3, (b) will perform and observe all of its other agreements contained in this Loan Agreement, including (without limitation) all payments required to be made to the Issuer, the Trustee, the Paying Agent, or the Registrar, and (c) except as provided in Article IV, will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, sale or other transfer of the Property or any portion thereof, destruction of or damage to the Property or any portion thereof, condemnation of the Property or any portion thereof, commercial frustration of purpose, the occurrence of any acts or circumstances that may constitute a failure of consideration, any change in the laws of the United States of America or the State or any political subdivision of either of these, or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, except to the extent permitted by this Loan Agreement or the Indenture.

SECTION 3.6 Failure to Make Payments. In the event the Borrower fails to make any of the payments required by this Loan Agreement, when the same are due and payable, such payment shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same to the person entitled thereto, with interest thereon, including, to the extent permitted by law, interest on any overdue payment of principal or interest, at the highest interest rate borne by the Bonds.

#### ARTICLE IV

#### PREPAYMENT OF LOAN

SECTION 4.1 Prepayment of Loan Prior to Maturity. In the manner and with the effect provided in this Loan Agreement and the Indenture, the Loan shall be subject to prepayment prior to maturity as follows:

(a) Optional Prepayment. From and after March 15, 2031, the Borrower may prepay the Loan corresponding to the Bonds in whole or in part at any time, by giving written direction of such prepayment to the Trustee (such direction to be given by the Borrower at least 45 days prior to the date fixed for redemption), in a principal amount equal to the principal amount of Bonds to be redeemed on such date, provided, however, that any such prepayment shall be in such a principal amount that no Bond of less than the minimum Authorized Denomination remains Outstanding after such prepayment.

(b) Special Prepayment Upon Extraordinary Redemption Event. The Borrower may prepay the Loan in whole (but not in part), without premium or penalty, by giving written direction of such prepayment to the Trustee (such direction to be given by the Borrower at least 45 days prior to the date fixed for redemption), but only if an Extraordinary Redemption Event shall have occurred, as evidenced to the Trustee by a certificate of the Authorized Borrower Representative delivered together with such direction

(c) Mandatory Sinking Fund Redemption. The Borrower shall repay the Loan to the extent that the Bonds are required to be redeemed from Sinking Fund Installments pursuant to Section 3.1(c) of the Indenture.

**SECTION 4.2. Amount Required for Prepayment.** To prepay or repay the Loan pursuant to this Article, the Borrower shall pay to the Trustee moneys or Government Obligations (not subject to prepayment or call) in such amount as may be necessary to pay the applicable redemption price as set forth in Section 3.1 of the Indenture, so that all Bonds to be redeemed shall no longer be deemed Outstanding. The Borrower shall also pay to the Trustee an amount which will be sufficient to pay all expenses of redemption, the fees and expenses of the Issuer (which will be collected by the Trustee and paid to the Issuer), the Trustee, the Paying Agent and the Registrar in connection with such redemption and, if applicable, the cancellation and discharge of any of the Bond Documents pursuant to Article VII of the Indenture, and any and all sums then due to the Issuer or the Trustee under the Bond Documents. The Borrower shall make arrangements satisfactory to the Trustee for the giving of any required notice of redemption of the Bonds.

#### ARTICLE V

#### REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS; FINDINGS

**SECTION 5.1. General Representations and Warranties by the Issuer.** The Issuer makes the following representations and warranties:

(a) The Issuer is a body politic and corporate and an agency of the State. Under the provisions of the Act, the Issuer has the power to enter into this Loan Agreement and the other Bond Documents entered into by it and the transactions contemplated hereunder and thereunder and to carry out its obligations hereunder and thereunder. By proper action, the Issuer has duly authorized the execution and delivery of this Loan Agreement, each of the other Bond Documents executed and delivered by it. The Issuer is not in violation of the provisions of the laws of the State that would affect its existence or its powers referred to in this subsection (a).

(b) The Bonds are issued pursuant to the Act to finance a portion of the costs of the acquisition and renovation of the System at the request of the Borrower.

(c) As provided in the Indenture, the Revenues are pledged to secure the payment of the principal of and interest and premium (if any) on the Bonds and for any other payment referred to in this Loan Agreement.

(d) This Loan Agreement and the Indenture have been duly and properly authorized, executed, sealed and delivered by the Issuer, constitute valid and legally binding obligations of the Issuer, and are fully enforceable against the Issuer in accordance with their respective terms; provided, however, that the enforceability and binding nature of this Loan Agreement and the Indenture are subject to bankruptcy, insolvency, reorganization and other state and federal laws affecting the enforcement of creditors' rights generally, and, to the extent

that certain remedies under such instruments require or may require enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose.

(e) To the best knowledge of the Issuer, there are no proceedings pending or threatened before any court or administrative agency which may affect the authority of the Issuer to issue the Bonds or enter into this Loan Agreement and the Indenture.

(f) The execution, delivery and performance by the Issuer of this Loan Agreement, the Indenture, or any other document required or contemplated hereby to be delivered by the Issuer, do not constitute a violation or breach of or a default under the Act or any existing mortgage, indenture, contract, instrument or agreement binding on the Issuer or affecting its property, or any provision of law or order of any court binding upon the Issuer.

(g) The Resolution was duly and properly adopted by the Board of Directors of the Issuer and the same is in full force and effect on the Closing Date.

**SECTION 5.2. Representations and Warranties by the Borrower.** The Borrower makes the following representations and warranties to induce the Issuer to enter into this Loan Agreement and to issue the Bonds and to induce the Owners, from time to time, of the Bonds, to purchase the Bonds:

(a) **Subsidiaries.** The Borrower has no subsidiaries.

(b) **Good Standing.** The Borrower (i) is a non-profit corporation duly organized and existing, in good standing, under the laws of the State of South Carolina, including Title 33, Chapter 36 of the Code of Laws of South Carolina 1976, as amended, (ii) has the power and all material governmental licenses, authorizations, consents, and approvals required to own and operate the System as now being conducted, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State.

(c) **Authority.** The Borrower has full power and authority to execute and deliver this Loan Agreement and each of the other Bond Documents executed and delivered by the Borrower, and to incur and perform the obligations provided for herein and thereon (including, without limitation, the borrowing of the Loan), all of which have been duly authorized by all proper and necessary action by the Borrower. No consent or approval of any members of the Borrower or of any person or public authority or regulatory body is required as a condition to the validity or enforceability of this Loan Agreement or any of the other Bond Documents executed and delivered by the Borrower or, if required, the same has been duly obtained.

(d) **Binding Agreements.** This Loan Agreement and each of the other Bond Documents executed and delivered by the Borrower have been duly and properly executed by the Borrower, constitute valid and legally binding obligations of the Borrower, and are fully enforceable against the Borrower in accordance with their respective terms, except to the extent

that enforceability may be affected by any bankruptcy or insolvency proceeding filed by or against the Borrower and subject to the exercise of judicial discretion in accordance with general principles of equity. The Borrower acknowledges that it has received an executed copy of the Indenture that it is familiar with its provisions and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it, that it will take all such actions as are required or contemplated of it under the Indenture to preserve and protect the rights of the Trustee and of the holders hereunder and that it will not take or effect any action which would cause in default thereunder or jeopardize such rights.

(v) **Litigation.** There is no litigation or proceeding pending or threatened before any Governmental Authority that would materially adversely affect the business, financial condition or operations of the Borrower on the System, the transactions contemplated hereby or by the other Bond Documents, or the authority of the Borrower to enter into, or the validity or enforceability of, this Loan Agreement or any of the other Bond Documents executed and delivered by the Borrower.

(f) **No Conflicting Agreements, Laws, etc.** There is (i) no provision of the Borrower's Articles of Incorporation and no provision of any existing mortgages, indenture, contract or agreement binding on the Borrower or affecting any of the Borrower's property, and (ii) no knowledge of the Borrower, no provision of law or order of any Governmental Authority binding upon the Borrower or affecting any of the Borrower's property, which would conflict with or in any way prevent the execution, delivery, or performance of the terms of this Loan Agreement or of any of the other Bond Documents executed and delivered by the Borrower or which would be in default or violated as a result of such execution, delivery or performance, or for which adequate consents or waivers have not been obtained.

(g) **Lien(s) or Security Interests.** Except for simultaneous loans being granted in favor of the Issuer and the Trustee and Permitted Encumbrances, there exist no Encumbrances on or with respect to the Property or on or with respect to any of the other security for the Borrower's Obligations.

(h) **Financial Information.** All financial information concerning the Borrower and the System heretofore furnished to the Issuer is complete and correct in all material respects and fairly presents the financial position of the Borrower and the System as of the date of such information. There are no material liabilities, direct or indirect, fixed or contingent, of the Borrower except as reflected therein. There has been no material adverse change in the financial condition or operations of the Borrower since the dates of such financial information (and to the Borrower's knowledge, no such material adverse change is pending or threatened), and the Borrower has not guaranteed the obligations of, or made any investment in or advances to, any company, individual, or other entity except as disclosed in such information. The Borrower has good and marketable title to all of its properties and assets and all of such properties and assets are free and clear of Encumbrances (other than Permitted Encumbrances and as described in (g) above), except as reflected in such information. The Borrower is not insolvent within the meaning of the Bankruptcy Code.

(i) **Compliance with Law.** To the best knowledge of the Borrower, the Borrower is in compliance with all laws, ordinances and governmental rules and regulations to which it is subject; the failure to comply with which would materially adversely affect the ability of the Borrower to conduct its activities, the operation of the System or the condition (financial or other) of the Borrower or the ability of the Borrower to perform its obligations under the Bond Documents.

(j) **Full Disclosure.** Neither the financial information referred to in subsection (h) above, nor any of the Bond Documents nor any certificate or statement furnished by the Borrower in connection therewith, contains any untrue statement of a material fact or, when such financial information, Bond Documents, statements, reports and certificates are taken in their entirety, omits to state a material fact necessary to make the statements contained therein or herein not misleading as of the date hereof. There is no fact of which the Borrower has actual knowledge which the Borrower has not disclosed to the Underwriter or the Issuer in writing prior to the date of this Loan Agreement with respect to the transactions contemplated by the Bond Documents which materially and adversely affects, or in the future could materially adversely affect, the condition, financial or otherwise, results of operations, business, or assets of the Borrower.

(k) **Tax Returns.** The Borrower has filed all required federal, state and local tax returns and has paid all taxes as shown on such returns, if any, as they have become due. No claims have been assessed and are unpaid with respect to such taxes. No additional taxes for years which have not been audited by the respective tax authorities are expected by the Borrower to be owed.

(l) **Permits.** (i) The Borrower has obtained, and there are currently in full force and effect, all Permits from any and all Governmental Authorities that (i) would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Borrower of the Borrower's obligations or (ii) are necessary for the operation of the System as a water and sewer utility system and related facilities.

(ii) To the best knowledge of the Borrower, there has been no breach of any condition to the issuance, maintenance, renewal and/or continuance of any of the Permits and no event has occurred which, with the giving of notice or the passage of time, or both, would constitute such a breach. To the best knowledge of the Borrower, all fees, charges and other expenses required in connection with the Permits have been paid, all information has been provided and all material conditions precedent to the issuance, maintenance, renewal and continuance of all of the Permits have been complied with.

(iii) The Borrower has not received any notice from any Governmental Authority of any actual, pending or threatened suspension, revocation, restriction or imposition of any probationary use of any of the Permits, or any material amendments or modifications to the Permits. None of the Permits are provisional, probationary or restricted in any manner that is outside the scope of industry standards for similar utility facilities operating within the State. Each of the Permits has been issued or is expected to be issued for a period of at least 12 months from the date of issuance or for such lesser time to the extent the issuance for fewer than 12

months is not the consequence of any sanctions imposed by any Governmental Authority or agent.

(iv) To the best knowledge of the Borrower, there is no threatened or pending revocation, suspension, termination, prohibition, restriction, limitation, or nonrenewal of any of the Permits by any accreditation or approval organization or Governmental Authority, including without limitation, the issuance of any provisional License or other License with a term of fewer than 12 months as a consequence of any sanctions imposed by any Governmental Authority or agent, nor is there any threatened or pending assessment of any civil or criminal penalties by any Governmental Authority or agent.

(m) No Defaults. No event has occurred and no condition exists that would constitute an Event of Default hereunder or under the other Bond Documents. The Borrower is not in violation, nor has it received notice of any claimed violation, of any term of any agreement or other instrument to which it is a party or by which it or its property is bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or other) of the Borrower or the ability of the Borrower to perform its obligations under the Bond Documents.

(n) Insurance. The Borrower maintains and has in full force and effect insurance with respect to its properties and business, and covering such risks, liabilities, casualties and contingencies and in such types and amounts as complies with the Bond Documents.

(o) Material Contracts. The Borrower is in compliance with all material provisions of all material contracts to which it is a party, and there exists no material default under any material contract by the Borrower or, to the best knowledge of the Borrower, by any other party thereto.

(p) Governmental Requirements. To the best of the Borrower's knowledge, no violation of any Governmental Requirements exists with respect to the System, except for violations that do not materially adversely affect (i) the ability of the Borrower to conduct its activities, (ii) the operation of the System as a water and sewer utility system, (iii) the condition (financial or other) of the Borrower or (iv) the ability of the Borrower to perform its obligations under the Bond Documents.

(q) ERISA. (i) Any Plan established and maintained by the Borrower or any Commonly Controlled Entity that is intended to be a qualified plan under the applicable requirements of the Code is in fact so qualified and there is no current matter which would adversely affect the qualified tax-exempt status of any Plan, (ii) neither the Borrower nor any Commonly Controlled Entity has engaged in or is engaging in any Prohibited Transaction or has incurred any Accumulated Funding Deficiency in connection with any Plan, whether or not waived, no Reportable Event has occurred with respect to any Plan subject to the minimum funding requirements of Section 412 of the Code, there has been no application for a minimum funding waiver with respect to any Plan, and as of the most recent actuarial valuation date, the funded current liability percentage, as defined in Section 302(d)(8) of ERISA, of each Plan is at least 100% and there has been no material adverse change in the funding status of any Plan since

such date, (iii) no Multiemployer Plan has "terminated," as that term is defined in ERISA or, to the knowledge of the Borrower, could reasonably be expected to terminate, (iv) neither the Borrower nor any Commonly Controlled Entity has incurred or could reasonably be expected to incur any withdrawal liability with respect to any Multiemployer Plan, and (v) no Multiemployer Plan is in "reorganization" nor has notice been received from the administrator of any Multiemployer Plan that any such Plan will be placed in "reorganization."

(r) Utilities. All utility services necessary for the operation of the System, including, without limitation, water supply, storm water facilities, and gas, electric and telephone facilities.

(s) Roads. All roads and other accesses necessary for the full utilization of the System as a water and sewer utility system have been completed.

(t) Zoning, etc. No portion or component of the System, and the use of the System as a water and sewer system and related facilities, violates any zoning or other ordinance, regulation or law, restrictive covenant or agreement of the Borrower (either now in existence or known by the Borrower to be proposed) applicable to the System or its uses, and all requirements for such use have been satisfied.

(u) Use of Loan Proceeds. The Borrower intends that the proceeds of the Loan be used solely to finance the RD Loans and Costs of Issuance.

SECTION 5.3. Findings by the Issuer. The Issuer hereby confirms its findings that refinancing the System will promote the declared legislative purposes of the Act by (a) promoting economic development in the County, (b) sustaining jobs and employment by the creation or retention of jobs in the County, and (c) promoting the health, welfare and safety of the residents of the County.

## ARTICLE VI

### COVENANTS AND REPRESENTATIONS AND WARRANTIES OF BORROWER WITH RESPECT TO THE INVESTMENT OF BOND PROCEEDS; RELATED MATTERS

SECTION 6.1. Application and Investment of Bond Proceeds. The Borrower consents and agrees to the provisions of Article IV of the Indenture relating to the use of the proceeds of the Bonds and the use and disbursement of moneys on deposit to the funds and accounts created thereunder. The Borrower consents and agrees to the provisions of Article V of the Indenture relating to investment of the proceeds of the Bonds and any amounts held in the Bond Fund. The Borrower acknowledges and agrees that neither the Issuer nor the Trustee shall have any liability for any loss incurred by reason of any such investment, unless, with respect solely to the Trustee, such loss is a result of the Trustee's negligence or willful misconduct.

SECTION 6.2. Annual Report on Outstanding Principal Balance. As long as the Bonds are Outstanding, the Borrower shall furnish, or cause the Trustee to furnish, to the Issuer prior to August 1 of each year, a report on the outstanding principal balance of the Bonds as of June 30 of such year.

SECTION 6.3. State Continuing Disclosure Requirement. Pursuant to Section 111.1-85 of the Code of Laws of South Carolina, 1976, as amended, the Issuer covenants to file with a central repository for availability for availability in the secondary bond market when requested:

- (a) An annual independent audit, within thirty (30) days of the Issuer's receipt of the audit; and
- (b) Event specific information, within thirty (30) days after the Issuer's actual knowledge of an event adversely affecting more than five percent of the Revenues.

The Borrower agrees to promptly notify the Issuer of any event described in paragraph (b) of this Section and to provide all information requested by the Issuer to comply with this Section. The only remedy for failure by the Issuer or the Borrower to comply with the covenant in this Section shall be an action for specific performance of this covenant. The Issuer and the Borrower specifically reserve the right to amend this covenant to reflect any change to Section 111-1-85 without the consent of any Holder.

#### ARTICLE VII

##### PAYMENT OF FEES AND EXPENSES OF THE ISSUER, THE TRUSTEE, THE PAYING AGENT, AND THE REGISTRAR; INDEMNIFICATION; ADVANCES; RESERVED RIGHTS OF ISSUER

SECTION 7.1. Payment of Administration Expenses of the Trustee, the Paying Agent, and the Registrar. The Borrower agrees to pay to the Trustee, the Paying Agent, and the Registrar amounts equal to the respective fees and charges of the Trustee, the Paying Agent, and the Registrar for the services rendered and expenses incurred (including attorneys' fees) under the Bond Documents as and when the same become due. In addition, the Borrower shall pay all costs and expenses of the Trustee, the Registrar and the Paying Agent in connection with the registration, exchange or registration of transfer of the Bonds pursuant to Section 2.11 of the Indenture. The obligation of the Borrower under this Section shall survive the termination of this Loan Agreement and the payment and performance of all other of the Borrower's Obligations.

SECTION 7.2. Payment of Costs of Issuance, Issuer's Administration Expenses, and Issuer's Annual Fee. (a) The Issuer has in the Indenture authorized and directed the Trustee to make payments from the Issuance Costs Fund for the payment of issuance expenses as provided in this Section. Payments shall be made from the Issuance Costs Fund upon submission by the Borrower of a written request on the form attached hereto as Exhibit A, only for paying the costs of legal, accounting, organization, marketing, trustee, or other special services and other fees and expenses incurred or to be incurred by or on behalf of the Issuer or the Borrower in connection with the issuance of the Bonds. The Issuer does not make any warranty other

expressed or implied that the moneys in the Issuance Costs Fund available for payment of the foregoing costs will be sufficient to pay such costs in full, and the Borrower agrees to pay such costs in excess of the amount in the Issuance Costs Fund from any moneys legally available for such purpose. The Borrower agrees to pay the Issuer, in each year so long as the Bonds are Outstanding, the following amounts: (i) the annual administration fee payable, on each anniversary of the issuance of the Bonds until the maturity of the Bonds equal to 1.5 basis points of the aggregate principal amount of the Bonds Outstanding, but in no event less than \$500 (the "Issuer's Annual Fee"); and (ii) the Issuer's Administrative Expenses including counsel fees, and any securities-related fees and any securities-related fees directly related to the Bonds. Subsequent to the issuance of the Bonds, the Borrower agrees to pay or cause to be paid when due and payable the reasonable fees and expenses of the Issuer related to the issuance of the Bonds, including without limitation, attorneys' fees and expenses and any expenses related to an audit of the Bonds by the Internal Revenue Service.

(b) The Issuer's Annual Fee shall be calculated and invoiced by the Issuer, paid by the Borrower to the Issuer on the date due. No refund of the Issuer's Annual Fee shall be made in the event the Bonds mature or are redeemed, accelerated or otherwise paid during any period for which the Issuer's Annual Fee has been paid and no provision of the Issuer's Annual Fee paid in maturity shall be made. Notwithstanding the failure to receive an invoice for the Issuer's Annual Fee nor any defect in such invoice as delivered, shall affect the Borrower's obligation to pay the Issuer's Annual Fee when due.

(c) The obligations of the Borrower under this Section shall survive the termination of this Loan Agreement and the payment and performance of all other of the Borrower's Obligations.

SECTION 7.3. No Pecuniary Liability. The Act and the Resolution prescribe and the parties intend that by reason of (i) making this Loan Agreement, (ii) the issuance of the Bonds, (iii) the performance of any act required of it by the Loan Agreement, or (iv) the performance of any act requested of it by the Borrower, no indebtedness or charge against the general credit or taxing powers of the State or the Issuer within the meaning of any constitutional or statutory limitation shall occur, nor shall any of the foregoing ever constitute or give rise to any pecuniary liability of the Issuer or the State. Nevertheless, if the Issuer or the State incurs any such pecuniary liability, then in such event the Borrower shall indemnify and hold the Issuer and the State harmless by reason thereof.

SECTION 7.4. Indemnification of the Issuer, the Trustee, the Paying Agent, and the Registrar. (a) The Borrower shall protect indemnify, and save harmless the Issuer, the South Carolina State Fiscal Accountability Authority (the "SFAA"), the Trustee, the Paying Agent and the Registrar and their respective officers, members, employees, attorneys and agents against and from any and all liabilities, suits, actions, claims, demands, losses, expenses, attorneys' fees, and costs of every kind and nature incurred by, or asserted or imposed against, the Issuer, the SFAA, the Trustee, the Paying Agent and the Registrar and their respective officers, officials, agents, members or employees or any of them, by reason of any accident, injury (including death) or damage to any person or property, however caused (other than the gross negligence or willful misconduct of the Trustee, the Issuer, the SFAA, the Paying Agent or

the Registrar, or their respective officers, employees, or agents, which gross negligence or willful misconduct shall affect the indemnification rights of only that entity which committed such gross negligence or willful misconduct through its officers, employees or agents and said officers, employees or agents), resulting from, connected with or growing out of any act of commission or omission of the Borrower or any officers, employees, agents, assignees, contractors or subcontractors of the Borrower or any due non-waive, possession, occupation, condition, operation, service, design, construction, acquisition, maintenance or management of or on, or in connection with, the System, or any part thereof, during the Loan Term and regardless of whether such liabilities, suits, actions, claims, demands, damages, losses, expenses and costs be against or be suffered or sustained by the Issuer, the SFCAA, the Trustee, the Paying Agent or the Registrar, or any of their respective members, officers, agents or employees, or be against or be suffered or sustained by legal entities, officials, officers, agents, members or other persons to whom the Issuer, the SFCAA, the Trustee, the Paying Agent and the Registrar, or any of their respective officials, officers, agents, members or employees may become liable hereof. The Issuer shall not be liable for any damage or injury occurring during the Loan Term to the persons or property of the Borrower or any of its officers or agents, including operating, personnel, contractors and employees, or any other person or entity who or which may be upon the Property.

(b) The Borrower may, and if so requested by the Issuer, the SFCAA, the Trustee, the Paying Agent and the Registrar, shall, underbale to defend, at its sole cost and expense, any and all suits, actions and proceedings brought against the Issuer, the SFCAA, the Trustee, the Paying Agent and the Registrar, or any of their respective officials, officers, agents, members or employees in connection with any of the matters indemnified against in this Section, provided, however, that the Borrower shall not have the right to assume the defense of any such action against the Issuer unless the Issuer consents thereto in writing. The Issuer, the SFCAA, the Trustee, the Paying Agent and the Registrar shall give the Borrower timely notice of and shall forward to the Borrower every demand, notice, summons or other process received with respect to any claim or legal proceedings within the purview hereof, but the failure of the Issuer, the SFCAA, the Trustee, the Paying Agent or the Registrar to give such notice shall not affect its right to indemnification hereunder, unless the failure to give notice shall have deprived the Borrower of a reasonable opportunity to contest any such matter.

(c) The Borrower shall protect, indemnify, and save harmless the Issuer, and its officials, officers, employees, members and agents against and from any and all damages, liabilities, actions, suits, proceedings, claims, demands, losses, costs and expenses (including attorneys' and experts' fees) of every kind and nature incurred by or asserted or imposed against the Issuer, and its officials, officers, employees, members or agents acting in the course and scope of their employment or agency for the Issuer, or any of them, arising out of or in connection with the Bonds, this Loan Agreement or any of the other Bond Documents, including, without limitation, the offer and sale of the Bonds or the subsequent transfer of the Bonds by the holders thereof, including any liability arising under the Security Act of 1933, the Securities Exchange Act of 1934, or any applicable state securities laws. This indemnification shall be construed and applied to protect and indemnify and hold harmless the Issuer and its officials, officers, members, employees and agents against all risks involved in the issuance of the Bonds, which risks are hereby assumed by the Borrower.

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(d) The Borrower agrees to indemnify the Trustee, the Paying Agent, the Registrar and their respective officers, employees and agents for, and to hold them harmless against, any loss, liability or expense incurred without gross negligence, willful misconduct or bad faith on their part, arising out of or in connection with the acceptance or administration of the trust or trusts and duties hereunder and under the Bond Documents, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of their powers or duties hereunder.

(e) If the indemnification provided for herein is held by a court to be unavailable or is insufficient to hold any indemnified party harmless in respect of any losses, claims, damages or liabilities (or actions in respect thereof), then the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Borrower on the one hand and the indemnified party on the other hand, as well as any other relevant equitable considerations.

(f) The obligations of the Borrower under this Section shall survive the termination of this Loan Agreement and the payment and performance of all other of the Borrower's Obligations.

(g) All acts, including any failure to act, relating to the Property by any agent, representative or designee of the Trustee are performed solely for the benefit of the Trustee and the Owners to assure repayment of the Loan and are not for the benefit of the Borrower or the benefit of any other person. The obligation of the Borrower under this Section shall survive the termination of this Loan Agreement and the payment and performance of all other of the Borrower's Obligations.

SECTION 7.3. **Right to Perform.** Advances by Issuer or Trustee. If the Borrower fails to make, or cause to be made, any payment or to perform any other of the Borrower's Obligations, the Issuer or the Trustee, without notice or demand upon the Borrower, without waiting any default or releasing the Borrower from any of the Borrower's Obligations, and without being under any obligation to do so, may make such payment or perform any of the Borrower's Obligations. All amounts so paid by the Issuer or the Trustee and all costs, fees and expenses incurred by the Issuer or the Trustee in connection with such payment or performance shall be immediately due and payable by the Borrower as additional payments, together with interest thereon from the date the same are paid or incurred at the Reambursement Rate, until the same are paid in full by the Borrower.

SECTION 7.6. **Agreement to Pay Attorneys' Fees and Expenses.** In the event the Borrower defaults under any of the provisions of the Bond Documents and the Issuer or the Trustee employs attorneys or incurs other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in the Bond Documents, the Borrower will, on demand thereon, pay to the Issuer or the Trustee the reasonable fees of such attorneys and such other expenses so incurred by the Issuer or the Trustee.

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**SECTION 7.7 Inspection of System.** (a) The Borrower will permit the Issuer, the Trustee and any person or persons authorized by the Issuer or the Trustee to enter and make inspections of the System or any part thereof during normal business hours and as often as may be reasonably requested in advance by the Trustee and the Issuer, with at least 3 business days advance notice.

(b) No inspection of the System by the Issuer or the Trustee or any approval of any matter by the Issuer or the Trustee shall constitute a warranty or representation by the Issuer or the Trustee or any of their respective agents as to the technical sufficiency or adequacy or safety of the structures or improvements on the real property upon which the System is located or any of their respective component parts, including, without limitation, their fixtures equipment or furnishings, nor shall such inspections or approvals constitute such a warranty or representation as to the sort or sitelord conditions of the real property upon which the System is located or any other physical condition or feature pertaining to the System.

(c) All acts, including any failure to act, relating to the System by the Issuer or any agent, representative or designee of the Issuer are performed solely for the benefit of the Issuer and not for the benefit of the Borrower, the Owners of the Bonds or any other person.

**SECTION 7.8. No Warranty of Satisfactory or Marketability by Issuer.** The Borrower represents that the Issuer makes no warranty, either express or implied, and offers no assurances that the System will be suitable for the Borrower's purposes or needs or that the proceeds derived from the Loan will be sufficient to pay in full all costs of refinancing the RD Loans. Without limiting the generality of the foregoing provisions of this Section, the Borrower hereby acknowledges that **THE ISSUER DOES NOT IN ANY WAY WARRANT THE MERCHANTABILITY OF ANY EQUIPMENT, AND THAT THERE ARE NO IMPLIED WARRANTIES OR WARRANTIES OF FITNESS MADE BY THE ISSUER.** By acceptance of each item of equipment, the Borrower is deemed to have acknowledged to the Issuer that such item of equipment is in acceptable condition and operating order.

**SECTION 7.9 Issuer's Right to Approve Certain Actions and Receive Notices and Information.** Notwithstanding the Granting Clauses of the Indenture, the Issuer reserves to itself and shall retain the right to grant any and all approvals which the Issuer is specifically entitled to grant under the terms of the Bond Documents, and the right to receive from time to time reports, notices and other information from the Borrower or any other person pursuant to the Bond Documents.

**SECTION 7.10. Officials of Issuer Not Liable.** No covenant or agreement contained in the Bonds or in the other Bond Documents shall be deemed to be the covenant or agreement of any official, officer, agent, member or employee of the Issuer or the State in his or her individual capacity and neither any member of the Issuer nor any official exercising the Bonds or any of the other Bond Documents nor any employee, official, officer, member or agent of the Issuer or the State shall be liable personally on the Bonds or any of the other Bond Documents or be subject to any personal liability or accountability by reason of the existence thereof.

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## ARTICLE VIII

### COVENANTS OF BORROWER

**SECTION 8.1. Affirmative Covenants of Borrower.** Throughout the Loan Term and until all of the Issuer's obligations and the Borrower's obligations shall have been paid and performed in full, the Borrower agrees as follows:

(a) **Rate Covenant.** (i) The Borrower will establish, fix, prescribe, levy, maintain, revise, and collect rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System, so that during each Fiscal Year the Net Earnings will be equal to at least 110% of annual debt service requirements on the Outstanding Bonds (less payments made from the proceeds of Bonds) in such Fiscal Year and 110% of annual debt service requirements on the Outstanding Indebtedness in such Fiscal Year.

(ii) If Net Earnings in any Fiscal Year are less than the amounts specified in paragraph (i) of this subsection (a), the Borrower will retain and direct a Consultant to make recommendations as to the revision of the operations of the System and its schedule of rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Borrower shall take all lawful measures to revise the schedule of rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System as may be necessary to produce Net Earnings in the amounts specified in paragraph (i) of this Section in the next succeeding Fiscal Year.

(iii) In the event that Net Earnings for any Fiscal Year are less than the amounts specified in paragraph (i) of this subsection (a), but the Borrower promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System as required by subparagraph (ii) above, such deficiency in Net Earnings shall not constitute an Event of Default under the provisions of Section 1.1(c) hereof. Nevertheless, if after taking the measures required by paragraph (ii) to revise the schedule of rates, tolls, fees, rentals, and other charges with respect to the System and the services rendered by the System, Net Earnings in the next succeeding Fiscal Year are evidenced by the audited financial statements of the Borrower relating to the System for such Fiscal Year are less than the amount specified in subparagraph (i) of this subsection (a), such deficiency in Net Earnings shall constitute an Event of Default under the provisions of Section 1.1(c) hereof.

(d) **Conduct of Business, Corporate Existence.** (i) The Borrower will continue to engage in the business of operating the System, (ii) cause to be done all things necessary to obtain, preserve, and keep in full force and effect its existence in good standing as a South Carolina nonprofit corporation and all Permits which are necessary for the operation of the System, and (iii) observe the requirements of any Governmental Authority. In addition, the Borrower shall (i) administer, maintain, and operate (or will cause to be administered, maintained, and operated) the System, and (ii) maintain and comply with all conditions for the continuance of all Permits, including, without limitation, Permits issued by an agency or office

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of the State, necessary for the operation of the System under the laws of the United States and of the State and which shall include (without limitation) compliance with any and all terms of any plans of correction for the System as approved by any regulatory body of the State which issues orders relevant to this covenant.

(c) Compliance with Laws. The Borrower will comply with all applicable Federal, State and local laws, rules and regulations, subject to the right to contest the validity or applicability of any of the foregoing, at its sole cost and expense, in good faith and by appropriate and diligent proceedings so long as (i) the Borrower's ability to pay and perform the Borrower's Obligations or the security for the Borrower's Obligations is not materially impaired during the period of contest, (ii) the Borrower gives the Issuer and the Trustee notice of its intention to contest, (iii) the Borrower diligently prosecutes such contest and (iv) the Borrower at all times effectively stays or prevents enforcement of any such law, statute, ordinance, rule, regulation, decree or order until resolution of the contest.

(d) Books and Records. The Borrower will keep adequate records and books of account with respect to the System and its operations in accordance with generally accepted accounting principles applied on a consistent basis and permit access by the Trustee and the Issuer and their respective representatives to the books and records of the Borrower and its Subsidiaries at the office of the Borrower on the Property during normal business hours and following reasonable notice.

(e) Contractual Obligations. The Borrower will comply in all material respects with any agreement or undertaking to which the Borrower is a party and maintain in full force and effect all contracts and leases to which the Borrower is or becomes a party that the Borrower reasonably determines to be necessary or appropriate to operate the Property as described herein unless the amount or validity is contested in good faith by the Borrower in appropriate proceedings; provided, however, that the Borrower shall (i) diligently prosecute such contest and (ii) if appropriate establish reserves for such liabilities being contested.

(f) Name of Borrower. If the Borrower intends to change its name or the name under which the Borrower conducts its business, the Borrower will provide the Issuer and the Trustee with written notice of such change at least 30 days in advance thereof.

(g) Compliance with Applicable Governmental Requirements. The Borrower will comply with all applicable Governmental Requirements. The noncompliance with which would materially adversely affect the condition of the Borrower (financial or other), the Borrower's ability to pay and perform the Borrower's Obligations, the System or the operation thereof or any security for the Borrower's Obligations, subject to the Borrower's right to contest the validity or applicability of any of the foregoing, at its sole cost and expense, in good faith and by appropriate and diligent proceedings so long as (i) the Borrower's ability to pay and perform the Borrower's Obligations or the security for the Borrower's Obligations is not materially impaired during the period of contest, (ii) the Borrower gives the Issuer and the Trustee notice of its intention to contest, (iii) the Borrower diligently prosecutes such contest and (iv) the Borrower at all times effectively stays or prevents enforcement of any such law, statute, ordinance, rule, regulation, decree or order until resolution of the contest.

(h) Pay Impositions, Taxes, Claims. The Borrower will pay in full and discharge prior to the accrual of any interest or penalties thereon any and all Taxes of every kind and nature, whatever imposed upon it, its income or its property (including, without limitation, the Property) and all lawful claims, which, if unpaid, would become a lien or charge upon any of its property, including without limitation any and all governmental impositions and assessments lawfully levied or assessed upon or with respect to any property of the Borrower, or upon any part thereof or upon any revenue therefrom, all ground rents, if any, on such property, and the cost of operating, maintaining, repairing and replacing such property. The Borrower, upon payment of any of the Taxes, will submit to the Issuer and the Trustee, upon demand, the accepted bills therefor, prior to the date upon which the same shall become delinquent. The Borrower shall file any and all certificates or other documents that it is required by law to obtain (to the extent it might be or become necessary) and maintain in full force and effect any and all available tax exemptions applicable to the property of the Borrower, to the Borrower and to any income, receipts and other taxable item or event derived from or attributable to such property. The Borrower shall have the right to contest the validity of any such tax assessment, charge, levy or claim, at its sole cost and expense, by timely and appropriate proceedings so long as (i) the Borrower gives the Issuer and the Trustee written notice of its intention to contest, (ii) the Borrower diligently prosecutes such contest, (iii) the Borrower's ability to pay and perform the Borrower's Obligations or the security for the Borrower's Obligations is not materially impaired during the period of contest, (iv) the Borrower at all times effectively stays or prevents any official or judicial sale of the Property or any part thereof by reason of nonpayment of any such Taxes or claims, and (v) if appropriate the Borrower establishes reserves for such liabilities being contested. If the Borrower fails to pay any of such Taxes at the time or in the manner provided in this Section, the Issuer or the Trustee may, at its option (but without being under any obligation to do so), pay such Taxes, and the Borrower shall pay to the Issuer or the Trustee the amount of any sum so paid, with interest thereon at the Reimbursement Rate.

(i) Maintenance of System and Insurance. (i) The Borrower will maintain or cause to be maintained in good repair, working order and condition, ordinary and reasonable wear and tear excepted, all properties now or hereafter owned, leased or otherwise possessed by it, and make or cause to be made all needed and proper repairs, renewals, replacements and improvements thereto, in each case as and to the extent necessary or appropriate in the proper and advantageous conduct of its business.

(ii) The Borrower will maintain policies of insurance for the System at all times (during the term of this Agreement in such amounts and in such manner by similar properties are usually insured against loss or damage of the kind usually insured against by similar companies and will maintain liability insurance at all times during the term of this Agreement in such amounts and in such manner as are maintained by similar companies.

(j) Payment of Indebtedness. The Borrower will make full and timely payment of the principal of and interest on all of its indebtedness in accordance with the terms thereof, whether now existing or hereafter arising, and comply in all material respects with all covenants and agreements set forth in instruments evidencing, securing or governing such indebtedness.

(m) Permits, etc.

(1) The Borrower will take any and all steps necessary to renew all Permits required to operate the System as described herein in accordance with all applicable laws, rules and regulations and promptly and faithfully comply with and perform its obligations and duties under such Permits in accordance with the terms thereof, including, without limitation, (A) the payment of any and all issuance, renewal or other fees, charges, assessments and other expenses assessed by any issuing Governmental Authority in connection with any of such Licenses; (B) the filing of any and all reports, surveys, schedules, certificates, applications and other items required by any issuing Governmental Authority as a condition precedent to any renewal, issuance, or continuation of any of such Permits; and (C) the operation and maintenance of the System in compliance with all laws, rules and regulations imposed upon and governing the System

(ii) The Borrower will notify the Issuer and the Trustee in writing within two Business Days of the occurrence of any of the following events: (A) any modification or revocation of any of such Permits, but in the case of modification, only if such modification would materially adversely affect such Permits; (B) failure or inability of the Borrower to comply with any of the conditions of such Permits; (C) any receipt of any notice of the threatened or pending revocation, restriction, suspension, probation, expiration, amendment, or rescission of any of such Permits; and (D) as a consequence of any sanction of a Governmental Authority, the issuance or pending or threatened issuance of any of such Permits for a period of less than 12 months from the date of issuance

(iii) The Borrower will obtain from the appropriate Governmental Authority such Permits as are necessary for operation of the System

(n) State of Organization If the Borrower intends to change its state of organization, the Borrower will provide the Issuer and the Trustee with written notice of such change at least 30 days in advance thereof

(o) Employment Count The Borrower will, upon request of the Issuer, but no more frequently than annually, supply the Issuer with the employment count at the System

(p) Sale, Exchange, Removal, or Disposal of Component of System

(i) The Borrower may from time to time sell, exchange, remove, or dispose of, (but not lease, contract, or agree for the use thereof) an entire component comprising a part of the System, if it determines by ordinance

(A) that the sale, exchange, removal, or other disposition thereof would not materially adversely affect the operating efficiency of the System and would not materially reduce Net Earnings; or

(B) that the sale, exchange, removal, or other disposition thereof (A) would not materially adversely affect the ability of the Borrower to comply with the rate covenant set forth in Section 8.1(a) hereof, for the current and next succeeding Fiscal Year, and (B) would be for a consideration of not less than fair market value

(ii) In addition to the provisions of subparagraph (i) above, if the Borrower determines to sell, exchange, remove, or dispose of an entire component comprising a part of the System the following conditions shall also be met:

(A) an opinion of Bond Counsel to the effect that the sale, exchange, removal, or disposal of a component of the System from the System has been effected in accordance with the terms of this Loan Agreement, and

(B) notice shall be provided to any Rating Agency, if any, then rating the Bonds regarding the sale, exchange, removal, or disposal of such component from the System

(iii) If the Borrower sells, exchanges, removes, or otherwise disposes a component of the System, the proceeds, if any, of such transaction may be applied, at the discretion of the Issuer, as follows:

(A) to the payment or satisfaction in whole or in part of (1) Bonds associated with or related to such component and (2) any other type of indebtedness of the Issuer associated with or related to such component; or

(B) to the payment or satisfaction in whole or in part, of the amount due under any type of contractual obligations of the Issuer associated with or related to such component; or

(C) to the payment of the construction or purchase of additional improvements or expansions to the System

(q) Measures to Ensure that the Borrower is Separate and Independent The Borrower will take every reasonable measure to ensure that it is an entity separate and independent from any affiliates, including, without limitation, the following

(i) To the extent reasonably practicable, the Borrower shall conduct business in its own name or its registered trade names and shall hold itself out and be specifically identified as "ALLIGATOR RURAL WATER & SEWER COMPANY, INC." or by its registered trade names in all writings containing its name, including without limitation, Borrower stationery, invoices, business cards and checks.

(ii) The Borrower's financial accounts, books, and records shall be completely separate from those of any member of the Borrower or any other person

(iii) There shall be no commingling of the funds or assets of the Borrower with any member or manager of the Borrower or other person

(iv) No officer or member of the Borrower shall make use of Borrower funds for their personal purposes

(v) The Borrower shall not use personal funds of any officer or member of the Borrower for its business purposes

(vi) The Borrower shall hold its assets in its own name

(vii) The Borrower shall prepare separate financial statements

(viii) The Borrower shall pay its obligations and expenses from its own funds

(ix) The Borrower shall allocate and charge reasonably and fairly any common employees or overhead shared with any member or officer of the Borrower or other person that directly or indirectly owns, controls, or holds with power to vote, 20% or more of the outstanding voting securities of the Borrower or any person 20% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the Borrower or any member or officer of the Borrower, or by any person that directly or indirectly owns, controls, or holds with power to vote, 20% or more of the outstanding voting securities of the Borrower

(x) The Borrower shall hold itself out as being a legal entity separate and apart from any other person and shall observe all entity-level formalities and record-keeping

(xi) To the extent that it is within the control of the Borrower or any member or officer of the Borrower, none of them will allow any person to represent or imply to any person that it is personally liable for any obligation of the Borrower

(xii) To the extent that it is within the control of the Borrower or any member or officer of the Borrower, none of them will allow any person to take action to force the Borrower to file a petition for relief in bankruptcy

#### SECTION 8.2 Additional Parity Indebtedness

The Borrower agrees that it will not borrow any funds or incur any indebtedness secured on a parity with or prior to the security for the Bonds except in compliance with the following provisions

(a)(i) There shall then currently exist no default in the payment of the principal or premium, if any, or interest on any Bonds or other indebtedness

(ii)(A) There shall be delivered to the Trustee a report from an Independent Consultant or Authorized Borrower Representative stating

(1) that he has examined or reviewed (separately or as part of a financial feasibility study) the forecast or projection of the Net Earnings of the System, including any project to become a part of the System, for the next three (3) succeeding full Fiscal Years,

(2) that the underlying assumptions provide a reasonable basis for the forecast or projection, and

(3) whether Net Earnings of the System, including any such project, for the next three (3) succeeding full Fiscal Years following the incurrence of the debt proposed to be issued shall not be less than one hundred ten percent (110%) of the debt service requirements for the Outstanding Indebtedness and Bonds (taking into account the debt service requirements on the Indebtedness proposed to be incurred), both in the same succeeding Fiscal Year in which the combination of such debt service requirements is highest, and

(B) either (1) a report from an Independent Consultant or Authorized Borrower Representative stating

(x) the Net Earnings (including any enterprise which has been combined into the System) for the last Fiscal Year ("First Historic Test Period") for which audited financial statements are available, taking into account the increase or decrease of revenues or expenses attributable to operations or assets that are or will be discontinued or disposed of as part of any consolidation,

(y) that he has applied certain agreed-upon procedures with respect to the adjustments applied to the historical Net Earnings of the System identified in subparagraph (x) of this paragraph (B)(1), and

(z) that Net Earnings of the System for such First Historic Test Period were not less than one hundred ten percent (110%) of the debt service requirements for the then Outstanding Indebtedness and Bonds in such First Historic Test Period, or, in lieu of the report described in this paragraph (B)(1)

(2) a report from an Independent Consultant or Authorized Borrower Representative stating

(x) that he has calculated the Net Earnings (including any enterprise which has been combined into the System) for the immediately preceding eighteen (18) full months immediately preceding the incurring of the Indebtedness proposed to be incurred ("Second Historic Test Period"), taking into account the increase or decrease of revenues or expenses attributable to operations or assets that are or will be discontinued or disposed of as part of any consolidation,

(y) that he has applied certain agreed-upon procedures with respect to the adjustments applied to the historical Net Earnings of the System (and any enterprise) derived from and based

upon the audited financial statements of the System (and any enterprise) for such Second Historic Test Period in calculating the Net Earnings (audited financial statements for this purpose may be for multiple periods as necessary to enable Net Earnings to be derived for such Second Historic Test Period, therefore stand-alone audited financial statements for the entire Second Historic Test Period are not required); and

(2) that, based on the results of the procedures performed pursuant to subparagraphs (a) and (1) of this paragraph (B)(2), Net Earnings of the System (and any enterprise) for twelve consecutive months during such Second Historic Test Period were not less than one hundred ten percent (110%) of the debt service requirements for the then Outstanding Indebtedness and Bonds, both in such Second Historic Test Period.

(10) For purposes of subsection (a)(1), in calculating the entire System Revenues for the next three (3) succeeding full Fiscal Years there shall be included (A) the estimated unrecouped revenues which would have been realized if any rate increase of the Borrower in effect at and before incurring the Indebtedness then proposed, but for less than the full Fiscal Year had been in effect during the entire Fiscal Year; (B) the entire System Revenues which have been realized during the Fiscal Year from existing users of any project to be acquired from the proceeds of the Indebtedness, based on the rate schedule of the Borrower in effect on the occasion of incurring the proposed Indebtedness; and (C) the estimated revenues which will be realized from any rate increases of the Borrower that have been approved to become effective at any time during the next three (3) succeeding full Fiscal Years. When provision has been made for the defeasance and discharge of any Bonds in accordance with the provisions of Article VII of the Indenture, then, in all instances, the debt service requirements of those Bonds shall be excluded from the calculation required by subsection (a)(1).

(11) For purposes of subsection (a)(10), in estimating Net Earnings, the Independent Consultant or Authorized Borrower Representative, as applicable, may take into account System Revenues from projects reasonably expected to become available during the period for which the estimates are provided.

(12)(A) For purposes of subsection (a)(1)(B), in case the rates and charges for the services furnished by the System shall have been revised and such revised rates and charges shall have gone into effect prior to incurring the proposed Indebtedness, Net Earnings may include the additional amount of Net Earnings which would have been realized during the applicable First Historic Test Period or Second Historic Test Period (each a "Test Period") if such rates and charges had been in effect during such applicable Test Period as determined by an Independent Consultant or Authorized Representative, as applicable.

(B) For purposes of subsection (a)(1)(B) and (a)(10), in case an existing sewer system, existing water system, or any other public utility system (an "Existing System or System to be Acquired") is to be acquired and combined or made a part of the System at the time of incurring the proposed Indebtedness, the additional amount of Net Earnings ("Additional Net Earnings") which would have been realized during the applicable Test Period of such Existing System or System to be Acquired had been a part of the System during such applicable Test Period (which

computation of the Additional Net Earnings shall be based upon the method of computing Net Earnings under this General Bond Ordinance and confirmed by an Independent Consultant or Authorized Borrower Representative, as applicable). Such computations of Additional Net Earnings may be based on the historical actual consumption or metered flows at the System's rates as then adopted or an average per customer cost in the event of historic billing at flat rates, or such other rates as may be adopted by the Borrower for customers of such Existing System or Systems to be Acquired. Whenever historic actual consumption is used to determine Revenues for the Additional Net Earnings calculation, average per customer costs of operation of the System for providing water or sewer service, as applicable, may be substituted for historic costs or the discontinued operations of such Existing System or Systems to be Acquired.

(13) With respect to Expenses of Operating and Maintaining the System, the Independent Consultant or Authorized Borrower Representative, as applicable, shall use such assumptions as such Independent Consultant or Authorized Borrower Representative believes to be reasonable, taking into account (A) historical Expenses of Operating and Maintaining the System; (B) Expense of Operating and Maintaining associated with the projects; and (C) such other factors including inflation and changing operations or policies of the Issuer as such Independent Consultant or Authorized Borrower Representative believes to be appropriate. The Independent Consultant or Authorized Borrower Representative shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Earnings and shall also set forth the calculations of debt service requirements and Expenses of Operating and Maintaining, which calculations may be based upon information provided by another Consultant, including any appraisals, reports, forecasts, or other evaluations or projections.

(b) None of the reports described under subsection (a) of this Section shall be required.

(1) If the Indebtedness being incurred is for the purpose of refunding then Outstanding Bonds or Outstanding Indebtedness and the provisions of Section 8.3 hereof are satisfied or

(ii) if the Bonds being issued constitute Notes and an Authorized Borrower Representative executes, instead a certificate showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed ten percent (10%) of the Net Earnings for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes, accompanied by a certificate of an Authorized Borrower Representative setting forth calculations showing that for each of the Fiscal Years during which the Notes will be Outstanding, and taking into account the debt service becoming due on such Notes, the Issuer will be in compliance with Section 8.1(a) hereof (provided, that, bond anticipation notes issued by or on behalf of the Borrower are not required to satisfy the provisions of this paragraph (i) or any other requirement of this Loan Agreement for incurring additional Indebtedness if they are not intended to be secured as Indebtedness pursuant to this Loan Agreement), or

(iii) if the Indebtedness is being incurred to pay costs of completing a project by

which Indebtedness has previously been incurred and the principal amount of such Indebtedness being incurred for completion purposes does not exceed an amount equal to fifteen percent (15%) of the principal amount of the Indebtedness originally incurred for such project and reasonably allocable to the project to be completed as shown in a written certificate of an Authorized Borrower Representative and there is delivered to the Borrower (A) a Consultant's certificate stating that the nature and purpose of such project has not materially changed and (B) a certificate of an Authorized Borrower Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the construction fund allocable to such project) of the original Indebtedness incurred to finance such project have been or will be used to pay costs of the project and (2) the then estimated costs of acquisition and construction of the project exceed the sum of the costs of acquisition and construction of the project already paid plus money available in the construction fund established for the project (including unspent proceeds of Indebtedness previously incurred for such purpose), and (3) the proceeds to be received from the Indebtedness to be incurred plus money available in the construction fund established for the project (including unspent proceeds of the Indebtedness previously issued for such purpose) will be sufficient to pay the remaining estimated costs of acquisition and construction of the project

(c) The Indebtedness shall be incurred to secure funds (i) to defray the costs of acquisition and construction of the system, some part thereof, including any acquisition of any system which shall be combined with or consolidated into the System; pursuant to law, or (ii) to refund Outstanding Indebtedness, Bonds, Subordinate Obligations or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction, or improvement of the System or another enterprise combined with the System.

(f) The Trustee may conclusively rely upon the certificates, reports, opinions, calculations and other documents and information provided to it pursuant to this Section 8.2 and shall have no obligation or duty to make any investigation in connection therewith.

#### SECTION 8.3 Issuance of Refunding Indebtedness

Without complying with the provisions of Section 8.2 hereof, the Borrower may incur Indebtedness for the purpose of refunding (including by purchase) Outstanding Bonds or other Indebtedness, including amounts to pay principal redemption premium and interest to the date of redemption (or purchase), of such refunded Bonds or Indebtedness and the Costs of Issuance of such refunding Indebtedness, and to fund any necessary reserves or other accounts, provided that

(a) an Authorized Borrower Representative executes a certificate showing that aggregate annual debt service requirements for each Fiscal Year after incurring such refunding Indebtedness will not exceed the aggregate annual debt service requirements for any Fiscal Year prior to incurring such refunding Indebtedness in the years through the final maturity of the Outstanding Bonds or other Indebtedness to be refunded; or

(b) the Borrower obtains a report from a Consultant demonstrating that the present value of the debt service requirements on all bonds and other Indebtedness to be Outstanding

after the issuance of the refunding Indebtedness shall not be greater than would have been the present value of the debt service requirements were the refunding not to occur.

#### SECTION 8.4 Issuance of Subordinate Debt

(a) Subject to the Borrower's compliance with any applicable conditions precedent required by USDA RD or any other lender to the Borrower, the Borrower may at any time incur Subordinate Obligations, in any amount as it may from time to time determine, payable from the System Revenues, provided that such Subordinate Obligations are incurred to secure funds to defray the cost of improving, extending, enlarging, or retaining the System, some part thereof, including the acquisition of any system which may be combined with or consolidated into the System pursuant to law, or to refund Bonds, Subordinate Obligations, other Indebtedness, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction, or improvement of the System, and provided further that the pledge of revenues securing Subordinate Obligations shall at all times be subordinate and inferior to the pledge securing the Bonds and other Indebtedness.

(b) Payment of principal of and interest and other amounts due on such Subordinate Obligations shall be permitted, provided that all deposits and payments required to be made pursuant to Section 5.3 hereof have been made or satisfied.

#### SECTION 8.5 Special Facilities Indebtedness and Obligations

(a) The Borrower shall be permitted to designate new or existing water and sewer facilities as Special Facilities as permitted in this Section. The lender may, from time to time, and subject to the terms and conditions of this Section, (i) designate a separately identifiable existing facility or improvement or planned facility or improvement as a "Special Facility," (ii) incur debt primarily for the purpose of acquiring, constructing, renovating, or improving or providing financing or refinancing to a third party to acquire, construct, renovate, or improve such facility or improvement, without a pledge of any System Revenues (except as otherwise provided in clause (b)(iii) below), (iii) provide that the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Borrower from such Special Facility to the extent necessary to pay debt service on the Special Facility Obligations, to pay all costs of operating and maintaining such Special Facility and paid for by the operator thereof or by a party other than the Borrower and to make all required sinking fund, reserve, or other payments as the same become due, be "Special Facilities Revenue" and (iv) included as System Revenues or Net Earnings; and (v) provide that the debt so incurred shall be a "Special Facility Obligation."

(b) Special Facility Obligations shall be payable as to principal redemption premium (if any) and interest solely from (i) Special Facilities Revenue, which shall include contractual payments derived by the Borrower under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the Borrower and another Person as shall undertake the operation of a Special Facility, (ii) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, or (iii) subject to any covenants or other provisions of this Loan Agreement (including, but not limited

to Sections 8.2 and 8.3 hereof or such other resolutions, agreements, or indentures of the Borrower, such Net Earnings, or other money not included in Net Earnings, made available by the Borrower through a specific pledge to the payment of the principal of and interest on such Special Facility Obligation in such amounts and at such times as may be agreed to by the Borrower, if any.

(c) To the extent Special Facilities Revenue received by the Borrower during any Fiscal Year shall exceed the amounts required to be paid as described in clause (a)(ii) of this Section for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, may constitute System Revenues as determined by the Issuer.

(d) Notwithstanding any other provision of this Section, at such time as the Special Facility Obligations issued for a Special Facility, including Special Facility Obligations issued to reference Special Facility Obligations, are fully paid or otherwise discharged, all revenues generated by such Special Facilities shall be included as System Revenues.

SECTION 8.6. Negative Covenants of Borrower. Throughout the Loan Term and until all of the Issuer's Obligations and the Borrower's Obligations shall have been paid and performed in full, the Borrower will not, and will neither cause nor permit any of its subsidiaries to, directly or indirectly:

(a) Mortgages and Pledges. Create, incur or assume any mortgage, pledge, lien, or other encumbrance of any kind upon any of its property or assets, whether now owned or hereafter acquired, except to secure Indebtedness incurred pursuant to Section 8.2(a) above.

(b) Loans. Make loans or advances to any Person, except for advances for customary and reasonable business expenses.

(c) Contingent Liabilities. Assume, guarantee, endorse, contingently agree to purchase, or otherwise become liable upon the obligation of any Person, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

(d) Investments. Purchase or acquire the obligations or stock of, or any other or additional interest in any Person, except Permitted Investments. This covenant shall not be construed to prohibit the Borrower from depositing its money in federally insured depository institutions.

(e) Sale and Leaseback. Directly or indirectly enter into any arrangement whereby the Borrower or any subsidiary shall sell or transfer all or any substantial part of its fixed assets then owned by it and shall thereupon or within one year thereafter rent or lease the assets so sold or transferred.

(f) Care of Collateral. Do or permit anything to be done to the Collateral for the Borrower's Obligations that may impair its value or that may violate the terms of any insurance concerning such Collateral or any part thereof, always maintaining such Collateral in good

condition. Neither the Issuer nor the Trustee shall have any duty to, and the Borrower hereby releases the Issuer and the Trustee from all claims for loss or damage caused by the failure to collect or enforce any accounts receivable or to preserve rights against prior parties to such Collateral. The Borrower shall immediately notify the Issuer and the Trustee of any event causing deterioration, loss or depreciation in value of any substantial portion of such Collateral and the amount of such loss or depreciation.

## ARTICLE IX

### SPECIAL TERMS AND PROVISIONS

SECTION 9.1. Service of Process; Consent to Jurisdiction; Waiver of Jury Trial. (a) The Borrower hereby agrees and consents that any action or proceeding arising out of or brought to enforce the provisions of this Loan Agreement or any of the other Bond Documents may be brought in any appropriate court in the State of South Carolina or in any other court having jurisdiction over the subject matter, all at the sole election of the Issuer or the Trustee, and by the execution of this Loan Agreement, the Borrower irrevocably consents to the jurisdiction of each such court.

(b) If for any reason the Borrower should become not qualified to do business in the State, the Borrower hereby agrees to designate and appoint, without power of revocation, an agent for service of process within the State, as the agent for the Borrower upon whom may be served all process, pleadings, notices or other papers which may be served upon the Borrower as a result of any of the Borrower's Obligations.

(c) The Borrower covenants that throughout the period during which any of the Bonds remain outstanding, if a new agent for service of process within the State is designated, the Borrower will immediately file with the Trustee and the Issuer the name and address of such new agent and the date on which his appointment is to become effective.

SECTION 9.2. Further Assurances and Corrective Instruments. The Issuer and the Borrower agree that they will, from time to time, execute and deliver or cause to be executed and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of the parties to, or facilitating the performance of, this Loan Agreement.

SECTION 9.3. Stopped Certificates. The Borrower will, upon not less than 10 business days' request by the Trustee, execute, acknowledge and deliver to the Trustee a statement in writing, certifying (a) whether the Bond Documents are unmodified and in full force and effect and whether the payments required by this Loan Agreement to be paid by the Borrower have been paid, specifying the date and amount of each of such payment, and (b) the then unpaid balance of the Loan; and stating whether or not to the knowledge of the signer of such certificate the Issuer or the Borrower is in default in the performance of any covenant, agreement, or condition contained in this Loan Agreement or in any of the other Bond Documents and, if so, specifying each such default of which the signer may have knowledge, it

being intended that any such statement delivered pursuant to this Section may be relied upon by the Trustee.

**SECTION 9.4. Authorized Borrower Representative.** Authorized Issuer Representative, Successors. The borrower and the Issuer, respectively shall designate, in the manner prescribed in Section 1.1 of the Indenture, the Authorized Borrower Representative and the Authorized Issuer Representative. In the event that any person or persons so designated and their alternate or alternates if any, becomes unavailable or unable to take any action or make any certificate provided for or required in this Loan Agreement, a successor or successors shall be appointed in the same manner. Whenever under the provisions of this Loan Agreement the approval of the Issuer or the Borrower is required, or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given for the Issuer by the Authorized Issuer Representative and for the Borrower by the Authorized Borrower Representative, and the other party hereto and the Trustee are authorized to rely upon any such approval or request, and neither party hereto shall have any complaint against the other nor against the Trustee as a result of any such reliance; provided, however, that no such acceptance shall be deemed to be a waiver of any right or remedy which the borrower may have against any third party.

**SECTION 9.5. Not Proceeds.** If the System is damaged or either partially or totally destroyed or if title to or the temporary use of the whole or any part of the System is taken or condemned by a competent authority for any public use or purpose, there shall be no abatement or reduction in the amounts payable by the Borrower hereunder, and the Borrower shall continue to be obligated to make such payments.

**SECTION 9.6. Extent of Covenants of the Issuer, No Exemption Liability.** To the extent permitted by law, no recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein in the Indenture, or the Bond Purchase Agreement or for any claim based hereon or thereon or otherwise in respect hereof or thereon against the Issuer, any member, director, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future; of the Issuer, or of any successor entity, either directly or through the Issuer, or any successor entity, whether by virtue of any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to or be incurred by any member, director, officer, agent, attorney or employee, as such in his/her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Borrower, whether herein contained or to be implied herefrom as being supplemental hereto, and all personal liability of that character against every such member, commissioner, officer, agent, attorney or employee is, by the execution of this Loan Agreement and as a condition of, and as part of the consideration for, the execution of this Loan Agreement, expressly waived and released.

Notwithstanding any other provision of this Loan Agreement, the Issuer shall not be liable to the Borrower or the Trustee or any other person for any failure of the Issuer to take action under this Loan Agreement unless the Issuer (a) is requested in writing by an appropriate person to take such action, (b) is assured of payment of, or reimbursement for, any reasonable

expenses in such action, and (c) is afforded, under the existing circumstances a reasonable period to take such action. In acting under this Loan Agreement, or in refraining from acting under this Loan Agreement, the Issuer may conclusively rely on the advice of its counsel.

**SECTION 9.7. [Reserved]**

**SECTION 9.8. Limitation of Issuer's Liability.** The Bonds shall be limited obligations of the Issuer, the principal and purchase price or premium, if any, and interest on which shall be payable by the Issuer solely out of the revenues derived by the Issuer pursuant to this Loan Agreement and other funds expressly pledged under the Indenture, which revenues constitute an indebtedness payable only from a revenue-producing project or special source within the meaning of Article X, Section 13(4) of the Constitution of the State, which source does not include revenues from any tax or license. The Bonds, the purchase price thereof, and the interest and any premium thereon do not and shall never constitute a general obligation or indebtedness of the Issuer or of the State within the meaning of any state constitutional provision or statutory limitation and do not and shall never constitute or give rise to a pecuniary liability of the Issuer or State or a charge against the general credit of the Issuer or the State or against the taxing power of the State. The Issuer does not have taxing power. The principal and purchase price of, premium, if any, and interest on the Bonds shall be secured by the Issuer solely by the aforesaid revenues by the pledge to the Trustee made under the Indenture of said revenues and of certain accounts established under the Indenture, and by the assignment by the Issuer of its rights under this Loan Agreement, except for certain unassigned rights as provided in the Indenture.

No breach by the Issuer of this Loan Agreement or the Bonds or of any provision or condition hereof or in the Bonds shall result in the imposition of any pecuniary liability upon the Issuer or the State or any change upon the general credit of the Issuer or the State or upon the taxing power of the State. The liability of the Issuer under this Loan Agreement and the Bonds, or any provision or condition hereof or thereon, shall be limited solely and exclusively to the revenues derived by the Issuer from the borrower under this Loan Agreement. The Issuer shall not be required to execute or perform any of its duties, obligations, powers, or covenants hereunder or under the Bonds except to the extent that revenues are available herefor. The Issuer may require, as a condition to the participation by it with the Borrower in obtaining any license, permit or other approvals, a deposit by the Borrower of such amount as determined by the Issuer to be reasonable to assure the reimbursement to the Issuer of the costs incurred by it in such participation, with any amount of such deposit in excess of such costs to be returned to the Borrower.

No covenant, agreement, or obligation contained in this Loan Agreement or in the Bonds shall be deemed to be a covenant, agreement, or obligation of any present or future director, member, officer, employee, or agent of the Issuer in their individual capacity, and neither the members of the Issuer nor any officer thereof executing this Loan Agreement or the Bonds shall be liable personally on the Bonds or under this Loan Agreement or be subject to any personal liability or accountability by reason of the issuance, execution, or delivery of the Bonds. No officer, director, member, employee or agent of the Issuer shall incur any personal liability with respect to any other action taken, or not taken, by them pursuant to this Loan Agreement, the Indenture, or the Act, provided they do not act with malicious intent.

The provisions of this Section shall control every other provision of this Loan Agreement, anything to the contrary notwithstanding.

#### ARTICLE X

##### USE OF SYSTEM; ASSIGNMENT; LEASING; REDEMPTION

**SECTION 10.1 Use of System** The Borrower shall use the System as a water and sewer utility system and related facilities

**SECTION 10.2 Assignment and Leasing** This Loan Agreement may be assigned, and the System may be sold or otherwise disposed of, as a whole or in part, by the Borrower, subject, however, to applicable provisions of this Loan Agreement with respect to any assignment of the System. Any such assignment or other disposition shall be further subject to the following conditions:

(i) No assignment, leasing, sale or other disposition shall relieve the Borrower from primary liability for any of the Borrower's Obligations, and in the event of any such assignment or lease, sale or other disposition, the Borrower shall continue to remain primarily liable for all of the Borrower's Obligations.

(ii) The assignee, lessee or transferee shall assume in writing all of the Borrower's Obligations, to the extent of the interest acquired

(iii) The Borrower shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Trustee a true and complete copy of each such assignment, lease, deed or other instrument, as the case may be

**SECTION 10.3 Assignment by the Issuer** The Issuer, simultaneously with the delivery of this Loan Agreement, has assigned to the Trustee, pursuant to the Indenture, as security for the Issuer's Obligations (among other things) all of the Issuer's right, title and interest in and to and remedies under the Bond Documents, including the Revenues, and including (without limitation) any and all security referred to herein, excepting only the Reserved Rights of the Issuer. The Borrower consents to such assignment and agrees that it will make payment directly to the Trustee of all Revenues.

**SECTION 10.4 Redemption of Bonds** The Issuer, at the request at any time of the Borrower, shall forthwith take all steps that may be necessary for the Issuer to take under the applicable redemption provisions of the Indenture to effect a redemption of all or part of the then Outstanding Bonds in accordance with the provisions of the Indenture.

**SECTION 10.5 Consent to Assignment, Trustee and Bond Owners to Exercise Rights** The Borrower hereby consents to the assignment by the Issuer to the Trustee of such rights and remedies as are given to the Issuer under this Loan Agreement (except certain unassigned rights of the Issuer as provided in the Indenture). Such rights and remedies shall be exercised by the Trustee subject to the provisions of the Indenture.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

SECTION 11.1. Events of Default Defined. The following shall be "Events of Default" under this Loan Agreement, and the term "Event of Default" shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

- (a) If any material representation or warranty made herein, in any other of the Bond Documents or in any report, certificate, financial statement, opinion or other instrument furnished in connection with this Loan Agreement proves to be false or misleading in any material respect when made or affirmed; or
- (b) Failure by the Borrower to pay when due any payment required under Section 3.3(a), or
- (c) An Act of Bankruptcy occurs with respect to the Borrower, provided, however, if an Act of Bankruptcy is filed or commenced against the Borrower, the same shall not constitute an Event of Default hereunder if such Act of Bankruptcy is dismissed within 60 days from the date of such Act of Bankruptcy; or
- (d) Failure by the Borrower to make any required monthly installment of principal or interest as provided in Section 3.3(b) of this Loan Agreement when due where such failure continues for 10 days after notice to the Borrower; or
- (e) Failure by the Borrower to comply with any of the covenants contained in Section 8.6 where such failure continues for 30 days after notice to the Borrower; or

(f) The occurrence of an Event of Default under and as defined in any of the other Bond Documents; or

(g) Abandonment by the Borrower of the System or any substantial portion thereof, or the operations thereof, which abandonment shall continue for a period of 30 days after written notice thereof shall have been given to the Borrower by the Issuer or the Trustee; or

(h) Any judgment against the Borrower or any subsidiary of the Borrower or any attachment or any levy against the property of the Borrower or any subsidiary with respect to a claim for an amount in excess of \$250,000 remains unpaid, unstayed, undischarged, unbonded or undismissed for a period of 30 days; or

(i) Default occurs with respect to any evidence of indebtedness or liability for borrowed money of the Borrower, if the effect of such default is to accelerate the maturity of such evidence of indebtedness or liability or to permit the holder or obligee thereof to cause any indebtedness to become due prior to its stated maturity, or any such indebtedness is not paid as and when due and payable, provided, however, that it shall not constitute an Event of Default if the outstanding balance of such indebtedness or liability of the Borrower is not in excess of \$250,000

and the Borrower certifies to the Trustee and the Issuer that the reason for nonpayment is a good faith dispute as to the obligation to pay such indebtedness or liability; or

(j) Any provision of this Loan Agreement or any of the other Bond Documents pertaining to the repayment of the principal of or interest on the Loan or the Bonds is determined to be unenforceable, or operates or would prospectively operate to invalidate this Loan Agreement or any of the other Bond Documents in whole or in part, or the Borrower denies that it has any or further liability or obligation under this Loan Agreement or any of the other Bond Documents; or

(k) The Issuer and the Trustee and their respective representatives, are not permitted, at all reasonable times to enter into the Property and inspect the same, or

(l) Any change in any zoning ordinance or any other public restriction is enacted, limiting or defining the uses which may be made of the Property or a part thereof, such that the use of the Property as specified herein and in the other Bond Documents would be in violation of such restriction or zoning change; or

(m) Any Permit necessary to operate the System for its use as described herein and in the other Bond Documents (i) expires, is not renewed or is otherwise invalidated, (ii) is revoked or rescinded, or (iii) is modified so as to materially impair the operations of the Property or the Issuer's or the Trustee's rights to any of the Collateral for the Borrower's Obligations where the failure by the Borrower to observe and perform the requirements of this paragraph (m) on its part to be observed or performed continues for a period of 30 days after written notice specifying such failure and requesting that it be remedied, shall have been given to the Borrower by the Trustee or to the Borrower and the Trustee by the Issuer

SECTION 11.2. Remedies on Default. (a) Upon the occurrence and during the continuance of an Event of Default described in Section 11.1, the Trustee may and, at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, by written notice to the Issuer, the Borrower and the Owners of all Bonds Outstanding, declare all payments payable under Section 3.3 for the remainder of the Loan Term, together with all other moneys payable hereunder, to be immediately due and payable, whereupon they shall, without further action, become and be immediately due and payable, anything in this Loan Agreement or in the other Bond Documents to the contrary notwithstanding

(b) Upon the occurrence and continuance of an Event of Default, the Trustee may take one or more of the following steps:

(i) Have access to and inspect, examine and make copies of the books and records and any and all accounts and similar data of the Borrower

(ii) Take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement

(iii) Proceed under the South Carolina Uniform Commercial Code and in conjunction therewith exercise all of the rights, remedies and powers of a secured party under the South Carolina Uniform Commercial Code.

(iv) Subject to the terms thereof, exercise any rights and remedies it may have under any other Bond Documents securing or guaranteeing repayment of the Loan or payment of the Bonds.

(v) Proceed under the South Carolina Uniform Commercial Code as to all or any part of the Collateral.

(c) Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

(d) No action taken pursuant to this Section shall relieve the Borrower from any of the Borrower's Obligations, all of which shall survive any such action, and the Trustee may take whatever action at law or in equity as may appear necessary and desirable to collect the payments and other amounts then due and thereafter to become due or to enforce the performance and observance of the Borrower's Obligations.

(e) Any waiver of any "Event of Default" as that term is defined in the Indenture under the Indenture and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Loan Agreement and a rescission and annulment of the consequences thereof.

**SECTION 11.3. No Remedy Exclusive, Trustee and Owners Deemed Third-Party Beneficiaries.** No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or any of the other Bond Documents or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Owners of the Bonds shall be deemed third-party beneficiaries of all covenants and agreements herein contained.

**SECTION 11.4. No Additional Waiver Implied by One Waiver.** In the event any agreement contained in this Loan Agreement should be breached by the Borrower and thereafter waived by the Issuer or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**SECTION 11.5. Treatment of Funds in Bankruptcy.** The Borrower acknowledges and agrees that in the event the Borrower commences a case under the United States Bankruptcy Code located at 11 U.S.C. § 101 et seq. (the "Bankruptcy Code") or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code: (i) amounts on deposit in any of the Bond Fund are not, nor shall they be deemed to be, property of the Borrower's bankruptcy estate as defined by § 541 of the Bankruptcy Code, (ii) that in no event shall the Borrower assert claim, or contend that amounts on deposit in any of the Funds are property of the Borrower's bankruptcy estate, and (iii) that amounts on deposit in any of the Funds are held in trust solely for the benefit of the Registered Owners and the Beneficial Owners, shall be applied only in accordance with the provisions of the Indenture, and the Borrower has no legal, equitable nor reversionary interest in, or right to, such amounts.

**ARTICLE XII**

**MISCELLANEOUS**

**SECTION 12.1. Notices.** Except as otherwise provided in this Loan Agreement, all notices, demands, requests, consents, approvals, directions, certificates or other communications required under this Loan Agreement to be in writing, shall be sufficiently given and shall be deemed to have been properly given or delivered (i) three days after the same is mailed by certified mail, postage prepaid, return receipt requested, (ii) by facsimile transmission with telephonic confirmation of receipt (at which point it shall be deemed received), (iii) by overnight delivery service which provides for a record of delivery (receipt to be evidenced by the records of such delivery service), or (iv) by hand-delivery with a written receipt (receipt to be evidenced by execution of written receipt), in each case, addressed to the person to whom any such notice, demand, request, approval, certificate or other communication is to be given, at the appropriate address for the Principal Office of such person designated below.

Issuer:	South Carolina Jobs-Economic Development Authority 1201 Main Street, Suite 1600 Columbia, South Carolina 29201 Attention: Executive Director Telephone: (803) 737-0284 Facsimile: (803) 737-0628
Borrower:	Alligator Rural Water & Sewer Company, Inc. 378 West Pine Avenue McBee, South Carolina 291101 (843) 335-6464
Trustee and Paying Agent:	U.S. Bank National Association Global Corporate Trust 1441 Main Street, Suite 775 Columbia, South Carolina 29201 Attention: Natalie Charles

Telephone: (803) 212-7900

Email: [italie.charles@netbank.com](mailto:italie.charles@netbank.com)

**Underwriter:**

Oppenheimer & Co. Inc.  
1818 Market Street, 24<sup>th</sup> Floor  
Philadelphia, Pennsylvania 19103

Any person listed above may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. During any period in which the Registrar and the Paying Agent are the same and have the same address, any notice required to be given to either the Registrar or the Paying Agent, or both, may be given by one notice to the address for the Registrar and Paying Agent set forth above. All notices, demands, requests, consents, approvals, directions, certificates or other communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the Borrower chooses to use electronic signatures to sign documents delivered to the Trustee, the Borrower agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

**SECTION 12.3. Prior Agreements Canceled.** This Loan Agreement and the other Bond Documents shall completely and fully supersede all other prior agreements, both written and oral, between the Issuer and the Borrower relating to the acquisition of the System. Neither the Issuer nor the Borrower shall hereafter have any rights under such prior agreements but shall look solely to this Loan Agreement and the other Bond Documents for definitions and the determination of all of their respective rights, liabilities and responsibilities relating to the System and the Loan.

**SECTION 12.3. Binding Effect; Borrower Bound by Bond Documents.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower and their respective successors and assigns. The Borrower consents and agrees to the terms and provisions of the Indenture and the other Bond Documents and agrees that the Borrower and its successors and assigns shall be bound by such terms and provisions.

**SECTION 12.4. Illegality.** If fulfillment of any provision hereof or any transaction related hereto or to the other Bond Documents, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then *inso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity, and if any clause or provision herein contained operates or would prospectively operate to invalidate this Loan Agreement in whole or in part, then such clause or provision only shall be void, as though not

herein contained, and the remainder of this Loan Agreement shall remain operative and in full force and effect.

**SECTION 12.5. Amendments, Changes and Modifications.** This Loan Agreement may not be amended, changed, modified, altered or terminated except in accordance with the requirements of Article XI of the Indenture.

**SECTION 12.6. Execution of Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 12.7. Law Governing Construction of Loan Agreement.** This Loan Agreement is prepared and entered into with the intention that the law of the State shall govern its construction.

**SECTION 12.8. Amounts Remaining in Funds.** It is agreed by the parties herein that any amounts remaining in the Bond Fund under the Indenture upon expiration or sooner termination of the term hereof, are after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), all Administration Expenses and the Issuer's Annual Fee in accordance with the Indenture or this Loan Agreement, shall be paid in accordance with the Indenture.

**SECTION 12.9. Effective Date.** This Loan Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date, by the parties hereto. All representations and warranties set forth herein shall be deemed to have been made on the Closing Date.

**SECTION 12.10. Payment of Expenses.** Notwithstanding anything to the contrary herein contained, whenever the Borrower shall be obligated hereon to pay costs and/or expenses incurred by any person, the Borrower shall be obligated to pay only the reasonable costs and/or expenses incurred by such person (including, where applicable, reasonable attorneys' fees) provided, however, that (i) from and after the occurrence of an event, which with notice or lapse of time or both, would constitute an Event of Default, (ii) during the continuance of any Event of Default or (iii) in connection with the enforcement of any rights or remedies hereunder and under the other Bond Documents, the Borrower shall be obligated to pay the actual costs and/or expenses incurred by such person (including, where applicable, actual attorneys' fees).

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Issuer has caused this Loan Agreement to be executed in its name by its Executive Director, and the Borrower has caused this Loan Agreement to be executed in its name and on its behalf by its duly authorized President, all being done as of the date first above written.

**SOUTH CAROLINA JOBS-ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Executive Director

**ALLIGATOR RURAL WATER & SEWER  
COMPANY, INC.**

By: \_\_\_\_\_  
Its: President

[Issuer's Signature Page to Loan Agreement]

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[Borrower's Signature Page to Loan Agreement]

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Exhibit A - Addresses of Collateral Locations

SECURITY AGREEMENT

by and between

ALLIGATOR RURAL WATER & SEWER COMPANY, INC.

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of May 1, 2021

Relating to the Issuance of

\$26,795,000

South Carolina Jobs-Economic Development Authority  
 Economic Development Revenue Bonds  
 (Alligator Rural Water & Sewer Company, Inc. Project)  
 Series 2021

This SECURITY AGREEMENT, made and entered into as of May 1, 2021, is by and between ALLIGATOR RURAL WATER & SEWER COMPANY, INC. (the "Borrower"), a non-profit corporation organized and existing under the laws of the State of South Carolina (the "State"), and U.S. BANK NATIONAL ASSOCIATION (together with its successors and assigns, the "Trustee"), a national banking association, duly organized and existing under the laws of the United States of America

W I T N E S S E T H

WHEREAS, the South Carolina Jobs - Economic Development Authority (the "Issuer"), a public body corporate and politic and an agency of the State organized under the laws of the State, pursuant to Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), issued its South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project) Series 2021 in the principal amount of \$26,795,000 (the "Series 2021 Bonds") for the purpose, inter alia, of providing funds to refinance some of the Borrower's outstanding USDA Rural Development Loans, the proceeds of which were used to finance a portion of the costs of acquiring, constructing, furnishing, equipping, and improving the Borrower's water treatment and distribution system and wastewater collection system (the "System") located in Chesterfield County, South Carolina, in order to achieve debt service savings, that will be owned and operated by the Borrower, and

WHEREAS, the Issuer has, pursuant to a Loan Agreement (as now or hereafter, amended, supplemented, modified, and/or restated, the "Loan Agreement") of even date herewith between the Issuer and the Borrower, loaned the proceeds of the Series 2021 Bonds to the Borrower to refinance the System, and the Borrower has agreed to pay to the Issuer such loan payments at such times and in such amounts as will be required to pay the principal of, premium, if any, and interest (collectively, the "Debt Service Payments") on the Series 2021 Bonds as and when the same shall become due; and

WHEREAS, to evidence the obligation of the Borrower under the Loan Agreement to make loan payments sufficient to pay the Debt Service Payments on the Series 2021 Bonds, the Borrower has executed and delivered to the Issuer its promissory note (the "Note") of even date herewith in the principal amount of \$26,795,000, and

WHEREAS, it is anticipated that additional amounts may be necessary to improve or expand the System (such improvements, together with the System, the "System"), and as a result, provision should be made for the issuance of additional parity indebtedness of the Borrower (collectively, "Additional Indebtedness") from time to time as specified in the Loan Agreement, and

WHEREAS, the Borrower wishes to grant to the Trustee a security interest in the Collateral,

NOW THEREFORE, to secure the payment by the Borrower of the loan payments to be made under the Loan Agreement and loan payments to be made relating to Additional Indebtedness (collectively, the "Indebtedness"), including any judgments thereon, and the performance and observance by the Borrower of all covenants and conditions contained in the Loan Agreement in this Security Agreement, and in all other agreements, instruments, or documents executed by the Borrower governing or securing the payment of any of the Indebtedness (collectively, the "Secured Obligations"), and all extensions, renewals, modifications, and substitutions of all of the foregoing (each, a "Security Document," and collectively, the "Security Documents"), and for and in consideration of the sum of One and No/100 Dollar (\$1.00) paid by the Trustee to the Borrower this date, and for other valuable consideration, the receipt of which is acknowledged, the parties hereto agree as follows:

Section 1. Creation of Security Interest. Description of the Collateral. The Borrower hereby grants to the Trustee, subject to Permitted Encumbrances (as defined in the Indenture), a present and continuing security interest in all of the Borrower's right, title, and interest in and to the following collateral (the "Collateral"):

(a) All of the personal property, equipment, fixtures, revenues, fees, charges, assessments, all income from whatever source derived, accounts receivable and other choses in action of whatever nature in connection with the operation of the System; and

(b) All proceeds of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory accounts, elated paper, documents, equipment, instruments, farm products, consumer goods, and general intangibles constituting proceeds acquired with each proceeds of any or all of the Collateral and, to the extent not otherwise included, all payments of insurance (whether or not the Trustee is the loss payee thereof) and any indemnity, condemnation award, performance, labor, and material payment bond, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to, any of the Collateral;

in each case, whether now owned or hereafter acquired by the Borrower and howsoever its interest therein may arise or appear (whether by ownership, security interest, claim, or otherwise)

Section 2. Security for the Secured Obligations. The Borrower shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or the Bond Documents (as defined in the Indenture), or where the Trustee chooses to perfect its security interest by possession in addition to the filing of a financing statement. Upon the occurrence of an Event of Default (as defined in Section 12 hereof), all instruments or cash constituting Collateral from time to time shall be delivered to the Trustee upon demand by the Trustee for such delivery promptly upon the receipt thereof by or on behalf of the Borrower. All such instruments or cash shall be held by or on behalf of the Trustee pursuant hereto and shall be delivered in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or endorsement or assignment in blank, all in form and substance satisfactory to the Trustee

**Section 3** Representations and Warranties The Borrower hereby represents and warrants as follows:

- (a) All of the Collateral will be located at the Collateral Locations.
- (b) The Borrower is or will be the legal and beneficial owner of the Collateral free and clear of any lien, security interest, claim, charge, transfer restriction, or encumbrance, except for (i) the security interest created by this Security Agreement, and (ii) any security interest, charge or encumbrance constituting a Permitted Encumbrance, as defined in the Indenture.
- (c) No effective financing statement, assignment, or other instrument similar in effect covering all or any part of the Collateral is on file in any recording or filing office, except (i) such as may have been filed in favor of the Trustee relating to this Security Agreement, (ii) such as may have been filed to perfect any lien or security interest constituting a Permitted Encumbrance, or (iii) such as may be consented to by the Trustee.

(d) This Security Agreement creates a valid security interest in favor of the Trustee in the Collateral, subject to any exceptions thereto that exist by operation of law, and the filing of the financing statements to be filed by the Borrower pursuant to Section 6.4 of the Indenture with respect to the Collateral and the taking of possession by the Trustee of all instruments and cash constituting Collateral from time to time will perfect and establish the priority of such security interests securing payment of the Secured Obligations. Upon such filing or possession, as the case may be, all filing, possession, and other actions necessary or desirable to perfect and protect such security interests will have been duly taken.

(e) The Borrower has full power and authority to execute and deliver this Security Agreement and to grant the security interest granted hereby. No authorization, approval, or action by, and no notice or filing with, any governmental authority or regulatory body (that has not been obtained or done) is currently required either (i) for the grant by the Borrower of the security interest granted hereby, or (ii) for the execution, delivery, or performance of this Security Agreement by the Borrower, or (iii) for the exercise by the Trustee of its rights and remedies hereunder, except for any licenses required if the Trustee shall undertake to operate the System. No action has been brought or to the Borrower's knowledge threatened that in any manner is likely to interfere with the right of the Borrower to execute or deliver this Security Agreement or to perform any of the Borrower's obligations hereunder.

(f) The exercise by the Trustee of its rights and remedies hereunder will not contravene any law or governmental regulation or any contractual restrictions binding on or affecting the Borrower or any of its properties and will not result in or require the creation of any lien, security interest, or other charge or encumbrance upon or with respect to any of its properties, except for instruments relating to Permitted Encumbrances or such as is consented to in writing by the Trustee.

(g) The Borrower has the full and unencumbered right to collect the System Revenues and the Borrower has not wanted to take any act and except for instruments relating to Permitted

Encumbrances, has not executed any instrument that might prevent or impair the Trustee from fully enforcing all of the terms and conditions of this Security Agreement.

**Section 4** Further Assurances: (a) The Borrower agrees that from time to time, at its own expense, it will promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable, or that the Trustee may request, in order to perfect and protect any security interest granted or purported to be granted hereby, to enable the Trustee to exercise and enforce its rights and remedies hereunder with respect to any Collateral, or otherwise effect the purposes of this Security Agreement. Without limiting the generality of the foregoing, the Borrower (i) will execute and/or file such other and further security agreements, financing, or continuation statements or amendments thereto, instruments of further assurance, certificates and such other instruments or notices, (ii) will deliver possession of any instruments or cash as may be necessary or desirable, or as the Trustee may request, (iii) will cooperate with the Trustee in obtaining control with respect to Collateral, consisting of deposit accounts, investment property, letter of credit rights, and electronic chain of paper, and (iv) where Collateral is in possession of a third party, notify the third party of Trustee's security interest and obtain an acknowledgment from the third party that it is holding the Collateral for the benefit of the Trustee in order to perfect and preserve the security interests granted or purported to be granted hereby.

(b) The Borrower hereby authorizes the Trustee to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral, without the signature of the Borrower, where and whenever permitted by law.

(c) The Borrower will furnish to the Trustee from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Trustee may reasonably request, all in reasonable detail, and will keep adequate records concerning the Collateral and will permit the Trustee or its agents or representatives at any reasonable time and from time to time during regular business hours to examine and make copies of and abstracts from such records.

(d) The Borrower warrants that (i) its name is Alligator Rural Water & Sewer Company, Inc. 10 its mailing address and the office where it will keep its records concerning the Collateral is 378 West Pine Avenue, McBee, South Carolina 29510, (ii) it is a non-profit corporation duly organized and existing under and by virtue of the laws of the State (x) its principal executive offices are in McBee, South Carolina, and (y) the Collateral to be located at the Collateral Locations. The Borrower covenants and agrees that it will furnish the Trustee with notice of any change in the matters addressed by clauses (i), (ii), (x), and (y) of this paragraph and of any change in its identity or corporate structure within thirty (30) days of the effective date of any such change, and the Borrower will promptly execute any financing statements or other instruments deemed necessary by the Trustee to prevent any filed financing statement from becoming misleading or losing its perfected status.

(e) The Borrower will, at its expense, defend the Trustee's right title, and special property and security interest in and to the Collateral against any and all claims.

(f) The Borrower will not make or consent to any amendment or other modification or waiver with respect to any Collateral or enter into any agreement or permit to exist any restriction with respect to any Collateral other than pursuant hereto.

(g) Except as permitted in this Security Agreement or in the Loan Agreements, the Borrower will not take any action that would in any manner impair the value or enforceability of the Trustee's security interest in the Collateral and will not fail to take any action, the failure of which would in any manner impair the value or enforceability of the Trustee's security interest in the Collateral.

Section 5. Covenants With Respect to the Collateral. The Borrower shall:

(a) keep the Collateral at the Collateral Locations or, upon thirty (30) days' prior written notice to the Trustee, at such other places in any jurisdiction where all action required by Section 4(a)-(c) hereof shall have been taken with respect to the Collateral;

(b) cause the Collateral to be maintained and preserved in the same condition, repair, and working order as when acquired, ordinary wear and tear excepted, and in accordance with any manufacturer's manual, and shall forthwith, or in the case of any material loss or damage to any of the Collateral, as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith, and the Borrower shall promptly furnish to the Trustee a statement respecting any material loss or damage to any of the Collateral; and

(c) pay promptly when due all property and other taxes, assessments, and governmental charges or levies imposed upon, and all claims (including claims for labor, materials, and supplies furnished) against, the Collateral, except to the extent the payment thereof is being contested in good faith by proper proceedings;

Section 6. [Reserved.]

Section 7. Insurance. The Borrower shall, at its own expense, maintain insurance with respect to the Collateral in such amounts, against such risks, in such form, and with such insurers as required by Section 8.1 of the Loan Agreement.

Section 8. Transfers and Other Liens. The Borrower shall not, except as expressly permitted hereunder, under the Loan Agreement:

(a) sell, assign (by operation of law or otherwise), license, exchange, or otherwise dispose of any of the Collateral or any interest therein, or

(b) create or suffer to exist any lien, security interest, or other charge or encumbrance upon or with respect to any of the Collateral to secure any debt of any person or entity, except for (i) the security interests created by this Security Agreement, or (ii) Permitted Encumbrances.

Section 9. Trustee; Appointed; Attorney-in-Fact. The Borrower hereby irrevocably appoints the Trustee the Borrower's agent and attorney-in-fact, with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time during the existence of an Event of Default in the Trustee's discretion, to take the following actions: and to execute the following instruments that the Trustee shall reasonably deem necessary to maintain or perfect the security interest created by this Security Agreement or realize on the Collateral:

(a) the authority to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipt for money's due and to become due under or in respect of any of the Collateral;

(b) the authority to receive, endorse, and to collect any drafts or other instruments, documents, or charted paper representing any distribution in respect of the Collateral on any part thereof and to give full discharge for the same;

(c) the authority to file any claims or take any action or institute and maintain any suits and proceedings that the Trustee may deem necessary or desirable for the collection of any of the Collateral, to prevent any impairment of the Collateral by any acts that may be unlawful or would constitute a default under this Security Agreement, to preserve or protect its interest in the Collateral, to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the Collateral to the prejudicial to the interest of the Trustee, or otherwise to enforce the rights of the Trustee with respect to any of the Collateral; and

(d) the authority to make, execute, record, file, and/or refile any security agreements, financing or continuation statements or amendments thereto, instruments of further assurance, certificates, or other instruments or notices that the Borrower is obligated hereunder to make, execute, file, and/or refile upon the failure of the Borrower to do so.

The above agency is and shall be deemed to be an agency coupled with an interest. The Trustee understands and agrees that it shall exercise the powers granted to it in this Section only if an Event of Default shall have occurred hereunder.

Section 10. Trustee May Perform. If the Borrower fails to perform any agreement contained herein, the Trustee may itself perform, or cause the performance of, such agreement, and the expenses of the Trustee incurred in connection therewith shall be payable by the Borrower under the Loan Agreements.

Section 11. Duties of the Trustee. The powers conferred on the Trustee hereunder are solely to protect its interest in the Collateral and, except as provided in the Indenture, shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care to assure the safe custody of any Collateral in its possession and the accounting for money's actually received by it hereunder, except as provided in the Indenture, the Trustee shall have no duty or liability as to any Collateral or to take any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral and shall be relieved of all responsibility for the

Collateral upon surrendering it or tendering surrender of it to the Borrower. The Trustee shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Trustee accords its own property.

**Section 12. Events of Default.** The term "Event of Default," wherever used in this Security Agreement, shall mean any one or more of the following events:

(a) Failure by the Borrower to perform in a punctual manner any other of the covenants, conditions, agreements, or provisions contained in this Security Agreement and the continuation of such failure for thirty (30) days after receipt by the Borrower of a written notice from the Trustee specifying such default and requiring the same to be remedied, provided, however, that if such performance requires work to be done, action to be taken, or conditions to be remedied, that by their nature cannot reasonably be done, taken or remedied, at the case may be, within such thirty (30) day period and shall diligently and continuously prosecute the same to completion and the Borrower shall certify in writing to the Trustee during such thirty (30) day period that the conditions for such extension contained in this paragraph (a) have been complied with and describe the corrective action being taken, or

(b) the occurrence of an Event of Default under the Indenture, or any of the Secured Obligations, the Loan Agreement, or any other Security Document.

**Section 13. Remedies Upon Default.** If any Event of Default occurs and is continuing:

(a) The Trustee may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all rights and remedies permitted under the Loan Agreements or otherwise permitted in law or in equity, to protect and dispose of the Collateral and to protect its rights to payment under the Loan Agreements and all the rights and remedies of a secured party on default under the South Carolina Uniform Commercial Code (the "UCC"), (whether or not the UCC applies to the affected Collateral) and also may (i) repossess the Borrower to, and the Borrower hereby agrees that it will at its own expense and upon the request of the Trustee forthwith, gather or assemble all or part of the Collateral not in the possession of the Trustee as directed by the Trustee and make it available to the Trustee at a place to be designated by the Trustee that is reasonably convenient to both parties, and (ii) without notice, except as specified below, sell the Collateral, or any part thereof, in one or more parcels at public or private sale, at any of the Trustee's offices or elsewhere, for cash, or credit, or for future delivery, and at such price or prices and upon such other terms as the Trustee may deem commercially reasonable. The Borrower agrees that to the extent notice of sale shall be required by law, at least ten days' notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Trustee shall not be obligated to make any sale of any Collateral, regardless of notice of sale having been given. The Trustee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefore, and such sale may, without further notice, be made at the time and place in which it was so adjourned.

(b) In addition, the Borrower shall deposit with the Trustee, as received, the System Revenues. At such time that all defaults have been cured under the Loan Agreements, the Borrower's obligation to make the aforesaid deposit shall terminate. The Trustee may, to the extent permitted by law, impound books and records evidencing the System Revenues and other similar claims for the payment of money and take possession of all notes and other documents that evidence the System Revenues and such claims for money and give notice to obligors (regardless of its interest therein and make direct collections of the System Revenues and such claims for money. The Trustee shall have the full right to enter upon, take possession of, use, and operate all or any portion of the System that the Trustee, in its sole discretion, deems desirable to effectuate any or all of its remedies hereunder.

(c) Any cash held by the Trustee as Collateral and all cash proceeds received by the Trustee in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied as provided in the Indenture.

(d) Each of the rights of the Trustee under this Security Agreement, the Loan Agreements, and each and every other document or instrument now or hereafter evidencing or securing the Secured Obligations is separate and distinct from and cumulative to all other rights herein and herein granted and all other rights that the Trustee may have in law or equity, and no such right shall be, in exclusion of any other. No delay by the Trustee in exercising any right or remedy hereunder or otherwise afforded by law shall operate as a waiver thereof or preclude the exercise thereof upon the occurrence of an Event of Default. No failure by the Trustee to assert upon the strict performance by the Borrower of each and every agreement of the Borrower under the Loan Agreements, or this Security Agreement or said other documents, and instruments shall constitute a waiver of any such agreement, and no waiver by the Trustee of any Event of Default shall constitute a waiver of or consent to any subsequent Event of Default. No withdrawal or abandonment by the Trustee of any exercise of the power of sale herein granted or of any of its rights under such power shall be construed as a waiver of any power or right of the Trustee hereunder. In case the Trustee shall proceed to enforce any right, power, or remedy hereunder and such proceeding shall be withdrawn, discontinued, or abandoned for any reason, or shall be determined adversely to the Trustee, then in every such case (i) the Borrower and the Trustee shall be restored to their former positions and rights; (ii) all rights, powers, and remedies of the Trustee shall continue as if no such proceedings had been taken; (iii) each and every default declared or occurring prior or subsequent to such withdrawal, discontinuance, or abandonment shall be, and shall be deemed to be, a continuing default; and (iv) neither this Security Agreement nor the Secured Obligations shall be or shall be deemed to be reinstated or otherwise affected by such withdrawal, discontinuance, or abandonment, and the Borrower hereby expressly waives the benefit of any statute or rule of law now provided, or that may hereafter be provided, that would produce a result contrary to or in conflict with the above.

**Section 14. Indemnity and Expenses.** The Borrower agrees to indemnify the Trustee and its officers, directors, employees, agents, and representatives from and against any and all claims, losses and liabilities growing out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement, except claims, losses or liabilities finally adjudicated by a court of competent jurisdiction to have resulted from the negligence, bad faith, or willful misconduct of the party seeking indemnification).

(b) The Borrower will, upon demand, pay to the Trustee the amount of any and all reasonable costs and expenses, including the reasonable fees and costs of its counsel and of any experts and agents, that the Trustee may incur in connection with (i) the administration of this Security Agreement, (ii) the custody, preservation, use, or operation of, or the sale of, collateral from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights granted to the Trustee hereunder, or (iv) the failure by the Borrower to perform or observe any of the provisions hereof, except costs and expenses resulting solely and directly from the negligence, bad faith, or willful misconduct of the Trustee.

Section 12. Amendments, No Remedy, Exclusive, Waiverability. (a) No amendment or waiver of any provision of this Security Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same is in writing and signed by the Borrower and the Trustee and is accomplished in accordance with the Indenture, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) The rights and remedies of the Trustee provided herein are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. No failure on the part of the Trustee to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(c) Any provision of this Security Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibitions or invalidity without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction. Without limiting the generality of the foregoing, in the event that any of the Secured Obligations are unenforceable in whole or in part in any jurisdiction, the security interest purported to be created hereby in the Collateral shall secure the remaining Secured Obligations with the same effect as if such unenforceable Secured Obligations were never secured by such security interests and the provisions of this Security Agreement shall be interpreted accordingly.

Section 16. Addresses for Notices, etc. All notices and other communications provided for hereunder shall be in writing and if to the Borrower, mailed or telegraphed or delivered to it and addressed to it at the address of the Borrower and in the manner specified in the Indenture, and if to the Trustee, mailed or delivered to it and addressed to it at the address of the Trustee and in the manner specified in the Indenture, or as to any such party at such other addresses as shall be designated by such party in a written notice to each other party complying with the Loan Agreement. Such notices shall be given within the time specified for notices in the Loan Agreement. Receipt of notices, certificates, or other communications hereunder shall occur upon actual delivery (whether by mail, facsimile transmission, messenger, courier service, or otherwise) to any person who is the Borrower or an officer of the Borrower at any location where such person may be found, or to an officer, agent, or employee of the Borrower, or other party, at the address of such party set forth in the Loan Agreement, as applicable, subject to change as provided therein. An attempted delivery in accordance with the foregoing, acceptance of which is refused or rejected, shall be deemed to be and shall constitute receipt and an attempted delivery in accordance with the foregoing by mail, messenger, or courier service (whichever is chosen by the sender) that is not

completed because of changed address of which no notice was received by the sender in accordance with the provisions of the Loan Agreement prior to the sending of the notice, certificate, or other communication shall also be deemed to be and constitute receipt.

Section 17. Security Interest Absolute. All rights of the Trustee and the security interests created hereby and all obligations of the Borrower hereunder shall be absolute and unconditional, irrespective of:

(a) any lack of validity or enforceability of any of the Loan Agreements, any of the Notes, or any other agreement or instrument relating thereto;

(b) any change in the time, manner, or place of payment of, or in any other term of, respect of, all or any of the Secured Obligations, or any other amendment or waiver of, or any consent to, any departure from any of the Loan Agreement, or any other agreement or instrument relating thereto;

(c) any increase in, addition to, or exchange, release, or non-perfection of the security interest in any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations;

(d) the absence of any action on the part of the Trustee to obtain payment or performance of the Secured Obligations from the Borrower, or

(e) any other circumstances that might otherwise constitute a defense available to or a discharge of the Borrower in respect of the Secured Obligations, this Security Agreement, or any of the Loan Agreements.

Section 18. Continuing Security Interest; Transfer; Termination. This Security Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full of the Secured Obligations; (b) be binding upon the Borrower and its successors and assigns; and (c) inure to the benefit of the Trustee and its respective successors, transferees, and assigns and no person other than the Trustee and its assigns shall under any circumstances be deemed to be a beneficiary of any provision of this Security Agreement. Upon the satisfaction in full of the Secured Obligations, this Security Agreement and the security interests granted hereby shall terminate, and all rights in the Collateral shall revert to the Borrower. Upon any such termination, the Trustee shall execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such termination.

Section 19. Governing Law; Terms. This Security Agreement shall be governed by and construed in accordance with the laws of the State, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the security interests created hereby, or the remedies granted hereunder, in respect of any particular Collateral, are governed by the laws of a jurisdiction other than the State. Unless otherwise defined herein or in the Loan Agreement, terms used in the Uniform Commercial Code in effect in the State are used herein as defined therein.

**Section 20. Binding Effect. Miscellaneous.** As used herein, the terms "Borrower" and "Trustee" shall include the named Borrower, the named Trustee, and their respective legal representatives, successors, successors-in-title, and assigns. The Borrower agrees that the pledge and assignment made hereby shall not subject the Trustee to or transfer or pass or in any affect or modify any obligation of the Borrower under any of the Loan Agreements, it being understood and agreed that all such obligations of the Borrower shall be and remain enforceable only against the Borrower.

**Section 21. Amendments, Changes, and Modifications.** This Security Agreement may be amended, changed, or modified only in accordance with the provisions of Article XI of the Indenture.

**Section 22. No Liability of the Borrower's Officers or the Authorized Borrower.** Notwithstanding anything contained herein to the contrary, no recourse under or upon any obligation, covenant, or agreement contained in this Security Agreement or in any other documents delivered in connection with the issuance of the Series 2021 Bonds, or for any claim based thereon, or under any judgment obtained against the Borrower, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent hereof, shall be had against the Authorized Borrower Representative, any incorporator, director, member, officer, consultant, or agent, as such, past, present, or future of the Borrower, or any incorporator, director, member, officer, consultant, or agent of any successor entity, as such, either directly or through the Borrower or any successor entity, or otherwise, provided, however, nothing in this Section shall be construed to relieve any Person of liability for tortious acts that are, or intentional wrongdoing that is, outside the intended scope of such Person's employment.

**Section 23. Defined Terms.** Unless the context or use clearly indicates otherwise and unless otherwise defined herein, words and terms having initial capital letters shall have the meanings given to them by the language employed in Section 1.1 of the Indenture.

**Section 24. Limitation of Duties.** By acceptance of this Security Agreement, the Trustee agrees to perform only such duties and take only such actions as are expressly set forth herein. Permissive rights shall not be deemed to be obligations, and the Trustee's responsibilities herein shall be supplemental to those set forth in the Indenture, provided that the provisions of the Indenture relating to the administration of the Indenture, and all rights and immunities of the Trustee set forth therein (including, without limitation, the right to require indemnification before taking any action hereunder) shall apply to this Security Agreement as if such provisions were fully set forth herein.

IN WITNESS WHEREOF, the Borrower and the Trustee have caused this Security Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**ALLIGATOR RURAL WATER & SEWER  
COMPANY, INC., the Borrower**

By \_\_\_\_\_  
Its President

[Borrower's Signature Page to Security Agreement]

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U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Name: Natalie M. Charles  
Title: Vice President

EXHIBIT A

ADDRESSES OF COLLATERAL LOCATIONS

Shop complex: 26367 Hwy 151, McBee, SC 29101

Office: 378 W. Pine Ave. McBee, SC 29101

[Trustee's Signature Page to Security Agreement]

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**APPENDIX D**  
**FORM OF BOND COUNSEL OPINION**

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**HOWELL LINKOUS & NETTLES, LLC**

Bond Attorneys & Counsellors at Law

Post Office Box 1768  
Charleston, South Carolina 29402  
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The Lining House  
106 Broad Street  
Charleston, South Carolina 29401

Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

May 26, 2021

South Carolina Jobs-Economic Development  
Authority  
Columbia, South Carolina

Alligator Rural Water & Sewer Company, Inc.  
McBee, South Carolina

Re: \$26,795,000 South Carolina Jobs-Economic Development Authority Economic  
Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc.  
Project), Series 2021

Ladies and Gentlemen:

As bond counsel to Alligator Rural Water & Sewer Company, Inc., a South Carolina non-profit corporation (the "Borrower"), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the South Carolina Jobs-Economic Development Authority (the "Issuer") of its \$26,795,000 Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project), Series 2021 (the "Series 2021 Bonds"). The Series 2021 Bonds have been issued pursuant to the terms of an Indenture of Trust, dated as of May 1, 2021 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), and a Loan Agreement (the "Loan Agreement"), dated as of May 1, 2021, between the Issuer and the Borrower, pursuant to which the proceeds of the Series 2021 Bonds will be loaned to the Borrower and under which the Borrower is obligated to make payments to or on behalf of the Issuer sufficient to pay the principal of and interest on the Series 2021 Bonds. The obligations of the Borrower under the Loan Agreement are further evidenced by the Promissory Note of the Borrower (the "Promissory Note"), and are secured by the Security Agreement, dated as of May 1, 2021 (the "Security Agreement"), from the Borrower to the Trustee. Unless otherwise indicated, all capitalized terms as used in this opinion shall have the meanings set forth in the Indenture.

The Series 2021 Bonds recite that they are issued pursuant to Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), and a resolution adopted by the Board of Directors of the Issuer on February 17, 2021, as amended by resolution adopted by the Board of Directors of the Issuer on March 17, 2021, to (i) refinance all or a portion of the Borrower's outstanding indebtedness and (ii) pay certain costs of issuance of the Series 2021 Bonds. We refer you to the Indenture for a further description of the Series 2021 Bonds, the purposes for which the Series 2021 Bonds are issued, and the security therefor.

With respect to the power of the Borrower to enter into and perform its obligations under the Loan Agreement, the Promissory Note, the Security Agreement, and the other documents to which it is a party, the due authorization, execution, and delivery of the Loan Agreement, the Promissory Note, the Security Agreement, and the other documents by the Borrower, and the validity and enforceability thereof against the Borrower, we have relied upon, and we refer you to the opinion letter of the Spencer Law Firm, of even date herewith, as counsel to the Borrower, addressed to you.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Borrower and the Issuer contained in the Loan Agreement, Tax Certificate and Agreement, dated the date hereof, between the Issuer and the Borrower, certificates of public officials furnished to us, and certificates of representatives of the Borrower, the Issuer, and other parties, including without limitation, representations, covenants, and certifications as to the use of the proceeds of the Series 2021 Bonds, compliance with the arbitrage reporting and rebate requirements, the average reasonably expected economic life of the property being refinanced with the Series 2021 Bonds, and other factual matters which are relevant to the opinion expressed in paragraph 5 herein, in each case, without undertaking any independent verification. We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine; all documents, certificates, and instruments submitted to us as originals are authentic; and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorized, executed, and delivered by all parties thereto other than the Issuer, and we have further assumed the due organization, existence, and powers of such other parties other than the Issuer.

We express no opinion herein as to the accuracy, completeness, or sufficiency of the Preliminary Official Statement, the Official Statement, or other offering material, if any, relating to the Series 2021 Bonds. We refer to you to our letter of even date herewith with regard to certain matters regarding the Preliminary Official Statement and the Official Statement.

Based on our examination, we are of the opinion as of the date hereof and under existing laws, as follows:

1. The Issuer is a validly existing public body corporate and politic and an agency of the State of South Carolina (the "State").

2. The Issuer has all requisite authority and power under the Act, particularly Section 41-43-110 thereof, to issue the Series 2021 Bonds and to enter into and perform its obligations under the Indenture and the Loan Agreement.

3. The Series 2021 Bonds have been duly authorized, executed, delivered, and issued in accordance with the Act, particularly Section 41-43-110 thereof, and the Indenture, the Loan Agreement, and the Series 2021 Bonds constitute valid, binding, and enforceable limited obligations of the Issuer, payable by the Issuer solely from the Trust Estate pledged to such purpose under the Indenture. The Series 2021 Bonds do not create or constitute a pledge of the faith and credit of the Issuer, the State, or any political subdivision of the State, or the taxing power of the State or any political subdivision of the State. The Issuer does not have taxing power. None of the Issuer, the State, or any political subdivision of the State is obligated to make any payment with respect to the Series 2021 Bonds except from the special funds provided therefor and the property pledged thereto under the Indenture and the Security Agreement.

4. The Indenture and the Loan Agreement have been duly authorized, executed, and delivered by the Issuer, and constitute the valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms.

5. Interest on the Series 2021 Bonds is excludable from gross income for federal and South Carolina income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021 Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of such requirements may cause interest on the Series 2021 Bonds to be included in gross income retroactively to the date of issuance of the Series 2021 Bonds. The Issuer and the Borrower have covenanted to comply with all such requirements. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Series 2021 Bonds.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Series 2021 Bonds. Owners of the Series 2021 Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2021 Bonds, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

It is to be understood that the rights of the holders of Series 2021 Bonds and the obligations of the parties under the Indenture and the Loan Agreement are subject to the exercise

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of judicial discretion in accordance with general principles of equity, the valid exercise of the constitutional powers of the United States and the police powers of the State, and to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Series 2021 Bonds and the tax-exempt status of the interest on the Series 2021 Bonds for federal and State law purposes. We have not examined any documents or other information concerning the business or financial resources of the Issuer or the Borrower and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer or the Borrower that may have been relied upon by Bondholders in making their decision to purchase the Series 2021 Bonds.

Very truly yours,

**APPENDIX E**  
**BOOK ENTRY ONLY SYSTEM**

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THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT ALLIGATOR RURAL WATER & SEWER COMPANY, INC. (THE "BORROWER"), BELIEVES TO BE RELIABLE, BUT THE BORROWER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project), Series 2021 (the "Series 2021 Bonds") of the Borrower. The Series 2021 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerised book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and

proposed amendments to any of the resolutions under which any Series 2021 Bonds is issued. For example, the Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borrower as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption payments and principal and interest payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borrower or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Borrower, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption payments and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borrower or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to any Series 2021 Bonds at any time by giving reasonable notice to the Borrower and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Borrower may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

**NEITHER THE BORROWER NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF ANY DIRECT PARTICIPANTS OR ANY INDIRECT PARTICIPANTS TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE SERIES 2021 BONDS OR ANY ERROR OR DELAY RELATING THERETO.**

Neither the Borrower nor the Paying Agent gives any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners of the Series 2021 Bonds (i) payments of principal, premium, if any, and interest, with respect to the Series 2021 Bonds, (ii) confirmation of beneficial ownership interests in the Series 2021 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Series 2021 Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants, or Indirect Participants will serve or act in the manner described in this Official Statement.

All capitalized terms not otherwise defined in this Appendix shall have the meaning ascribed to such term in this Official Statement.

**APPENDIX F**  
**FORM OF CONTINUING DISCLOSURE AND DISSEMINATION AGENT AGREEMENT**

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## CONTINUING DISCLOSURE AND DISSEMINATION AGENT AGREEMENT

This Continuing Disclosure and Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of May 1, 2021, is executed and delivered by Alligator Rural Water & Sewer Company, Inc. (the “Borrower”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Borrower in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Borrower through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Borrower or anyone on the Borrower’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements of the Borrower for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary

Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Borrower and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Borrower pursuant to Section 9 hereof.

“Disclosure Representative” means the Secretary of the Borrower, or his or her designee, or such other person as the Borrower shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Borrower’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Borrower, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Borrower in connection with the Bonds, as listed in Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports.

(a) The Borrower shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 180 days following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2021. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Borrower of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Borrower will not be able

to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Borrower irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Borrower are prepared but not available prior to the Annual Filing Date, the Borrower shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Borrower pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  1. Principal and interest payment delinquencies;
  2. Non-Payment related defaults, if material;
  3. Unscheduled draws on debt service reserves reflecting financial difficulties;
  4. Unscheduled draws on credit enhancements reflecting financial difficulties;
  5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  7. Modifications to rights of securities holders, if material;
  8. Bond calls, if material, and tender offers;
  9. Defeasances;
  10. Release, substitution, or sale of property securing repayment of the securities, if material;
  11. Rating changes;
  12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
  13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
  15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
  16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Borrower pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. amendment to continuing disclosure undertaking;
  2. change in obligated person;
  3. notice to investors pursuant to bond documents;
  4. certain communications from the Internal Revenue Service, other than those communications included in the Rule;
  5. secondary market purchases;
  6. bid for auction rate or other securities;
  7. capital or other financing plan;
  8. litigation/enforcement action;
  9. change of tender agent, remarketing agent, or other on-going party; and
  10. other event-based disclosures.
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Borrower pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. quarterly/monthly financial information;
  2. change in fiscal year/timing of annual disclosure;
  3. change in accounting standard;
  4. interim/additional financial information/operating data;
  5. budget;
  6. investment/debt/financial policy;
  7. information provided to rating agency, credit/liquidity provider or other third party;
  8. consultant reports; and

9. other financial/operating data.
- (viii) provide the Borrower evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Borrower may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Borrower, including the financial and statistical information provided in the Official Statement under the headings: "THE SYSTEM – Customers," "THE SYSTEM – History of Rate Increases," "FINANCIAL FACTORS – Historical Net Revenues and Expenses," and "FINANCIAL FACTORS – Historical Long-Term Debt Service Coverage."

(a) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with generally accepted accounting principles as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Borrower will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Borrower is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or

jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Borrower shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Borrower desires to make, contain the written authorization of the Borrower for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Borrower desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Borrower or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Borrower determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Borrower desires to make, contain the written authorization of the Borrower for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Borrower desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Borrower as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Borrower will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Borrower acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Borrower, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Borrower acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Borrower may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Borrower desires to make, contain the written authorization of the Borrower for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Borrower desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Borrower as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Borrower may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Borrower desires to make, contain the written authorization of the Borrower for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Borrower desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Borrower as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(b) The parties hereto acknowledge that the Borrower is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(c) Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Borrower and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Borrower is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Borrower has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Borrower may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Borrower or DAC, the Borrower agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Borrower shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Borrower.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Borrower or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any information or any other information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Borrower and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Borrower or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Borrower. No such

amendment shall become effective if the Borrower shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Borrower have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ALLIGATOR RURAL WATER & SEWER  
COMPANY, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer South Carolina Jobs-Economic Development Authority  
Obligated Person(s) Alligator Rural Water & Sewer Company, Inc.  
Name of Bond Issue: Economic Development Revenue Bonds (Alligator Rural Water &  
Sewer Company, Inc. Project), Series 2021  
Date of Issuance: May \_\_, 2021  
Date of Official Statement May \_\_, 2021

CUSIP Number: \_\_\_\_\_ CUSIP Number: \_\_\_\_\_  
CUSIP Number: \_\_\_\_\_ CUSIP Number: \_\_\_\_\_

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Issuer: South Carolina Jobs-Economic Development Authority

Obligated Person: Alligator Rural Water & Sewer Company, Inc.

Name(s) of Bond Issue(s): Economic Development Revenue Bonds (Alligator Rural Water & Sewer Company, Inc. Project), Series 2021

Date(s) of Issuance: May \_\_, 2021

Date(s) of Disclosure Agreement: May \_\_, 2021

CUSIP Number: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Obligated Person and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_].

Dated: \_\_\_\_\_

Digital Assurance Certification, L.L.C., as  
Disclosure Dissemination Agent, on behalf of the  
Obligated Person

\_\_\_\_\_

cc:

**EXHIBIT C-1  
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ "Principal and interest payment delinquencies;"
2. \_\_\_\_\_ "Non-Payment related defaults, if material;"
3. \_\_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. \_\_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. \_\_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform;"
6. \_\_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material;" Tender offers;
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. \_\_\_\_\_ "Rating changes;"
12. \_\_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. \_\_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. \_\_\_\_\_ "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16. \_\_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street, Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-2**  
**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of \_\_\_\_\_ between the Obligated Person and DAC.

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ "amendment to continuing disclosure undertaking;"
2. \_\_\_\_\_ "change in obligated person;"
3. \_\_\_\_\_ "notice to investors pursuant to bond documents;"
4. \_\_\_\_\_ "certain communications from the Internal Revenue Service;"
5. \_\_\_\_\_ "secondary market purchases;"
6. \_\_\_\_\_ "bid for auction rate or other securities;"
7. \_\_\_\_\_ "capital or other financing plan;"
8. \_\_\_\_\_ "litigation/enforcement action;"
9. \_\_\_\_\_ "change of tender agent, remarketing agent, or other on-going party; and"
10. \_\_\_\_\_ "other event-based disclosures."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-3  
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of \_\_\_\_\_ between the Obligated Person and DAC.

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ "quarterly/monthly financial information;"
2. \_\_\_\_\_ "change in fiscal year/timing of annual disclosure;"
3. \_\_\_\_\_ "change in accounting standard;"
4. \_\_\_\_\_ "interim/additional financial information/operating data;"
5. \_\_\_\_\_ "budget;"
6. \_\_\_\_\_ "investment/debt/financial policy;"
7. \_\_\_\_\_ "information provided to rating agency, credit/liquidity provider or other third party;"
8. \_\_\_\_\_ "consultant reports;" and
9. \_\_\_\_\_ "other financial/operating data."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

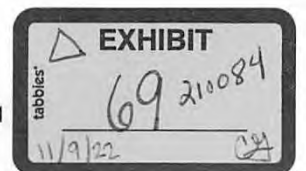
Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

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**Utility Employee Salary Survey**  
**South Carolina Rural Water Association**

2005



**Utility Employee Salary Survey**  
**South Carolina Rural Water Association**

2005

Enclosed are the results of the Utility Employee Salary Survey, conducted by South Carolina Rural Water Association (SCRWA). Every effort has been made to assure the salaries were correct. However due to systems having various job titles and descriptions, some salaries were a better fit under a position different than submitted. Unless specifically stated, hourly salaries were assumed to be full-time, 40 hours per week, and were recalculated to annual salaries. If position was specifically stated as part-time hourly salaries were included.

Survey is divided into sections based on number of taps. The first page of each section is a summary sheet. Details of the data can be found on the following pages.

It is a given in the utility business, all employees must multi-task in order for the entity to function properly on a daily basis. When various duties were listed for a specific job, the salary was placed under the main responsibility.

If you have any questions, or would need to purchase additional copies, please call the SCRWA office at 664-833-5566.

**Salaries have to be met! Perception is Reality!**

0-300 Taps Summary( 13 Systems Participating)

		High (Does not include part-time)	Low (Does not include part-time)
<b>Water Distribution Operator</b>			
	Water Distribution Operator (WDO) Class A		
	Water Distribution Operator (WDO) Class B		
	Water Distribution Operator (WDO) Class C	\$33,280.00	\$15,080.00
	Water Distribution Operator (WDO) Class D		
	Water Distribution Operator (WDO) Trainee	\$20,800.00	
<b>Water Treatment Operator</b>			
	Water Treatment Operator (WTO) Class A	\$45,705.00	\$25,000.00
	Water Treatment Operator (WTO) Class B	\$31,200.00	\$17,971.00
	Water Treatment Operator (WTO) Class C	\$33,280.00	\$20,800.00
	Water Treatment Operator (WTO) Class D	\$21,840.00	
	Water Treatment Operator (WTO) Trainee	\$20,800.00	
<b>Biological Wastewater Treatment Operator</b>			
	Biological WW Treatment Operator (BWWTO) Class A	\$45,705.14	\$43,529.00
	Biological WW Treatment Operator (BWWTO) Class B	\$40,682.00	\$21,840.00
	Biological WW Treatment Operator (BWWTO) Class C	\$33,280.00	\$20,800.00
	Biological WW Treatment Operator (BWWTO) Class D		
	Biological WW Treatment Operator (BWWTO) Trainee	\$20,800.00	
<b>Physical Chemical Wastewater Treatment Operator</b>			
	Physical Chemical WW Trmt Operator (PCWWTO) Class A	\$45,705.14	\$43,529.00
	Physical Chemical WW Trmt Operator (PCWWTO) Class B		
	Physical Chemical WW Trmt Operator (PCWWTO) Class C		
	Physical Chemical WW Trmt Operator (PCWWTO) Class D		
	Physical Chemical WW Trmt Operator (PCWWTO) Trainee		
	General Manager	\$40,682.00	\$20,000.00
	Assistant Manager	\$47,968.18	\$45,684.00
	On-Staff Engineer	\$23,400.00	\$20,280.00
	O & M Technicians	\$19,524.00	
	Office Manager	\$33,692.00	\$20,500.00
	Accounts Payable	\$26,998.00	\$15,080.00
	Customer Service	\$17,909.00	\$13,520.00
	Billing Specialist	\$26,208.00	\$17,909.00
	Other: (Specify)	\$18,483.00	\$6,760.00
	Part-Time Employees (specify position)	\$3,000.00	\$800.00
	Board Members		
	See Data Sheet		





0-000 Term		1	2	3	4	5	6	7	8	9	10	11	12	13
General Manager	Highest Rate			\$40,592.00		\$12,000.00								
	None			Also Class H BWVTO		General Mntr + Class C WDO +Class CWTO + Class C BWVTO								
	# yrs			20		10								
Assistant Manager	Highest Rate					\$20,000.00								
	None													
	# yrs					5								
On-Staff Engineer	Highest Rate							\$41,208.18						
	None													
	# yrs							14						
O & M Technician	Highest Rate			\$18,524.00				\$23,400.00						
	None													
	# yrs			7				2						
Office Manager	Highest Rate							\$20,280.00						
	None													
	# yrs							1						
Accounts Payable	Highest Rate							\$33,592.00	\$20,560.00			\$29,703.00		\$700.00
	None											Town Clerk + Billing + Treasurer		
	# yrs							7	18			7		Part-Time 15
Customer Service	Highest Rate							\$15,512.00						
	None													
	# yrs							5						
Billing Specialist	Highest Rate							\$26,998.40						
	None													
	# yrs							3						
Customer Service	Highest Rate							\$15,090.00						
	None													
	# yrs							1						
Billing Specialist	Highest Rate							\$17,900.00						
	None													
	# yrs							1						
Billing Specialist	Highest Rate							\$18,640.00						
	None													
	# yrs							1						
Billing Specialist	Highest Rate							\$26,208.00						
	None													
	# yrs							1						
Billing Specialist	Highest Rate							\$17,829.00						
	None													
	# yrs							1						

C-300 Tips														
Other: (Specify)	Highest Rate	1	2	3	4	5	6	7	8	9	10	11	12	13
	Niche					\$3,720.00								
	# yrs					General Maintenance								
	Lowest Rate					\$3,780.00								
	Niche					General Maint								
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	Lowest Rate													

301-500 Taps Summary (10 Systems Participating)

		High (Does not include part-time)	Low (Does not include part-time)
<b>Water Distribution Operator</b>			
	Water Distribution Operator (WDO) Class A		
	Water Distribution Operator (WDO) Class B		
	Water Distribution Operator (WDO) Class C	\$30,000.00	\$24,000.00
	Water Distribution Operator (WDO) Class D	\$30,306.00	\$26,649.00
	Water Distribution Operator (WDO) Trainee		
<b>Water Treatment Operator</b>			
	Water Treatment Operator (WTO) Class A	\$35,775.00	\$17,500.00
	Water Treatment Operator (WTO) Class B	\$35,095.00	
	Water Treatment Operator (WTO) Class C	\$33,475.00	
	Water Treatment Operator (WTO) Class D	\$33,355.00	\$25,000.00
	Water Treatment Operator (WTO) Trainee	\$23,160.00	
<b>Biological Wastewater Treatment Operator</b>			
	Biological WW Treatment Operator (BWWT0) Class A		
	Biological WW Treatment Operator (BWWT0) Class B	\$30,000.00	\$25,000.00
	Biological WW Treatment Operator (BWWT0) Class C	\$26,520.00	
	Biological WW Treatment Operator (BWWT0) Class D		
	Biological WW Treatment Operator (BWWT0) Trainee		
<b>Physical Chemical Wastewater Treatment Operator</b>			
	Physical Chemical WW Trmt Operator (PCWWTO) Class A		
	Physical Chemical WW Trmt Operator (PCWWTO) Class B	\$30,000.00	\$25,000.00
	Physical Chemical WW Trmt Operator (PCWWTO) Class C		
	Physical Chemical WW Trmt Operator (PCWWTO) Class D		
	Physical Chemical WW Trmt Operator (PCWWTO) Trainee		
	General Manager	\$55,125.00	
	Assistant Manager		
	On-Staff Engineer		
	O & M Technicians		
	Office Manager	\$27,040.00	\$23,000.00
	Accounts Payable	\$25,000.00	
	Customer Service	\$16,868.00	
	Billing Specialist		
	Other: (Specify)		
	Part-Time Employees (specify position)		
	Board Members		
	See Data Sheet		

301-500 System Taps											
Water Distribution Operator	Highest Rate	1	2	3	4	5	6	7	8	9	10
Water Distribution Operator (WDO) Class A	Highest Rate							\$8,400.00			
	Note							Part-Time Also Class A WTO + Class A BMWTO			
	# yrs							10			
	Low Rate							\$4,800.00			
	Note							Part-Time Also Class A WTO + Class A BMWTO			
	# yrs							8			
Water Distribution Operator (WDO) Class B	Highest Rate								\$7,200.00		
Water Distribution Operator (WDO) Class C	Highest Rate			\$21,840.00	\$24,000.00						
	Note								Part-time		
	# yrs			4	2				2		
	Low Rate							\$25,000.00			
	Note							Also Class D WTO + Class B BMWTO + Class B PCWWTTO			
	# yrs										
Water Distribution Operator (WDO) Class D	Highest Rate								\$8,002.64	\$30,306.00	
	Note								Part-Time		
	# yrs								5	7	
	Low Rate									\$26,649.00	
	# yrs									5	
Water Distribution Operator (WDO) Trainee	Highest Rate										

301-500 System Taps											
Water Treatment Operator	Highest Rate	1	2	3	4	5	6	7	8	9	10
Water Treatment Operator (WTO) Class A	\$36,775.00	\$19,000.00			\$12,770.00			\$9,400.00			
	Note				Part-time 3			Part-Time Also Class A WDO + Class A BWWT0			
	# yrs							10			
	Low Rate	\$17,500.00						\$4,800.00			
	Note							Part-Time Also Class A WDO + Class A BWWT0			
	# yrs		0.5					8			
Water Treatment Operator (WTO) Class B	\$36,005.00										
	# yrs										
	Low Rate										
Water Treatment Operator (WTO) Class C	\$33,475.00										
	# yrs										
	Low Rate										
Water Treatment Operator (WTO) Class D	\$33,355.00										
	# yrs										
	Highest Rate	\$30,000.00									
	Note										
	# yrs										
	Low Rate										
	Note										
	# yrs										
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301-500 System Taps

Biological Wastewater Treatment Operator											
Biological WW Treatment Operator (BWWT0) Class A	Highest Rate										
Biological WW Treatment Operator (BWWT0) Class A	Note										
	Low Rate										
	# yrs										
	Low Rate										
	Note										
	# yrs										
Biological WW Treatment Operator (BWWT0) Class B	Highest Rate										
	Low Rate										
	# yrs										
	Low Rate										
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301-500 System Taps											
		1	2	3	4	5	6	7	8	9	10
General Manager	Highest Rate	\$56,125.00									
Assistant Manager	Highest Rate										
On-Staff Engineer	Highest Rate										
O & M Technicians	Highest Rate	\$14,925.00		\$27,040.00	\$11,000.00						\$23,000.00
Office Manager	Highest Rate	25 Hrs./Wk.			3-Days/Wk.						
	Note				4						16
Accounts Payable	Low Rate		\$25,000.00					\$25,000.00			
	Highest Rate		Also Customer Service + Billing Specialist								
	Note										
	# yrs							4			
	Low Rate		\$18,000.00					\$18,000.00			
	Note		Also Customer Service + Billing Specialist								
Customer Service	Highest Rate							4		\$16,866.00	
	Note										
	# yrs									1	
Billing Specialist	Low Rate										
	Highest Rate										
	Low Rate										
Other: (Specify)	Highest Rate					\$22,980.00					
	Note					Water Clerk					
	# yrs										
	Lowest Rate										
Part-Time Employees (specify position)	# yrs										
Board Members	Highest Rate										
No Compensation	yes										
	no										
Compensated for Mileage to Meetings only	yes		\$0,370								
	no			\$0,375							
Compensated for Mileage + Set Rate per meeting	per mile									\$25.00	
	per meeting		\$35.00								
	per year		Chairman = \$50/meeting								
Annual Compensation	per year										

501-900 Taps Summary (6 Systems Participating)

	High (Does not include part-time)	Low (Does not include part-time)
<b>Water Distribution Operator</b>		
Water Distribution Operator (WDO) Class A	\$30,700.00	
Water Distribution Operator (WDO) Class B	\$24,440.00	
Water Distribution Operator (WDO) Class C	\$35,568.00	\$20,000.00
Water Distribution Operator (WDO) Class D	\$24,000.00	
<b>Water Treatment Operator</b>		
Water Treatment Operator (WTO) Class A	\$30,700.00	
Water Treatment Operator (WTO) Class B	\$32,500.00	
Water Treatment Operator (WTO) Class C	\$24,000.00	
Water Treatment Operator (WTO) Class D	\$24,000.00	
<b>Biological Wastewater Treatment Operator</b>		
Biological WW Treatment Operator (BWWT0) Class A	\$30,700.00	
Biological WW Treatment Operator (BWWT0) Class B	\$24,440.00	
Biological WW Treatment Operator (BWWT0) Class C	\$32,500.00	\$20,000.00
Biological WW Treatment Operator (BWWT0) Class D	\$24,960.00	\$24,000.00
<b>Physical Chemical Wastewater Treatment Operator</b>		
Physical Chemical WW Trmt Operator (PCWWTO) Class A		
Physical Chemical WW Trmt Operator (PCWWTO) Class B		
Physical Chemical WW Trmt Operator (PCWWTO) Class C		
Physical Chemical WW Trmt Operator (PCWWTO) Class D		
<b>General Manager</b>		
Assistant Manager	\$51,000.00	\$42,500.00
<b>On-Staff Engineer</b>		
<b>O &amp; M Technicians</b>		
Office Manager	\$24,440.00	\$16,640.00
Accounts Payable	\$34,402.39	
Customer Service	\$21,084.52	
Billing Specialist	\$18,800.00	
Other: (Specify)	\$24,960.00	\$15,000.00
Part-Time Employees (specify position)	\$3,388.00	
Board Members		
See Data Sheet		

501-900 System Taps					
<b>Water Distribution Operator</b>					
Water Distribution Operator (WDO) Class A	Highest Rate				
Water Distribution Operator (WDO) Class B	Highest Rate	\$20,700.00			
	Note	Also Class B WTO + Class B/WVTO			
	# yrs	4			
Water Distribution Operator (WDO) Class C	Highest Rate				\$24,440.00
	Note				Office Manager + Class C WDO + Class D B/WVTO
	# yrs				4
Water Distribution Operator (WDO) Class D	Highest Rate	\$35,580.00	\$20,000.00		
	Note				
	# yrs	6	8		
Water Distribution Operator (WDO) Trainee	Low Rate	\$24,950.00			
	Note				
	# yrs	2			
Water Distribution Operator (WDO) Trainee	Highest Rate	\$24,050.00			
	Note	Also Class D Trainee + B/WVTO Trainee C			
	# yrs	2			7
<b>Water Treatment Operator</b>					
Water Treatment Operator (WTO) Class A	Highest Rate				
Water Treatment Operator (WTO) Class B	Highest Rate	\$35,790.00			
	Note	Also Class B WTO + B/WVTO			
	# yrs	4			
Water Treatment Operator (WTO) Class C	Highest Rate				\$32,500.00
	Note				Public Works + Class D WTO + Class D B/WVTO
	# yrs				7
Water Treatment Operator (WTO) Trainee	Low Rate	\$22,000.00			
	Note	Also WTO Trainee + WTO Trainee			
	# yrs	0			
	Low Rate				





901-1500 Taps Summary (20 Systems Participating)

	High (Does not include part-tims)	Low (Does not include part-time)
<b>Water Distribution Operator</b>		
Water Distribution Operator (WDO) Class A	96,283.00	12,000.00
Water Distribution Operator (WDO) Class B	\$44,314.00	19,600.00
Water Distribution Operator (WDO) Class C	\$79,809.00	\$18,600.00
Water Distribution Operator (WDO) Class D	\$35,100.00	\$17,680.00
Water Distribution Operator (WDO) Trainee	\$22,484.00	\$15,600.00
<b>Water Treatment Operator</b>		
Water Treatment Operator (WTO) Class A	\$43,065.00	\$20,600.00
Water Treatment Operator (WTO) Class B	\$54,080.00	\$18,720.00
Water Treatment Operator (WTO) Class C	\$35,100.00	\$16,640.00
Water Treatment Operator (WTO) Class D	\$39,396.24	\$17,680.00
Water Treatment Operator (WTO) Trainee	\$18,606.00	\$16,955.00
<b>Biological Wastewater Treatment Operator</b>		
Biological WW Treatment Operator (BWWT0) Class A	\$96,263.00	\$20,600.00
Biological WW Treatment Operator (BWWT0) Class B	\$54,080.00	\$19,600.00
Biological WW Treatment Operator (BWWT0) Class C	\$35,340.00	\$18,600.00
Biological WW Treatment Operator (BWWT0) Class D	\$29,120.00	\$17,680.00
Biological WW Treatment Operator (BWWT0) Trainee	\$26,208.00	\$16,955.00
<b>Physical Chemical Wastewater Treatment Operator</b>		
Physical Chemical WW Trmt Operator (PCWWT0) Class A		
Physical Chemical WW Trmt Operator (PCWWT0) Class B	\$39,506.00	\$36,226.00
Physical Chemical WW Trmt Operator (PCWWT0) Class C	\$21,194.00	\$18,186.00
Physical Chemical WW Trmt Operator (PCWWT0) Class D	\$18,186.00	\$16,955.00
Physical Chemical WW Trmt Operator (PCWWT0) Trainee		
<b>General Manager</b>		
Assistant Manager	\$96,263.00	\$15,000.00
On-Staff Engineer	\$58,314.00	\$35,000.00
<b>O &amp; M Technicians</b>		
Office Manager	\$26,000.00	\$17,680.00
Accounts Payable	\$48,908.00	\$18,304.00
Customer Service	\$35,274.00	\$14,560.00
Billing Specialist	\$22,968.00	\$14,000.00
Other: (Specify)	\$35,672.00	\$14,560.00
Part-Time Employees (specify position)	\$58,646.00	\$14,924.00
Board Members	\$25,764.00	\$4,800.00
See Data Sheet		

901-1500 System Taps									
<b>Water Distribution Operator</b>									
Water Distribution Operator (WDO) Class A									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	Note								
	# yrs								
Water Distribution Operator (WDO) Class B									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	Note								
	# yrs								
Water Distribution Operator (WDO) Class C									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	Note								
	# yrs								
Water Distribution Operator (WDO) Class D									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	Note								
	# yrs								
Water Distribution Operator (WDO) Trainee									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	Note								
	# yrs								
<b>Water Treatment Operator</b>									
Water Treatment Operator (WTO) Class A									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	Note								
	# yrs								



901-1500 System Taps									
Water Treatment Operator (WTO) Class B									
	Highest Rate	1							
	Note								
	# yrs								
	Low Rate								
	# yrs								
Water Treatment Operator (WTO) Class C									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	# yrs								
Water Treatment Operator (WTO) Class D									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	# yrs								
Water Treatment Operator (WTO) Trainee									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	# yrs								
Biological Wastewater Treatment Operator									
Biological WW Treatment Operator (BWWTQ) Class A									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	# yrs								
Biological WW Treatment Operator (BWWTQ) Class B									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	# yrs								
Biological WW Treatment Operator (BWWTQ) Class C									
	Highest Rate								
	Note								
	# yrs								
	Low Rate								
	# yrs								



501-1500 System Taps										
Biological WW Treatment Operator (BWWT/O) Class D	Highest Rate	1	2	3	4	5	6	7	8	9
# yrs	\$25,412.00		\$29,088.00						\$29,120.00	
Low Rate	\$19,180.00		\$19,208.00	1					\$20,800.00	
Biological WW Treatment Operator (BWWT/O) Trainee	Highest Rate								\$25,208.00	
# yrs	\$16,188.00		\$19,896.00			\$19,813.00				
Low Rate	\$16,805.00								\$19,720.00	
<b>Physical Chemical Wastewater Treatment Operator</b>										
Physical Chemical WW Trmt Operator (PCWWT/O) Class A	Highest Rate									
Physical Chemical WW Trmt Operator (PCWWT/O) Class B	Highest Rate									
Physical Chemical WW Trmt Operator (PCWWT/O) Class C	Highest Rate									
Physical Chemical WW Trmt Operator (PCWWT/O) Class D	Highest Rate									
Physical Chemical WW Trmt Operator (PCWWT/O) Trainer	Highest Rate									
General Manager	Highest Rate									
On-Staff Engineer O & M Technicians	Highest Rate									
Low Rate										







901-1500 System Taps		1	2	3	4	5	6	7	8	9
Other: (Specify)	Highest Rate	\$18,440.00	\$14,924.00							
	Note	Meter Reader	General Duty							
	# yrs	4								
	Lowest Rate									
	Note									
	# yrs									
	Lowest Rate	10,640.00								
	Note	Office Assist.								
	# yrs	4								
Part-Time Employees (specify position)				\$14,644.00						
	Highest Rate									
	Note			Billing Clerk						
	# yrs			30,203.00						
	Low Rate									
	Note			Billing Clerk						
	# yrs									
Board Members (mark accordingly):										
	No Compensation	yes			no					no
	Compensated for Mileage to Meetings only	yes				\$0.325	\$0.29		\$0.405	
	Compensated for Mileage + Set Rate per meeting	no								
	per mile									
	per meeting							\$20.00		
	Annual Compensation	per year	\$26,000.00							



1501-3000 Taps Summary (15 Systems Participating)

	High (Does not include part-time)	Low (Does not include part-time)
<b>Water Distribution Operator</b>		
Water Distribution Operator (WDO) Class A	\$45,000.00	\$30,000.00
Water Distribution Operator (WDO) Class B		
Water Distribution Operator (WDO) Class C	\$38,587.50	\$22,606.00
Water Distribution Operator (WDO) Class D	\$46,654.00	\$18,720.00
Water Distribution Operator (WDO) Trainee	\$31,200.00	\$16,889.00
<b>Water Treatment Operator</b>		
Water Treatment Operator (WTO) Class A	\$40,000.00	\$29,120.00
Water Treatment Operator (WTO) Class B	\$37,000.00	\$28,000.00
Water Treatment Operator (WTO) Class C	\$36,900.00	\$23,906.00
Water Treatment Operator (WTO) Class D	\$35,597.50	\$16,640.00
Water Treatment Operator (WTO) Trainee	\$31,200.00	\$18,574.00
<b>Biological Wastewater Treatment Operator</b>		
Biological WW Treatment Operator (BWWT0) Class A	\$30,076.50	\$17,680.00
Biological WW Treatment Operator (BWWT0) Class B	\$29,806.00	\$31,116.00
Biological WW Treatment Operator (BWWT0) Class C	\$25,008.00	\$22,606.00
Biological WW Treatment Operator (BWWT0) Class D	\$46,654.00	\$21,509.00
Biological WW Treatment Operator (BWWT0) Trainee	\$22,464.00	\$20,800.00
<b>Physical Chemical Wastewater Treatment Operator</b>		
Physical Chemical WW Trmt Operator (PCWWT0) Class A		
Physical Chemical WW Trmt Operator (PCWWT0) Class B		
Physical Chemical WW Trmt Operator (PCWWT0) Class C		
Physical Chemical WW Trmt Operator (PCWWT0) Class D		
Physical Chemical WW Trmt Operator (PCWWT0) Trainee		
General Manager	\$50,400.00	\$32,993.00
Assistant Manager	\$46,654.00	\$22,360.00
On-Staff Engineer		
O & M Technicians	\$36,900.00	\$16,000.00
Office Manager	\$40,000.00	\$20,800.00
Accounts Payable	\$25,649.00	\$25,000.00
Customer Service	\$30,136.00	\$17,160.00
Billing Specialist	\$33,280.00	\$19,091.00
Other: (Specify)	\$28,900.00	\$17,160.00
Part-Time Employees (specify position)	\$19,240.00	\$5,460.00
Board Members		
See Data Sheet		





1500-3000 System Taps									
Water Treatment Operator (WTO) Class C	Highest Rate	1	2	3	4	5	6	7	8
Note									\$54,000.00
Low Rate	\$23,926.00								\$24,000.00
# yrs									3
Water Treatment Operator (WTO) Class D	Highest Rate					\$26,645.00			\$30,000.00
Note									0
Low Rate	\$21,302.00								\$20,000.00
# yrs									3
Water Treatment Operator (WTO) Trainee	Highest Rate	\$31,200.00							\$21,000.00
Note		operator and helper & WDO Trainee							\$21,000.00
Low Rate	\$18,574.00								\$19,000.00
# yrs		0.2							2
Note		operator and helper & WDO Trainee							\$19,000.00
# yrs		0.25							2
<b>Biological Wastewater Treatment Operator</b>									
Biological WW Treatment Operator (BWWT0) Class A	Highest Rate	\$30,076.80							
Low Rate	\$17,680.00								
# yrs		9							
Biological WW Treatment Operator (BWWT0) Class B	Highest Rate	\$39,305.00							
Low Rate	\$31,116.00								
# yrs		14							
Biological WW Treatment Operator (BWWT0) Class C	Highest Rate	\$25,009.00							
Low Rate	\$22,606.00								
# yrs		9							
Biological WW Treatment Operator (BWWT0) Class D	Highest Rate								
Note									
Low Rate	\$21,509.00								
# yrs		2							
Biological WW Treatment Operator (BWWT0) Trainee	Highest Rate	\$22,464.00							
Low Rate	\$20,800.00								
# yrs		1							
Note		Start							



1500-3000 System Taps		1	2	3	4	5	6	7	8
<b>Physical Chemical Wastewater Treatment Operator</b>									
Physical Chemical WW Tmt Operator (PCWWTO) Class A	Highest Rate								
Physical Chemical WW Tmt Operator (PCWWTO) Class B	Highest Rate								
Physical Chemical WW Tmt Operator (PCWWTO) Class C	Highest Rate								
Physical Chemical WW Tmt Operator (PCWWTO) Class D	Highest Rate								
Physical Chemical WW Tmt Operator (PCWWTO) Trainee	Highest Rate								
<b>General Manager</b>	Highest Rate	\$19,687.50	\$51,400.00	\$48,000.00	\$36,000.00	\$54,080.00	\$66,648.00	\$80,400.00	\$50,000.00
	Note	Class C WFO + Class D WFO							
	# yrs	1.5	29	18	4	14	9	28	25
	Low Rate						\$40,000.00		\$37,000.00
	# yrs						1		0
	Highest Rate						\$46,913.80		
<b>Assistant Manager</b>	Highest Rate								
	Note								
	# yrs						12		
	Low Rate						\$27,300.00		
	# yrs						1		
	Highest Rate								
<b>On-Staff Engineer O &amp; M Technicians</b>	Highest Rate								
	Note								
	# yrs	30*					4		
	Low Rate	\$21,000.00					\$20,365.00		
	# yrs		0				0.75		
	Highest Rate								
<b>Office Manager</b>	Highest Rate	\$25,640.00	\$40,000.00	\$35,360.00	\$30,000.00	\$31,096.00		\$29,858.80	
	Note								
	# yrs	5	10	7	4	27		6	
	Low Rate				\$20,800.00				
	# yrs				1				
	Highest Rate								
<b>Accounts Payable</b>	Highest Rate	\$25,649.00							
	Note								
	# yrs	5							
	Low Rate		\$26,000.00						
	# yrs		8						





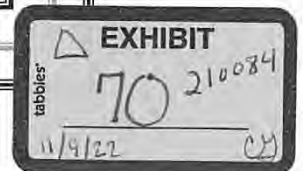


# SCRWA 2016 Salary Survey

Conducted in 2016, this report contains  
the findings of South Carolina Rural  
Water Association's statewide survey of  
Water and Wastewater professionals.



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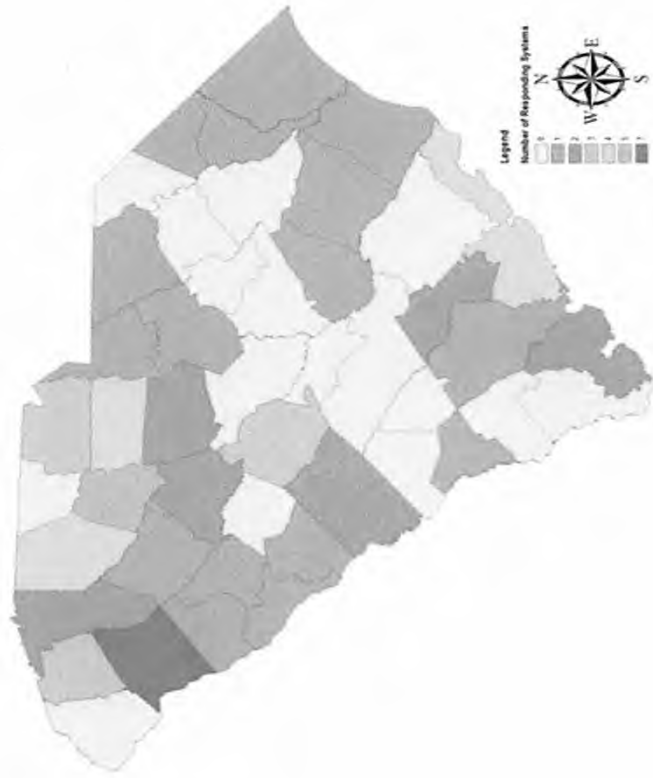
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## Participant Map

Map showing the concentration of systems who participated in this survey by county. Areas in white had no responding systems. The area not responding is along I-95 primarily. The legend below shows how many systems responded from each county. Anderson County, in green, is the most well represented and also has one of the highest concentrations of water and wastewater systems in the state. A total of 81 systems participated in this survey.

Figure 1



## Survey Methodology

This survey, conducted by SCRWA in 2016, was a collaborative effort between SCRWA's staff and the utility members of the association.

### This Survey

This survey utilized Google Forms for data collection. It was distributed to SCRWA's membership via the association's website, [www.scrwa.org](http://www.scrwa.org). Membership was informed of the survey through promotion at conferences, field staff, mailers, email and through the association's website.

This survey was made available to any current or former system member of SCRWA (<http://scrwa.org/salary-survey/>).

An online survey was selected because of its low-cost, accessibility and ease of which responses could be collected and analyzed.

The survey consisted of closed and open ended questions. Whenever possible, responses were normalized with set options. For example, when asked what type of system, participants were given the options municipal, county, CPW, special purpose district, non-profit and private. Whenever there were closed responses, there was also an option for an "other" response in case there was some oversight in the question's formulation.

Participants were asked to provide some basic information about their system including name, address, size, type of system and what services they provided (water, wastewater, water and wastewater). They were also asked a series of questions about organizational capacity. In addition to collecting information about salary and compensation, SCRWA was interested in examining the organizational capacity of the membership. Questions were asked such as:

- Do you anticipate growth in the next fiscal year
- Do you plan to increase, decrease or maintain current staffing levels
- What sort of benefit/cost saving programs do you offer/use



These responses are covered in the Organizational Capacity section of this report.

For the salary section of the survey, it was determined that the best approach would be to ask about positions rather than individuals. Collecting information about individual employees would have made the survey prohibitively long for many people. By grouping all the people in one position together, SCRWA was able to shorten the time it would take for participants to complete the survey. Some of the responding systems had upwards of a hundred employees, and filling in a survey for each of them would have been unreasonable. Unless otherwise noted, all responses should be understood to represent groups and not individuals. There are some limitations to this approach. By analyzing groups rather than individuals, it is difficult to disaggregate responses. It is impossible therefore to tell the hypothetical value of various licenses or years of experience.

Participants were also asked about the age of people in various positions. When there were multiple individuals in the position, each person was separated by a comma in the responses. This allowed SCRWA to determine an average and median age for each position.

This report shows the raw data that was reported to SCRWA. The tables are organized by system size. Each row is representative of one water or wastewater company's information. Information is shown as either salary or hourly. If exact wages or salary were provided it is shown in the "salary 1, 2, and 3" columns. If the information was provided in a range, then the range is shown in the final column.

The Position Specific Information section aggregates information about each position across all sizes and types.

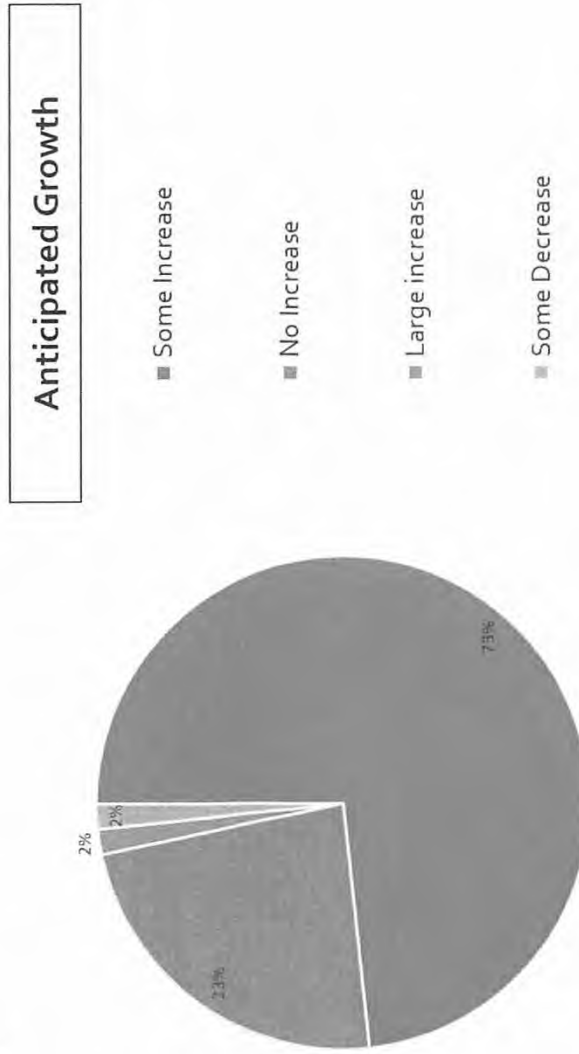
## Organizational Capacity

The survey collected information about the organizational capacity of participants with questions about projected budgets, staffing levels and benefits offered. All questions were asked in reference to the upcoming fiscal year.

## Anticipated Growth

The vast majority of water and wastewater systems participating in this survey anticipated some increase in their annual budgets for the upcoming year as shown in Figure 2. Roughly a quarter of responding systems anticipated no increase. Very few systems expected a large increase or some decrease. No system anticipated a large decrease in their budget.

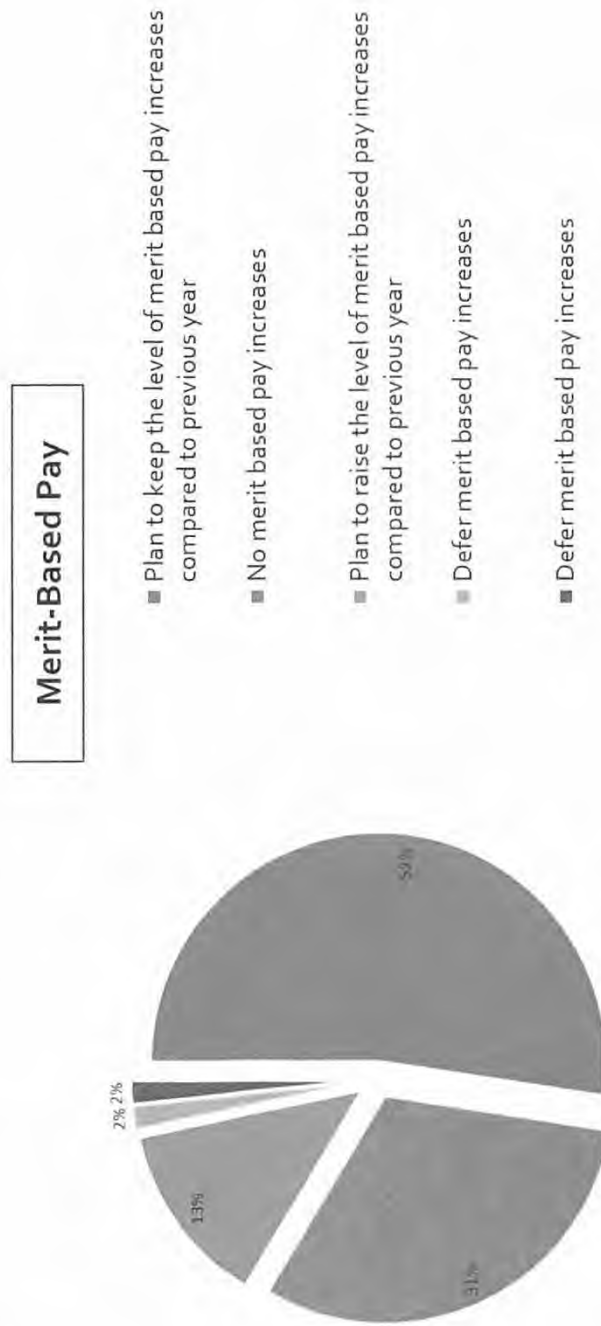
Figure 2



## Merit-Based Pay

Merit-based pay or performance related pay is a way that employers can provide incentives to employees to perform at a high level. The majority of participants who use merit based pay expect to keep such plans in place with no increase or decrease in their application. Thirty-one percent of participants do not plan to use a merit-based pay program in the next year. See Figure 3 for all responses.

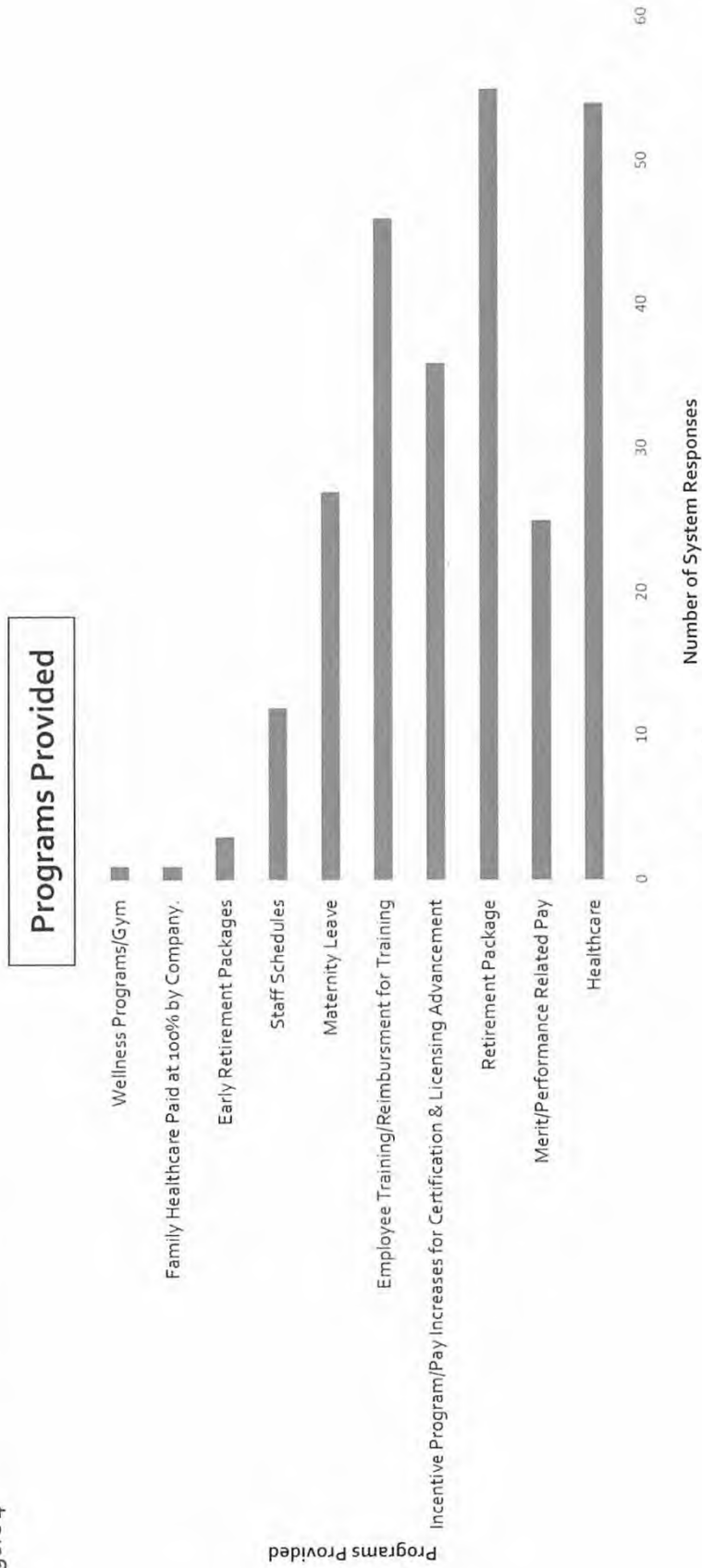
Figure 3



## Programs Provided

Participants in this survey provide many different programs to their employees as shown in Figure 4, with the majority of participating systems offering healthcare and a retirement package.

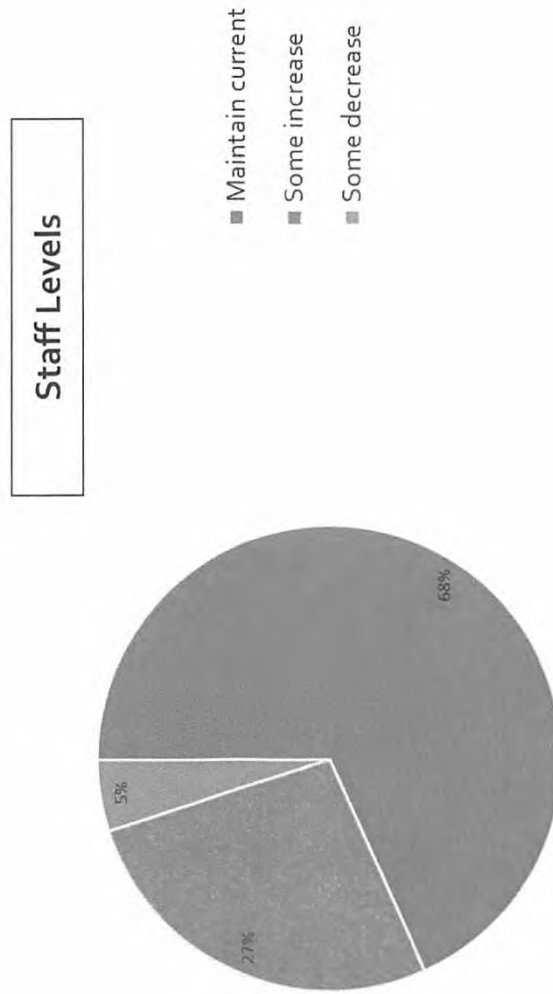
Figure 4



## Staff Levels

Most systems that participated anticipate keeping their current staffing levels in the next fiscal year. Just over a quarter anticipate hiring new staff as shown in Figure 5.

Figure 5



# SALARY SURVEY

System Size: 51-500 Taps

Number of Customers	Type of Utility	Title	Years of experience in this position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as range)
51-500	Municipal	Bill Services	10	Salary	\$18,500			
51-500	Municipal	Bill Services	25	Weekly	\$7,500	\$2,500	\$2,500	
51-500	Municipal	Bill Services	2	Salary				\$18,200-\$22,000
51-500	Municipal	Bio Wastewater Treatment Operator	4	Salary	\$37,000			
51-500	Municipal	General Manager	35	Weekly	\$6,000			
51-500	Private	General Manager	30	Salary	\$21,600			
51-500	Private	General Manager	30	Salary				\$15,000-\$35,000
51-500	Municipal	Maintenance	11	Salary				\$31,000-\$34,000
51-500	Municipal	Maintenance	1	Salary				\$20,800-\$25,800
51-500	Municipal	Meter Reader	1	Hourly	\$8.00			
51-500	Municipal	Meter Reader	less than 1 year	Hourly	\$8.00			
51-500	Municipal	Office Manager	19	Salary				\$20,000-\$23,000
51-500	Private	Office Manager	11	Hourly	\$14.50			
51-500	Private	Office Manager	12	Hourly				\$10.00-\$14.50
51-500	Municipal	Office Manager	20	Salary				\$18,000-\$22,000
51-500	Municipal	Office Manager	10+	Salary				\$29,120-\$40,000
51-500	Municipal	Part-Time	0	Salary	\$21,000			
51-500	Private	Part-Time	3	Hourly				\$9.00-\$12.00
51-500	Municipal	Supervisor	10+	Salary				\$29,120-\$40,000
51-500	Municipal	Water Distribution Operator	30	Salary	\$15,000			
51-500	Public Elementary School	Water Treatment Operator	15	Hourly	\$18.00			
51-500	Municipal	Water Treatment Operator	25	Salary	\$16,000			
51-500	Municipal	Water Treatment Operator	25	Salary				\$12,000-\$16,000

SCRAM

System Size: 501-2,500 Taps

Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
501-2,500	Special Purpose District	Bio Wastewater Treatment Operator	25, 14, 1	Hourly				\$13,500-\$29,700
501-2,500	Special Purpose District	Bio Wastewater Treatment Operator	25, 15, 1	Hourly				\$13,500-\$29,700
501-2,500	Non-Profit	Bio Wastewater Treatment Operator	2	Hourly				\$10,000-\$16,000
501-2,500	Non-Profit	Construction Manager	6	Salary	\$20,000	\$35,000		
501-2,500	Non-Profit	Construction Manager	10	Salary				\$21,900-\$43,000
501-2,500	Municipal	Customer Service	12	Salary	\$21,000			
501-2,500	Municipal	Customer Service	3, 17	Hourly				\$11,000-\$14,000
501-2,500	County Government	Customer Service	2	Salary				\$18,000-\$24,000
501-2,500	Municipal	Customer Service	20	Hourly	\$14,000			
501-2,500	County Government	Customer Service	1	Salary				\$18,000-\$22,000
501-2,500	Municipal	Customer Service	4, 2, 2	Salary				\$20,000-\$32,000
501-2,500	Non-Profit	General Manager	12 Years	Salary				\$30,000-\$40,000
501-2,500	Municipal	General Manager	7	Hourly				\$20,000-\$25,000
501-2,500	County Government	General Manager	10	Salary				\$65,000-\$75,000
501-2,500	Special Purpose District	General Manager	0	Salary				\$85,000-\$130,000
501-2,500	Municipal	General Manager	20	Salary	\$85,939			
501-2,500	Non-Profit	General Manager	15	Salary				\$30,000-\$45,000
501-2,500	Municipal	General Manager	14	Salary				\$38,000-\$40,000
501-2,500	Non-Profit	General Manager	17	Salary				\$30,000-\$50,000
501-2,500	Non-Profit	General Manager	> 1 Year	Salary				\$37,700-\$42,000
501-2,500	Municipal	General Manager	2	Salary	\$50,000			
501-2,500	Special Purpose District	General Manager	6	Salary				\$48,000-\$60,000

System Size: 501-2,500 Taps (continued)

Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
501-2,500	Non-Profit	General Manager	5	Salary				\$65,000-\$75,000
501-2,500	Special Purpose District	General Manager	0	Salary	\$85,000			
501-2,500	Non-Profit	General Manager	20+	Salary				\$45,000-\$70,000
501-2,500	Municipal	General Manager	19	Salary	\$41,900			
501-2,500	Municipal	Maintenance	1, 15	Hourly				\$9,00-\$12,00
501-2,500	Commission of Public Works	Maintenance	3, 2	Hourly				\$10,00-\$15,00
501-2,500	Municipal	Maintenance	15 years	Hourly				\$16,50-\$19,00
501-2,500	Municipal	Maintenance	15	Salary				\$18,000 - \$26,000
501-2,500	Municipal	Maintenance	20	Salary				\$25,000 - \$27,000
501-2,500	Municipal	Maintenance	6	Hourly				\$10,00 - \$16,00
501-2,500	Municipal	Maintenance	1	Hourly	\$16,50			
501-2,500	Municipal	Maintenance	10 and 6	Salary				\$20,000-\$30,000
501-2,500	Non-Profit	Maintenance	25, 2	Salary				\$15,000-\$18,000
501-2,500	Municipal	Maintenance	9	Salary				\$25,000 - \$30,000
501-2,500	Municipal	Maintenance	16	Hourly				\$9,00<
501-2,500	Municipal	Maintenance	15	Hourly				\$8,50-\$13,00
501-2,500	Non-Profit	Maintenance	30	Hourly				\$15,00-\$23,00
501-2,500	Municipal	Maintenance	16	Hourly				\$8.25-\$11,00
501-2,500	Municipal	Meter Reader	30,2	Hourly				\$11,00-\$20,00
501-2,500	Municipal	Meter Reader	10	Hourly	\$12,00			
501-2,500	Non-Profit	Meter Reader	15, 5	Weekly	\$550,00			
501-2,500	Municipal	Office Manager	20	Salary	\$31,000			



System Size: 501-2,500 Taps (continued)

Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
501-2,500	Municipal	Office Manager	18	Salary				\$30,000 - \$55,000
501-2,500	County Government	Office Manager	3	Salary				\$25,000-\$35,000
501-2,500	Non-Profit	Office Manager	25,2	Salary				\$16,000, \$12,000
501-2,500	Special Purpose District	Office Manager	0	Salary				\$34,000-\$46,000
501-2,500	Non-Profit	Office Manager	25+	Salary				\$35,000-\$54,000
501-2,500	Commission of Public Works	Office Manager	5 years	Salary				\$31,000-\$37,000
501-2,500	Non-Profit	Office Manager	24	Salary				\$20,000-\$34,000
501-2,500	Non-Profit	Office Manager	6 years	Hourly				\$8.00-\$12.50
501-2,500	Non-Profit	Office Manager	18	Salary				\$16,000.00-\$21,000.00
501-2,500	Special Purpose District	Office Manager	4	Salary				\$25,000 - \$35,000
501-2,500	Non-Profit	Office Manager	25	Hourly				\$12.00-\$16.00
501-2,500	Special Purpose District	Office Manager	0	Salary				\$34,000 - \$47,000
501-2,500	Municipal	Office Manager	8	Hourly	\$17.00			
501-2,500	Non-Profit	Part-Time	> 6 Months	Hourly				\$9.00-\$9.50
501-2,500	Commission of Public Works	Part-Time	5 months	Hourly				\$8.00-\$9.50
501-2,500	Non-Profit	Part-Time	4	Salary				\$12,000-\$16,000
501-2,500	Non-Profit	Part-Time	2	Hourly				\$7.25-\$10.00
501-2,500	Non-Profit	Part-Time	1	Salary				\$10,000.00-\$15,000.00
501-2,500	Municipal	Supervisor	16	Salary	\$32,800			
501-2,500	Municipal	Supervisor	3	Salary				\$30,000-\$35,000
501-2,500	Municipal	Supervisor	6	Salary				\$32,800 - \$36,400
501-2,500	Municipal	Supervisor	25	Salary	\$30,000			



System Size: 501-2,500 Taps (continued)

Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
501-2,500	Special Purpose District	Supervisor	7	Salary				\$40,000 - \$50,000
501-2,500	Non-Profit	Supervisor	10	Salary				\$40,000 - \$60,000
501-2,500	Municipal	Supervisor	30	Salary	\$45,000			
501-2,500	Municipal	Supervisor	2	Salary				\$37,000 - \$41,000
501-2,500	Municipal	Supervisor	30	Salary	\$45,000			
501-2,500	Special Purpose District	Supervisor	30	Hourly				\$25,000-\$34,25
501-2,500	Special Purpose District	Supervisor	30	Hourly				\$21,43-\$34,25
501-2,500	Municipal	Water Distribution Operator	2, 4, 11 14	Salary				\$29,365 - \$37,935
501-2,500	Municipal	Water Distribution Operator	<1	Hourly				\$9,00<
501-2,500	Municipal	Water Distribution Operator	1	Hourly				\$8,25-\$9,50
501-2,500	Special Purpose District	Water Distribution Operator	6,11	Salary				\$35,000 - \$48,000
501-2,500	Non-Profit	Water Distribution Operator	4,3,10,2	Hourly				\$10,00-\$16,00
501-2,500	Municipal	Water Treatment Operator	20,12,21,26,38,14	Salary				\$34,000-\$54,000
501-2,500	Non-Profit	Water Treatment Operator	2	Salary				\$22,000-\$30,000
501-2,500	Municipal	Water Treatment Operator	4	Hourly				\$9,00<
501-2,500	Non-Profit	Water Treatment Operator	1 1/2 years	Salary				\$31,200-\$35,000
501-2,500	Municipal	Water Treatment Operator	5	Hourly				\$8,25-\$15,75
501-2,500	Municipal	Water Treatment Operator	20	Salary				\$20,000-\$24,000
501-2,500	Municipal	Water Treatment Operator	12	Salary	\$21,000			
501-2,500	Special Purpose District	Water Treatment Operator	12,11,5,4	Salary				\$35,000 - \$48,000



System Size: 2,501-5,000 Taps

Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
2,501-5,000	Municipal	Asst. Manager	6	Salary				\$68,000-\$102,000
2,501-5,000	Private	Asst. Manager	10	Salary	\$77,000			
2,501-5,000	Special Purpose District	Asst. Manager	27	Salary				\$37,000-\$57,000
2,501-5,000	Municipal	Asst. Manager	15	Hourly				\$19,85-\$20.00
2,501-5,000	Special Purpose District	Asst. Manager	15	Salary				\$37,000-\$45,333
2,501-5,000	Special Purpose District	Asst. Manager	5	Hourly				\$13.00 - \$20.00
2,501-5,000	Municipal	Asst. Manager	10	Hourly				\$12.15-\$18.23
2,501-5,000	Municipal	Bill Services	13,1,1	Salary				\$30,000-\$30,000
2,501-5,000	Municipal	Bill Services	10	Hourly				\$9.00-\$11.00
2,501-5,000	Municipal	Bill Services	10	Salary				\$33,340-\$50,440
2,501-5,000	Municipal	Bio Wastewater Treatment Operator	9	Salary/Hourly	\$38,000	\$17,50		
2,501-5,000	Municipal	Bio Wastewater Treatment Operator	19,	Hourly				\$22.00-\$22.00
2,501-5,000	Municipal	Bio Wastewater Treatment Operator	1	Hourly				\$13.00-\$13.00
2,501-5,000	Municipal	Bio Wastewater Treatment Operator	3, 20	Salary				\$25,000 - \$50,000
2,501-5,000	Municipal	Bio Wastewater Treatment Operator	4	Hourly				\$13.00-\$13.00
2,501-5,000	Municipal	Bio Wastewater Treatment Operator	30-56	Salary				\$26,559-\$57,272
2,501-5,000	Special Purpose District	Bio Wastewater Treatment Operator	3, 8, 15, 30, 36, 40	Salary				\$45,000-\$60,000
2,501-5,000	Municipal	Bio Wastewater Treatment Operator	25, 6	Salary				\$32,000 - \$38,000
2,501-5,000	Special Purpose District	Customer Service	8	Hourly				\$10.00-\$18.25
2,501-5,000	Special Purpose District	Customer Service	2	Hourly				\$9.00-\$15.00
2,501-5,000	Municipal	Customer Service	30,25,2,1,0	Hourly				\$11.09-\$15.13
2,501-5,000	Municipal	Customer Service	3	Salary				\$24,700-\$35,850
2,501-5,000	Special Purpose District	Customer Service	11, 4, 2	Hourly				\$8.50-\$18
2,501-5,000	Special Purpose District	Customer Service	6	Hourly				\$11.00-\$18.00



System Size: 2,501-5,000 Taps (continued)

Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
2,501-5,000	Municipal	Customer Service	1	Salary				\$22,480-\$32,596
2,501-5,000	Special Purpose District	Customer Service	7 years	Salary				\$24,960-\$30,160
2,501-5,000	Private	Customer Service	2-14	Hourly				\$13,50-\$16.65
2,501-5,000	Special Purpose District	Customer Service	10	Salary				\$29,000 - \$43,000
2,501-5,000	Municipal	Customer Service	10	Hourly				\$10.00 - \$15.00
2,501-5,000	Special Purpose District	General Manager	14	Salary				\$55,000 - \$80,000
2,501-5,000	Municipal	General Manager	40	Salary				\$105,000-\$153,000
2,501-5,000	Private	General Manager	37-5	Salary	\$88,000			
2,501-5,000	Special Purpose District	General Manager	33	Salary				\$45,000-\$65,000
2,501-5,000	Municipal	General Manager	15	Salary				\$42,000-\$62,000
2,501-5,000	Special Purpose District	General Manager	1	Salary				\$65,000 - \$75,000
2,501-5,000	Municipal	General Manager	30	Salary				\$62,509-\$100,277
2,501-5,000	Special Purpose District	General Manager	40+	Salary				\$55,000-\$69,123
2,501-5,000	Municipal	General Manager	4	Salary	\$46,000			
2,501-5,000	Special Purpose District	General Manager	8	Hourly	\$22.00			
2,501-5,000	Municipal	General Manager	2	Salary	\$75,000			
2,501-5,000	Municipal	General Manager	18	Salary/Hourly	\$63,000			
2,501-5,000	Municipal	GIS Technician/Specialist	4	Salary				\$37,649-\$54,590
2,501-5,000	Municipal	Lab Technician	1	Salary				\$25,000 - \$35,000
2,501-5,000	Municipal	Lab Technician		Salary				\$32,102-\$46,550
2,501-5,000	Municipal	Lab Technician	32	Salary				\$37,000 - \$43,000
2,501-5,000	Municipal	Maintenance	5	Salary				\$26,299-\$38,134
2,501-5,000	Municipal	Maintenance	2,3,3,4,4, 5,7,10,15,5	Hourly				\$10.00-\$17.50
2,501-5,000	Municipal	Maintenance	11,10,2,1	Salary				\$18,000 - \$25,000



System Size: 2,501-5,000 Taps (continued)

Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
2,501-5,000	Special Purpose District	Maintenance	4, 5, 14, 28	Hourly				\$11,50-\$11,50
2,501-5,000	Municipal	Maintenance	9,1,15,15,14,8,1,2	Hourly				\$11,20-\$15,28
2,501-5,000	Special Purpose District	Maintenance	3, 5, 14, 25	Hourly				\$13,84-\$24,04
2,501-5,000	Private	Maintenance	1-16	Hourly				\$13,90-\$17,00
2,501-5,000	Special Purpose District	Maintenance	17	Salary				\$25,000-\$39,000
2,501-5,000	Municipal	Maintenance	20	Hourly	\$10.00			
2,501-5,000	Municipal	Maintenance	1,2,3,4,8,10,11,15,18, 20, 24	Hourly				\$10.00 - \$25.00
2,501-5,000	Municipal	Maintenance	12	Salary				\$2,860-\$49,320
2,501-5,000	Municipal	Maintenance	17	Hourly				\$14,80-\$21.47
2,501-5,000	Municipal	Meter Reader	1,2,3,5	Salary				\$20,000-\$27,000
2,501-5,000	Municipal	Meter Reader	15, 1	Salary				\$19,000 - \$25,000
2,501-5,000	Municipal	Meter Reader	10	Hourly				\$10.00-\$11.00
2,501-5,000	Special Purpose District	Meter Reader	10	Hourly				\$14,50-\$16.65
2,501-5,000	Municipal	Meter Reader	3, 5	Hourly				\$10.00 - \$16.00
2,501-5,000	Municipal	Meter Reader	3	Salary				\$30,255-\$43,868
2,501-5,000	Municipal	Meter Reader	12,3	Hourly				\$11.67-\$16.20
2,501-5,000	Special Purpose District	Office Manager	5	Hourly				\$13,50-\$22.00
2,501-5,000	Special Purpose District	Office Manager	9	Hourly				\$15,00-\$25.00
2,501-5,000	County system	Office Manager	5	Salary				\$27,622-\$38,669
2,501-5,000	Special Purpose District	Office Manager	4	Hourly	\$18.90			
2,501-5,000	Private	Office Manager	27	Salary	\$58,000			
2,501-5,000	Special Purpose District	Office Manager	30	Salary				\$28,000-\$40,000
2,501-5,000	Municipal	Office Manager	2	Salary				\$24,314-\$32,256
2,501-5,000	Special Purpose District	Office Manager	20	Salary				\$31,200.00-\$45,749



System Size: 2,501-5,000 Taps (continued)

Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
2,501-5,000	Municipal	Office Manager	6	Hourly				\$10,000 - \$15,000
2,501-5,000	Special Purpose District	Office Manager	20	Salary				\$33,000 - \$46,000
2,501-5,000	Municipal	Office Manager	25	Hourly	\$12.00			
2,501-5,000	Municipal	Office Manager	35	Salary				\$52,000 - \$83,000
2,501-5,000	Municipal	Part-Time	25	Salary/Hourly	\$26,000	\$25.00		
2,501-5,000	Municipal	Part-Time	25	Salary	\$18,000			
2,501-5,000	Municipal	Part-Time	3	Salary/Hourly	\$20,384	\$14.00		
2,501-5,000	Special Purpose District	Part-Time	5	Hourly				\$8.25 - \$15.00
2,501-5,000	Municipal	Part-Time	14	Salary/Hourly	\$31,200	\$15.00		
2,501-5,000	Municipal	Supervisor	12	Salary				\$50,000 - \$85,000
2,501-5,000	Special Purpose District	Supervisor	6, 12, 16	Salary				\$65,000 - \$84,000
2,501-5,000	Special Purpose District	Supervisor	15	Hourly				\$18.00 - \$30.00
2,501-5,000	Special Purpose District	Supervisor	9	Salary				\$33,000 - \$52,000
2,501-5,000	Municipal	Supervisor	26	Salary				\$39,529 - \$60,938
2,501-5,000	Municipal	Supervisor	9	Salary				\$27,312 - \$39,660
2,501-5,000	Municipal	Supervisor	6 years average	Salary				\$38,000 - \$67,993
2,501-5,000	Municipal	Supervisor	25, 27, 32, 44, 33	Salary				\$37,000 - \$50,000
2,501-5,000	Private	Supervisor	33 and 23	Hourly				\$21.75 - \$24.00
2,501-5,000	Special Purpose District	Supervisor	3	Hourly				\$15.00 - \$25.00
2,501-5,000	Special Purpose District	Supervisor	13	Hourly	\$31.00			
2,501-5,000	Municipal	Supervisor	29	Salary				\$30,000 - \$35,000
2,501-5,000	Municipal	Water Distribution Operator	1, 2, 4, 28	Hourly				\$14.50 - \$19.00
2,501-5,000	Special Purpose District	Water Distribution Operator	6, 9, 12	Salary				\$22,000 - \$48,000
2,501-5,000	Special Purpose District	Water Distribution Operator		Salary				\$33,000 - \$43,000



System Size: 2,501-5,000 Taps (continued)

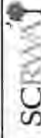
Number of Customers	Type of Utility	Title	Years of Experience in this Position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as a range)
2,501-5,000	Special Purpose District	Water Distribution Operator	24, 9	Hourly				\$12,000-\$20,000
2,501-5,000	County system	Water Treatment Operator	25	Salary				\$36,944-\$51,722
2,501-5,000	Municipal	Water Treatment Operator	26	Salary				\$50,000-\$75,000
2,501-5,000	Special Purpose District	Water Treatment Operator	15	Salary				\$29,000-\$43,500
2,501-5,000	Municipal	Water Treatment Operator	14, 14, 1, 2, 1, 1, 4, 1	Salary				\$24,523-\$60,938
2,501-5,000	Municipal	Water Treatment Operator	34, 25, 1	Salary				\$37,000-\$42,000
2,501-5,000	Municipal	Water Treatment Operator	6	Salary				\$26,599-\$57,272

System Size: 5,001-10,000 Taps

Number of Customers	Type of Utility	Title	Years of experience in this position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as range)
5,001-10,000	Special Purpose District	Accounts Payable	19	Salary	\$64,000			
5,001-10,000	Non-Profit	Accounts Payable	10	Hourly	\$16.00	\$15.00		
5,001-10,000	Special Purpose District	Accounts Payable	20	Salary	\$40,900			
5,001-10,000	Non-Profit	Accounts Payable	5	Hourly				\$15.00-\$20.00
5,001-10,000	Non-Profit	Asst. Manager	15	Weekly				\$1908.80
5,001-10,000	Special Purpose District	Asst. Manager	10	Salary	\$56,400			
5,001-10,000	Special Purpose District	Asst. Manager	22	Salary				\$50,000 - \$63,000
5,001-10,000	County	Bill Services		Salary				\$23,996 - \$24,716
5,001-10,000	Non-Profit	Bill Services	12,35	Hourly				\$24.82-\$34.20
5,001-10,000	Special Purpose District	Bio Wastewater Treatment Operator	35,35,20,26,3,9,25,16	Salary				\$36,700 - \$61,100
5,001-10,000	Special Purpose District	Bio Wastewater Treatment Operator	5,10,15,20	Salary				\$42,806 - \$51,833
5,001-10,000	Special Purpose District	Bio Wastewater Treatment Operator	4 to 30 years	Hourly				No Data
5,001-10,000	Special Purpose District	Construction Manager	18	Hourly				\$40,000 - \$55,500
5,001-10,000	Special Purpose District	Construction Manager	15	Salary	\$47,200			
5,001-10,000	Special Purpose District	Customer Service	15,4,1	Salary				\$30,000 - \$45,000
5,001-10,000	Special Purpose District	Customer Service	5,16	Salary				\$40,000 - \$44,900
5,001-10,000	Special Purpose District	Customer Service	1, 6, 9	Hourly				\$10.50-\$10.50
5,001-10,000	Non-Profit	Customer Service	1 TO 20	Hourly				\$12.00-\$18.00
5,001-10,000	Non-Profit	Customer Service	2, 7, 8	Hourly				\$12.00-\$17.45
5,001-10,000	Special Purpose District	Customer Service	14,15	Salary				\$31,000 - \$39,400
5,001-10,000	Special Purpose District	General Manager	4	Salary				\$96,000 - \$135,000
5,001-10,000	Non-Profit	General Manager	10	Salary				\$40,000-\$75,000
5,001-10,000	Special Purpose District	General Manager	2	Salary				\$45,000 - \$63,500
5,001-10,000	Special Purpose District	General Manager	5	Salary	\$15,000			
5,001-10,000	County	General Manager	4	Salary				\$50,236 - \$51,743

System Size: 5,001-10,000 Taps (continued)

Number of Customers	Type of Utility	Title	Years of experience in this position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as range)
5,001-10,000	Non-Profit	General Manager	30	Weekly				\$1976.06
5,001-10,000	Special Purpose District	General Manager	10	Salary	\$80,300			
5,001-10,000	Special Purpose District	General Manager	28	Salary				\$65,000 - 85,000
5,001-10,000	Special Purpose District	GIS Technician/Specialist	4	Salary	\$60,000			
5,001-10,000	Special Purpose District	GIS Technician/Specialist	6	Salary	\$42,000			
5,001-10,000	Special Purpose District	Lab Technician	3	Salary	\$45,000			
5,001-10,000	Municipal	Maintenance	1 to 20	Hourly				\$14,38-\$17.00
5,001-10,000	Special Purpose District	Maintenance	4, 14, 16	Salary				\$30,000 - \$40,000
5,001-10,000	Special Purpose District	Maintenance	3,5,15,15,17	Salary				\$33,300-\$55,300
5,001-10,000	Non-Profit	Maintenance	5	Hourly				\$10.00-\$15.00
5,001-10,000	County	Maintenance	1-5, 1	Salary				\$24,962 - \$32,352
5,001-10,000	Special Purpose District	Maintenance	2 to 30 years	Hourly				\$19.23-\$31.75
5,001-10,000	County	Meter Reader	14-5, 12-5, 10-5	Salary				\$23,979 - \$28,641
5,001-10,000	Special Purpose District	Office Manager	32	Salary				\$40,000 - \$60,000
5,001-10,000	County	Office Manager	10-5	Salary				\$26,689 - \$28,316
5,001-10,000	Special Purpose District	Office Manager	25	Salary	\$38,300			
5,001-10,000	Non-Profit	Office Manager	20	Hourly				\$18.00-\$22.00
5,001-10,000	Municipal	Supervisor	15, 35	Salary				\$48,000-\$65,000
5,001-10,000	County	Supervisor	12	Salary				\$34,430 - \$35,463
5,001-10,000	Non-Profit	Supervisor	18	Salary				\$30,000-\$50,000
5,001-10,000	Special Purpose District	Supervisor	18	Salary	\$60,000			
5,001-10,000	Non-Profit	Supervisor	30	Weekly	\$1,537			
5,001-10,000	Special Purpose District	Water Distribution Operator	20,20,12,2	Salary				\$40,000 - \$48,000
5,001-10,000	Municipal	Water Distribution Operator	1 to 20	Hourly				\$14,38-\$17.00
5,001-10,000	County	Water Distribution Operator	3, 2, 2	Salary				\$24,970 - \$28,492



System Size: 5,001-10,000 Taps (continued)

Number of Customers	Type of Utility	Title	Years of experience in this position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as range)
5,001-10,000	Non-Profit	Water Distribution Operator	2, 6, 7, 10, 15, 20	Hourly				\$11.14-\$30.60
5,001-10,000	Special Purpose District	Water Distribution Operator	1 to 21 years	Hourly				\$15.38-\$26.44
5,001-10,000	Special Purpose District	Water Treatment Operator	20, 30, 20, 5, 25, 15, 20, 20, 25	Salary				\$33,000-\$55,000
5,001-10,000	Special Purpose District	Water Treatment Operator	4, 10, 15, 20, 25, 25, 25	Salary				\$38,563 - \$50,356
5,001-10,000	Non-Profit	Water Treatment Operator	5, 10, 20	Hourly				\$15.00-\$23.00
5,001-10,000	Special Purpose District	Water Treatment Operator	3, 10, 19	Salary				\$55,000-\$61,000

System Size: 10,000 + Taps

Number of Customers	Type of Utility	Title	Years of experience in this position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as range)
10,000+	Special Purpose District	Accounts Payable	5	Hourly				\$18,000-\$28,000
10,000+	Special Purpose District	Accounts Payable	19	Salary				\$51,466-\$77,198
10,000+	CPW	Accounts Payable	10	Hourly				\$16,67-\$24,45
10,000+	Special Purpose District	Accounts Payable	14	Hourly				\$17,52-\$24,53
10,000+	Special Purpose District	Asst. Manager	3	Salary				\$76,974-\$138,702
10,000+	Special Purpose District	Asst. Manager	37	Hourly				\$20,000-\$30,000
10,000+	Municipal	Asst. Manager	25	Salary				\$45,536-\$68,305
10,000+	CPW	Asst. Manager	25,26,25	Salary				\$64,000-\$94,000
10,000+	Special Purpose District	Asst. Manager	2	Salary				\$85,000 - \$128,000
10,000+	Special Purpose District	Bill Services	2, 16, 7, 8	Salary				\$27,355 - \$43,768
10,000+	Special Purpose District	Bill Services	10	Hourly				\$15,000-\$24,000
10,000+	Non-Profit	Bill Services	9	Hourly				\$38,000 - \$55,000
10,000+	Special Purpose District	Bill Services	13	Hourly				\$17,53-\$24,54
10,000+	CPW	Bill Services	25,24,5	Hourly				\$15,62-\$22,18
10,000+	CPW	Bill Services	27,17,5	Hourly				\$15,62-\$22,18
10,000+	Municipal	Bio Wastewater Treatment Operator	25,24,16,11,10,7	Hourly				\$12,75-\$24,25
10,000+	Special Purpose District	Bio Wastewater Treatment Operator	7, 7, 5	Salary				\$34,939 - \$55,902
10,000+	Special Purpose District	Bio Wastewater Treatment Operator	10	Hourly				\$13,80-\$27,92
10,000+	Municipal	Construction Manager	25	Salary	\$175,000			
10,000+	Special Purpose District	Construction Manager	10	Salary				\$62,035-\$93,053
10,000+	CPW	Construction Manager	30,130	Salary				\$64,000-\$94,000
10,000+	CPW	Construction Manager	33,30	Salary				\$54,000-\$84,000



System Size: 10,000 + Taps (continued)

Number of Customers	Type of Utility	Title	Years of experience in this position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as range)
10,000+	Special Purpose District	Customer Service	12, 1, 1, 17, 2, 3	Salary				\$28,744 - \$45,991
10,000+	Non-Profit	Customer Service	9, 5, 3	Salary				\$28,000 - \$40,000
10,000+	Special Purpose District	Customer Service	1, 1, 1, 3, 27	Hourly				\$10,93 - \$22,14
10,000+	Special Purpose District	Customer Service	24, 11, 2	Hourly				\$15,25 - \$22,86
10,000+	Special Purpose District	Customer Service	29	Hourly				\$12,30 - \$19,42
10,000+	CPW	Customer Service	2, 2, 4, 28, 13, 12	Hourly				\$14,09 - \$20,13
10,000+	Special Purpose District	Customer Service	10, 2	Hourly				\$12,00 - \$20,00
10,000+	CPW	Customer Service	1, 29, 10, 1, 3, 3, 1	Hourly				\$14,09 - \$20,13
10,000+	Special Purpose District	General Manager	14	Salary				\$60,000 - \$100,000
10,000+	Municipal	General Manager	30	Salary	\$225,000			
10,000+	Non-Profit	General Manager	14	Salary				\$95,000 - \$145,000
10,000+	Special Purpose District	General Manager	4	Salary				Contract Salary Unreported
10,000+	Municipal	General Manager	30	Salary				\$70,012 - \$105,018
10,000+	CPW	General Manager	30	Salary	\$190,000			
10,000+	Special Purpose District	General Manager	14	Salary				\$87,682 - \$131,524
10,000+	Special Purpose District	General Manager	18	Salary				\$95,000 - \$143,000
10,000+	Municipal	GIS Technician/Specialist	8, 10, 11, 15, 17	Hourly				\$18,00 - \$35,00
10,000+	Special Purpose District	GIS Technician/Specialist	2	Salary				\$32,250 - \$68,986
10,000+	Non-Profit	GIS Technician/Specialist	2	Salary				\$25,000 - \$35,000
10,000+	Special Purpose District	GIS Technician/Specialist	3	Hourly				\$20,46 - \$28,64
10,000+	CPW	GIS Technician/Specialist	25, 18, 16	Hourly				\$19,03 - \$27,21

System Size: 10,000 + Taps (continued)

Number of Customers	Type of Utility	Title	Years of experience in this position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as range)
10,000+	CPW	GIS Technician/Specialist	18, 31, 19	Hourly				\$19,03-\$27,21
10,000+	Special Purpose District	Lab Technician	20	Hourly				\$17,53-\$24,54
10,000+	Special Purpose District	Lab Technician	10	Hourly				\$13,80-\$27,92
10,000+	CPW	Lab Technician	20	Salary				\$54,000-\$84,000
10,000+	Special Purpose District	Maintenance	20	Hourly				\$46,000-\$62,000
10,000+	Municipal	Maintenance		Salary				\$26,750 - \$51,978
10,000+	Municipal	Maintenance	2 to 35	Hourly				\$15,00-\$35,00
10,000+	Non-Profit	Maintenance	18 to 2	Salary				\$25,000 - \$55,000
10,000+	Special Purpose District	Maintenance	89	Hourly				\$15,63-\$27,51
10,000+	Special Purpose District	Maintenance	1, 1, 12, 12, 1,	Hourly				\$10,32-\$26,49
10,000+	Special Purpose District	Meter Reader	2	Salary				\$16,33-\$22,86
10,000+	Municipal	Meter Reader		Salary				\$27,544 - \$45,722
10,000+	Municipal	Meter Reader	1 to 25	Hourly				\$13,00-\$22,00
10,000+	Special Purpose District	Meter Reader	17, 12, 16, 11, 9	Salary				\$26,163 - \$41,718
10,000+	Non-Profit	Meter Reader	17, 5, 2	Salary				\$25,000 - \$40,000
10,000+	Special Purpose District	Meter Reader	40	Hourly				\$15,63-\$21,88
10,000+	Special Purpose District	Meter Reader	9, 12, 31, 17, 1, 1	Hourly				\$13,80-\$27,92
10,000+	Non-Profit	Office Manager	7	Salary				\$65,000 - \$95,000
10,000+	Special Purpose District	Office Manager	18	Salary				\$45,582-\$82,126
10,000+	Special Purpose District	Office Manager	18	Salary				\$51,466 - \$77,198
10,000+	CPW	Office Manager	16	Salary				\$86,000-\$86,000



System Size: 10,000 + Taps (continued)

Number of Customers	Type of Utility	Title	Years of experience in this position	Salary/Hourly	Salary 1	Salary 2	Salary 3	Salary (if reported as range)
10,000+	CPW	Physical/Chemical Wastewater Operator	33,8,2,1,1	Hourly				\$16.67-\$30.54
10,000+	Non-Profit	Supervisor	20	Salary				\$55,000 - \$80,000
10,000+	Special Purpose District	Supervisor	19, 1, 2, 6, 6, 1	Salary				\$43,266-\$68,105
10,000+	Special Purpose District	Supervisor	23, 15, 3, 8	Salary				\$32,250-\$77,488
10,000+	CPW	Supervisor	35,25	Salary				\$54,000-\$84,000
10,000+	Municipal	Supervisor	15 Avg.	Salary				\$90,000 - \$160,000
10,000+	Municipal	Supervisor		Salary				\$36,376-\$54,564
10,000+	Special Purpose District	Supervisor	2	Salary				\$53,000 - \$79,000
10,000+	Special Purpose District	Supervisor	13	Salary				\$41,742 - \$77,198
10,000+	Special Purpose District	Water Distribution Operator	22,18,11,10	Hourly				\$11.00 - \$25.00
10,000+	Municipal	Water Distribution Operator		Salary				\$26,750 - \$49,925
10,000+	CPW	Water Distribution Operator	28,32,8,9,28,1	Hourly				\$14.09-\$27.21
10,000+	CPW	Water Distribution Operator	28,25,15	Hourly				\$19.03-\$27.21
10,000+	Special Purpose District	Water Treatment Operator	19, 15, 28, 7, 7	Hourly				\$18.88-\$28.64
10,000+	Municipal	Water Treatment Operator	5 to 35	Hourly				\$20.00-\$30.00
10,000+	Special Purpose District	Water Treatment Operator	19, 12, 12, 1, 11, 16, 9, 13	Salary				\$35,994 - \$59,392
10,000+	Special Purpose District	Water Treatment Operator	23, 2, 2, 15, 17	Hourly				\$31.74-\$32.47
10,000+	Non-Profit	Water Treatment Operator	4, 16	Salary				\$42,000 - \$62,000
10,000+	CPW	Water Treatment Operator	19,15,35,12,8,1	Hourly				\$16.67-\$30.54
10,000+	CPW	Water Treatment Operator	30,25,15,10,2,2	Hourly				\$19.03-\$27.21



## Position Specific Information

### General Manager

The average years of experience for an individual in this position is **16**.

The average age for individuals in this position is **56**. The median age is **57.5**.

The average salary for a General Manager across all types (private, municipal, special purpose district, etc.) and all sizes is **\$79,530.00**.

### Assistant Manager

The average years of experience for an individual in this position is **14.5**.

The average age for individuals in this position is **47**. The median age is **46**.

The average salary for Assistant Manager across all types (private, municipal, special purpose district, etc.) and all sizes is **\$61,517.00**.

### Water Treatment Operator

The average years of experience for an individual in this position is **11**.

The average age for individuals in this position is **46**. The median age is **46**.

The average salary for a Water Treatment Operator across all types (private, municipal, special purpose district, etc.) and all sizes is **\$46,922.00**.

### Office Manager

The average years of experience for an individual in this position is **15**.

The average age for individuals in this position is **49**. The median age is **48**.

The average salary for a Office Manager across all types (private, municipal, special purpose district, etc.) and all sizes is **\$38,492.00**.

### Bio Wastewater Treatment Operator

The average years of experience for an individual in this position is **16**.

The average age for individuals in this position is **49**. The median age is **51**.

The average hourly rate for Bio Wastewater Treatment Operator across all types (private, municipal, special purpose district, etc.) and all sizes is **\$19.89**.

### Water Distribution Operator

The average years of experience for an individual in this position is **11**.

The average age for individuals in this position is **44**. The median age is **47.5**.

The average hourly rate for a Water Distribution Operator across all types (private, municipal, special purpose district, etc.) and all sizes is **\$16.78**.

### Billing Services

The average years of experience for an individual in this position is **11.5**.

The average age for individuals in this position is **44.5**. The median age is **45**.

The average hourly rate for Bill Services across all types (private, municipal, special purpose district, etc.) and all sizes is **\$16.14**.

### Maintenance

The average years of experience for an individual in this position is **9**.

The average age for individuals in this position is **39**. The median age is **36**.

The average hourly rate for Maintenance across all types (private, municipal, special purpose district, etc.) and all sizes is **\$16.04**.

### Customer Service

The average years of experience for an individual in this position is **8**.

The average age for individuals in this position is **44.7**. The median age is **47**.

The average hourly rate for Customer Service across all types (private, municipal, special purpose district, etc.) and all sizes is **\$14.30**.

### Meter Reader

The average years of experience for an individual in this position is **9**.

The average age for individuals in this position is **44**. The median age is **44**.

The average hourly rate for Meter Reader across all types (private, municipal, special purpose district, etc.) and all sizes is **\$14.26**.

Figure 6

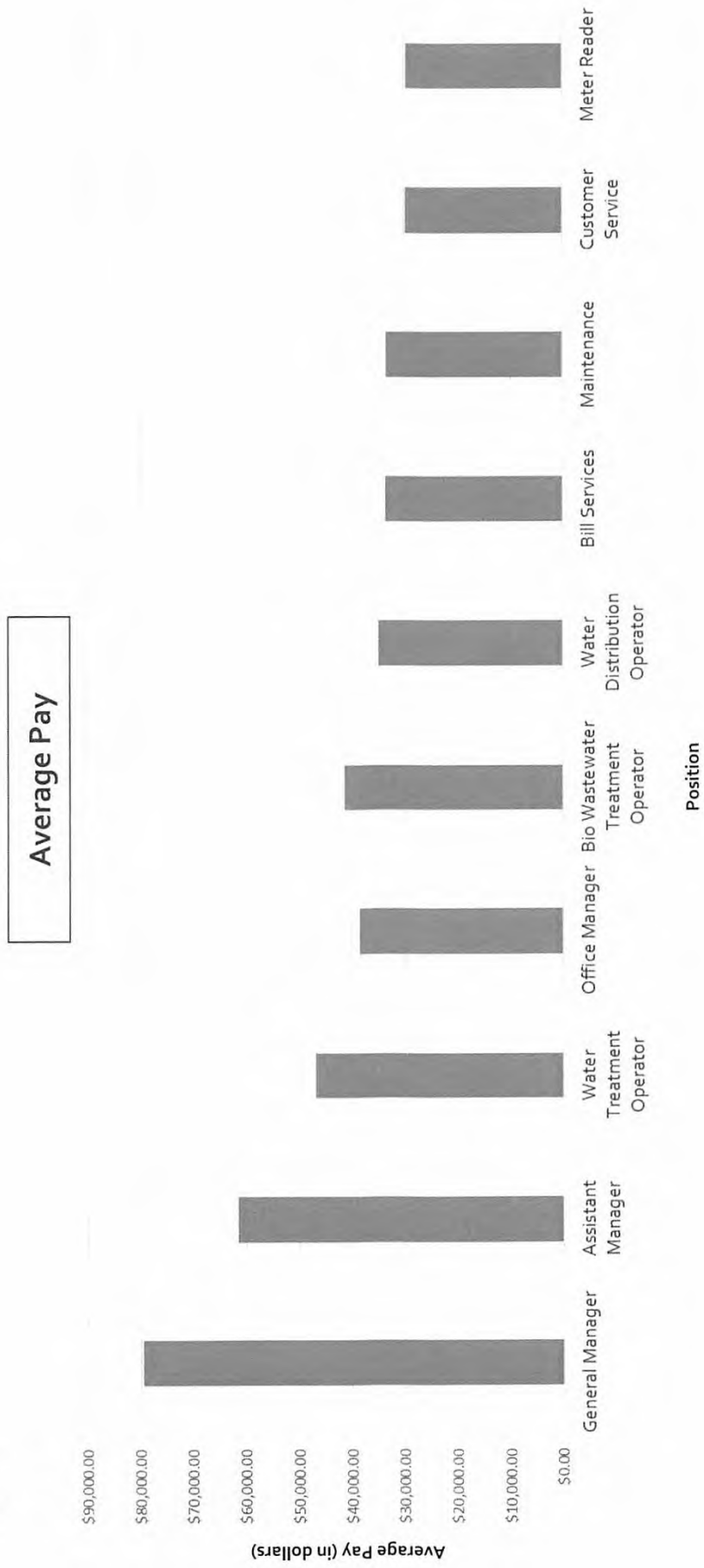


Figure 7

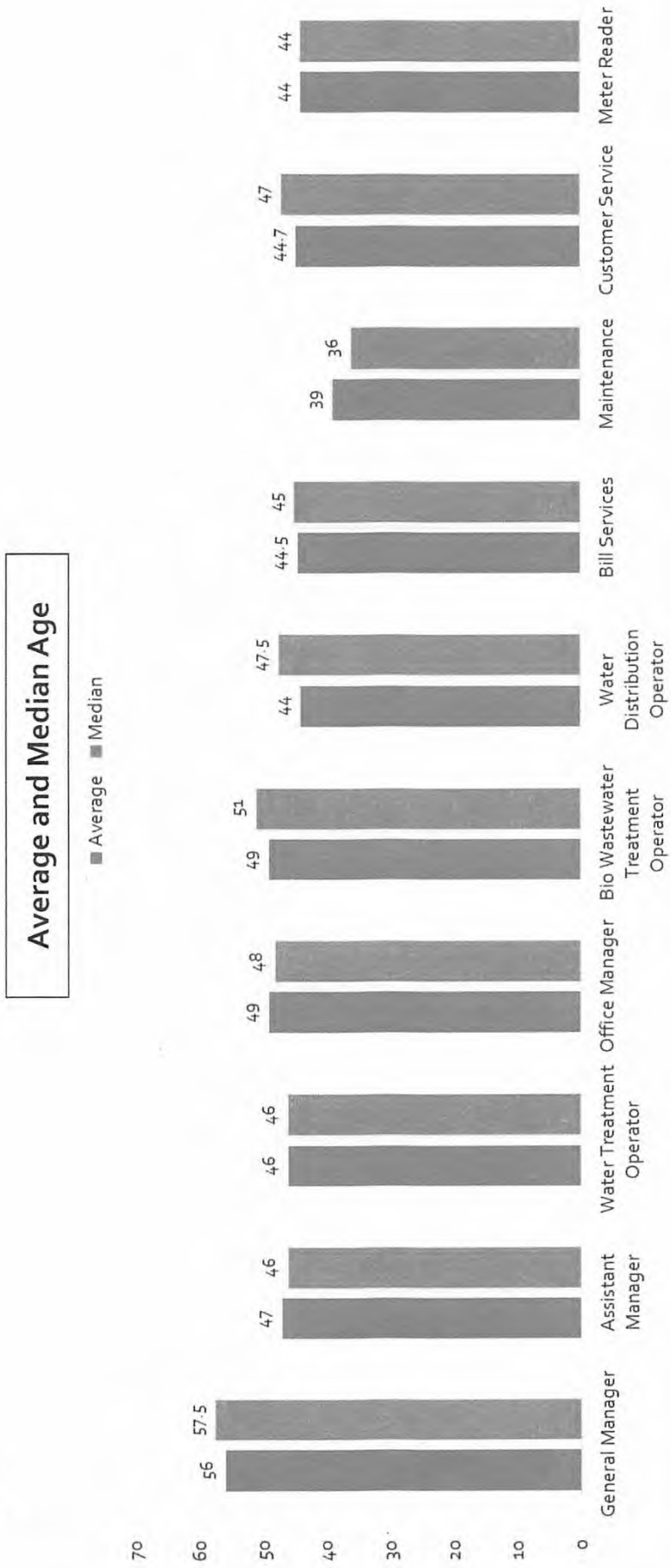
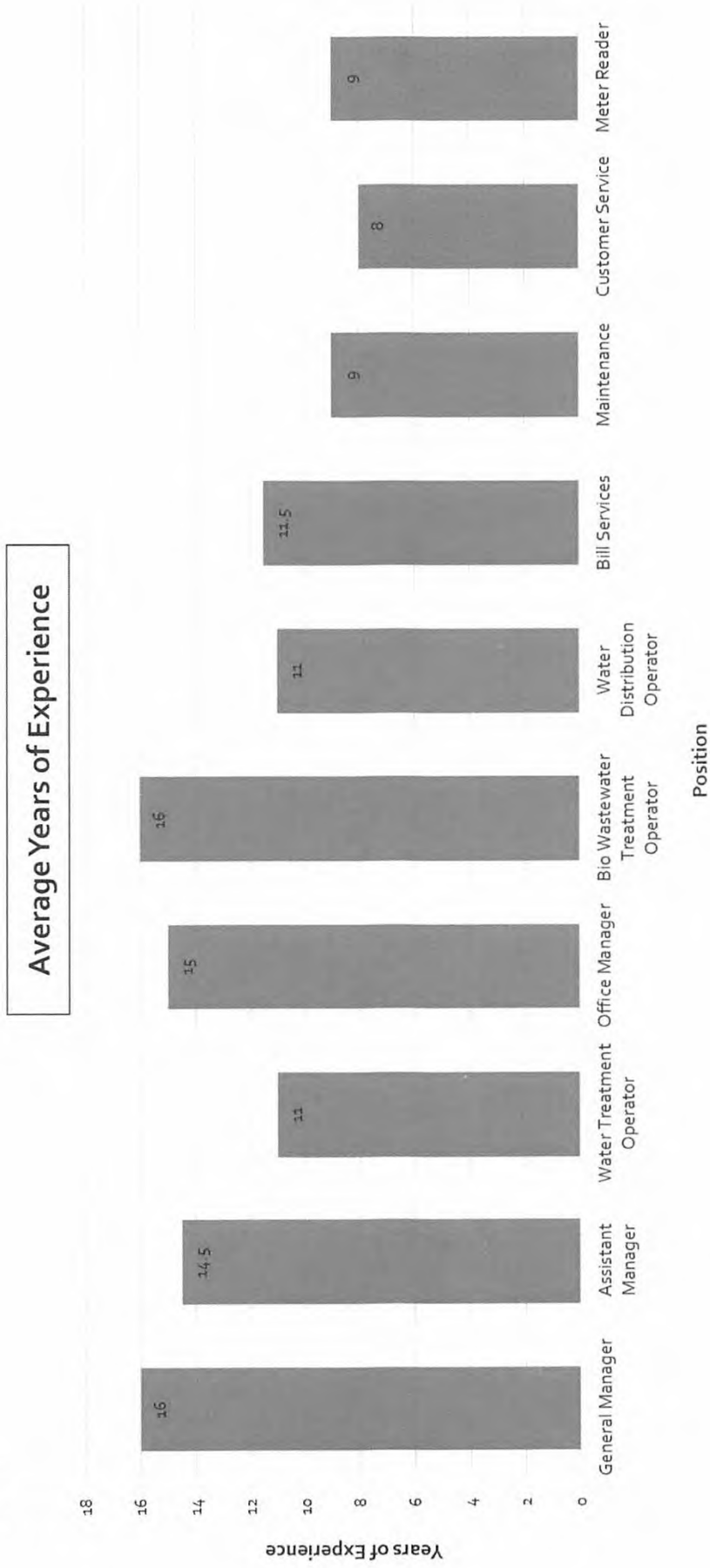


Figure 8



## Limitations

### Limitations

As with most surveys, the biggest limitation to study was participation. SCRWA enjoys a strong relationship with its membership and it was anticipated that there would be high participation in this survey. SCRWA sent mailers out, field staff promoted the effort and it was a topic of discussion at SCRWA's Decision Maker's Conference. Despite outreach efforts, the response rate was less than ideal and did not include several counties in the state as shown in Figure 1.

Because of the low participation it was determined that positions with less than 10 systems responding would not be used because they would not be representative enough to be meaningful. The positions that were examined could only be examined as groups and not by type, size or location. The estimated salary or hourly rate of an individual with so many years of experience is not something that could be determined with any meaningful accuracy. Neither could the hypothetical value of certain licenses be determined. In summary, the insights that this report provides are heavily tempered by the availability of data. Anyone using this report to base compensation on should fully understand the limits of this study.

Department of the Treasury — Internal Revenue Service (99) **2012** OMB No. 1545-0074 IRS Use Only — Do not write or staple in this space

Form **1040** U.S. Individual Income Tax Return  
 For the year Jan 1 - Dec 31, 2012, or other tax year beginning 2012, ending 2012  
 Your first name and initial: **Glenn C Odom**  
 Last name: **Odom**  
 Your social security number: **6591**  
 Spouse's social security number: **1174**

Home address (number and street), if you have a P.O. box, see instructions: **PO Box 576**  
 City, town or post office, state, and ZIP code: **McBee SC 29101**  
 Foreign country name: Foreign province/state/country: Foreign postal code:

**Presidential Election Campaign**  
 Check here if you, or your spouse, if filing jointly, want \$3 to go to this fund? Checkmark a box below will not change your tax or refund.  
 You  Spouse

**Filing Status**  
 1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately. Enter spouse's SSN above & full name here: **Karen Odom**  
 4  Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here.  
 5  Qualifying widow(er) with dependent child

**Exemptions**  
 6a  Yourself. If someone can claim you as a dependent, do not check box 6a  
 b  Spouse  
 c Dependents:  
 (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4)  child under age 17 qualifying for child tax or (see instr)  
 Boxes checked on 6a and 6b: **1**  
 No. of children on 6c who:  
 • lived with you  
 • did not live with you due to divorce or separation (see instr)  
 Dependents on 6c not entered above  
 Add numbers on lines above: **1**  
 d Total number of exemptions claimed: **1**

**Income**  
 7 Wages, salaries, tips, etc. Attach Form(s) W-2: **11,300.**  
 8a Taxable interest. Attach Schedule B if required: **3,417.**  
 b Tax-exempt interest. Do not include on line 8a  
 8b  
 9a Ordinary dividends. Attach Schedule B if required  
 9b Qualified dividends  
 10 Taxable refunds, credits, or offsets of state and local income taxes  
 11 Alimony received  
 12 Business income or (loss). Attach Schedule C or C-E2  
 13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here  
 14 Other gains or (losses). Attach Form 4797  
 15a IRA distributions: 15a Taxable amount: 15b  
 16a Pensions and annuities: 16a Taxable amount: 16b **16,569.**  
 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E: **104,442.**  
 18 Farm income or (loss). Attach Schedule F  
 19 Unemployment compensation  
 20a Social security benefits: 20a Taxable amount: 20b  
 21 Other income  
 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income: **135,728.**

**Adjusted Gross Income**  
 23 Educator expenses  
 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-E2  
 25 Health savings account deduction. Attach Form 8889  
 26 Moving expenses. Attach Form 3903  
 27 Deductible part of self-employment tax. Attach Schedule SE  
 28 Self-employed SEP, SIMPLE, and qualified plans  
 29 Self-employed health insurance deduction  
 30 Penalty on early withdrawal of savings  
 31a Alimony paid: **55,000.** b Recipient's SSN: **0628**  
 32 IRA deduction  
 33 Student loan interest deduction  
 34 Tuition and fees. Attach Form 8917  
 35 Domestic production activities deduction. Attach Form 8903  
 36 Add lines 23 through 35: **55,000.**  
 37 Subtract line 36 from line 22. This is your adjusted gross income: **80,728.**

PETITIONER 2278



<b>Tax and Credits</b>	38 Amount from line 37 (adjusted gross income)	38	80,728.
	39 a Check <input type="checkbox"/> You were born before January 2, 1948, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1948, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39 a <input type="checkbox"/> 39 b		
<b>Standard Deduction for -</b> • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$5,950. Married filing jointly or Qualifying widow(er), \$11,900. Head of household, \$8,700	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	31,613.
	41 Subtract line 40 from line 38	41	49,115.
	42 Exemptions. Multiply \$3,800 by the number on line 6d	42	3,800.
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	45,315.
	44 Tax (see instrs). Check if any from: a <input type="checkbox"/> Form(s) 8814 c <input type="checkbox"/> 962 election b <input type="checkbox"/> Form 4972	44	7,361.
	45 Alternative minimum tax (see instructions). Attach Form 6251	45	0.
	46 Add lines 44 and 45	46	7,361.
	47 Foreign tax credit. Attach Form 1116 if required	47	
	48 Credit for child and dependent care expenses. Attach Form 244	48	
	49 Education credits from Form 8863, line 19	49	
50 Retirement savings contributions credit. Attach Form 8880	50		
51 Child tax credit. Attach Schedule 8812, if required	51		
52 Residential energy credits. Attach Form 5695	52		
53 Other credits from Form: a <input checked="" type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	7,361.	
54 Add lines 47 through 53. These are your total credits	54	7,361.	
55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	0.	
<b>Other Taxes</b>	56 Self-employment tax. Attach Schedule SE	56	
	57 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4132 b <input type="checkbox"/> 8919	57	
	58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5229 if required	58	
	59 a Household employment taxes from Schedule H	59 a	
	b First-time homebuyer credit repayment. Attach Form 5405 if required	59 b	
	60 Other taxes. Enter code(s) from instructions	60	
	61 Add lines 55-60. This is your total tax	61	0.
<b>Payments</b>	62 Federal income tax withheld from Forms W-2 and 1099	62	1,202.
	63 2012 estimated tax payments and amount applied from 2011 return	63	
If you have a qualifying child, attach Schedule EIC.	64 a Earned income credit (EIC)	64 a	
	b Nontarable combat pay election <input type="checkbox"/> 64 b		
	65 Additional child tax credit. Attach Schedule 8812	65	
	66 American opportunity credit from Form 8863, line 8	66	
	67 Reserved	67	
	68 Amount paid with request for extension to file	68	
	69 Excess social security and tier 1 RRTA tax withheld	69	
	70 Credit for federal tax on fuels. Attach Form 4136	70	
	71 Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	71	
	72 Add line 62, 63, 64a, & 65-71. These are your total pmts	72	1,202.
<b>Refund</b>	73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73	1,202.
	74 a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	74 a	1,202.
	b Routing number XXXXXXXXXXXX c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number XXXXXXXXXXXXXXXXXXXX		
Direct deposit? See instructions.	75 Amount of line 73 you want applied to your 2013 estimated tax	75	
<b>Amount You Owe</b>	76 Amount you owe. Subtract line 72 from line 61. For details on how to pay see instructions	76	
	77 Estimated tax penalty (see instructions)	77	
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input checked="" type="checkbox"/> No		
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions.	Your signature	Date	Your occupation Water Company Manager Day/one phone number
Keep a copy for your records.	Spouse's signature, if a joint return, both must sign	Date	Spouse's occupation If the IRS sent you an Identity Protection PIN, enter it here (see instrs)
<b>Paid Preparer Use Only</b>	Print/Type preparer's name Karen A. Currin, CPA	Preparer's signature	Date 10/24/2013 Check <input type="checkbox"/> if self-employed PTIN P01003218
	Firm's name Phillips, Currin & Company, CPA's, LLC	Firm's EIN 20-4022503	Phone no. (843) 332-3585
	Firm's address 300 W. Home Avenue Hartsville	SC 29550-4128	

**SCHEDULE A  
(Form 1040)**

**Itemized Deductions**

OMB No. 1545-0074

**2012**

Department of the Treasury  
Internal Revenue Service (99)

Information about Schedule A and its separate instructions is at [www.irs.gov/form1040](http://www.irs.gov/form1040).  
Attach to Form 1040.

Attachment  
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

Glenn C Odom

6591

<b>Medical and Dental Expenses</b>		<b>Caution.</b> Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1			
2	Enter amount from Form 1040, line 38	2			
3	Multiply line 2 by 7.5% (.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			
<b>Taxes You Paid</b>		<b>State and local (check only one box):</b>			
a	<input checked="" type="checkbox"/> Income taxes, or	5	19,301.		
b	<input type="checkbox"/> General sales taxes	6			
6	Real estate taxes (see instructions)	6			
7	Personal property taxes	7			
8	Other taxes. List type and amount	8			
9	Add lines 5 through 8	9		19,301.	
<b>Interest You Paid</b>		<b>Home mtg interest and points reported to you on Form 1098</b>			
10	Home mtg interest and points reported to you on Form 1098	10	3,786.		
11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address	11			
<b>Note.</b> Your mortgage interest deduction may be limited (see instructions).					
12	Points not reported to you on Form 1098. See instrs for special rules	12			
13	Mortgage insurance premiums (see instructions)	13			
14	Investment interest. Attach Form 4952 if required. (See instrs.)	14	3,417.		
15	Add lines 10 through 14	15		7,203.	
<b>Gifts to Charity</b>		<b>Gifts by cash or check. If you made any gift of \$250 or more, see instrs</b>			
16	Gifts by cash or check. If you made any gift of \$250 or more, see instrs	16	5,109.		
<b>If you made a gift and got a benefit for it, see instructions.</b>		<b>Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500</b>			
17	Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	17			
18	Carryover from prior year	18			
19	Add lines 16 through 18	19		5,109.	
<b>Casualty and Theft Losses</b>		<b>Casualty or theft loss(es). Attach Form 4684. (See instructions.)</b>			
20	Casualty or theft loss(es). Attach Form 4684. (See instructions.)	20			
<b>Job Expenses and Certain Miscellaneous Deductions</b>		<b>Unreimbursed employee expenses — job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.)</b>			
21	Unreimbursed employee expenses — job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.)	21			
22	Tax preparation fees	22			
23	Other expenses — investment, safe deposit box, etc. List type and amount	23			
24	Add lines 21 through 23	24			
25	Enter amount from Form 1040, line 38	25			
26	Multiply line 25 by 2% (.02)	26			
27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27			
<b>Other Miscellaneous Deductions</b>		<b>Other — from list in instructions. List type and amount</b>			
28	Other — from list in instructions. List type and amount	28			
<b>Total Itemized Deductions</b>		<b>Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40</b>			
29	Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40	29		31,613.	
30	If you elect to itemize deductions even though they are less than your standard deduction, check here	30			

**SCHEDULE B**  
**(Form 1040A or 1040)**

**Interest and Ordinary Dividends**

OMB No. 1545-0074

**2012**

Department of the Treasury  
Internal Revenue Service

(99) ▶ Information about Schedule B (Form 1040A or 1040) and its instructions is at [www.irs.gov/form1040](http://www.irs.gov/form1040)

Attachment  
Sequence No. **08**

Name(s) shown on return

Your social security number

Glenn C Odom

6591

**Part I**  
**Interest**

(See instructions for Form 1040A, or Form 1040, line 8a.)

**Note.** If you received a Form 1099-INT, Form 1099-DIV, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

**1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ▶

Odom and Associates

**Amount**

3,417.

- 2** Add the amounts on line 1 **2** 3,417.
- 3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 **3**
- 4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a **4** 3,417.

**Note.** If line 4 is over \$1,500, you must complete Part III.

**Part II**

**Ordinary Dividends**

(See instructions for Form 1040A, or Form 1040, line 9a.)

**Note.** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

**5** List name of payer ▶

**Amount**

**6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a **6**

**Note.** If line 6 is over \$1,500, you must complete Part III.

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**Part III**  
**Foreign Accounts and Trusts**

(See instructions.)

**7 a** At any time during 2012, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions

If "Yes," are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements

**b** If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ▶

**8** During 2012, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

FDIA0401 07/26/12

Schedule B (Form 1040A or 1040) 2012

**SCHEDULE E**  
**(Form 1040)**

**Supplemental Income and Loss**  
**(From rental real estate, royalties, partnerships,**  
**S corporations, estates, trusts, REMICs, etc)**  
**► Attach to Form 1040, 1040NR, or Form 1041.**

OMB No. 1545-0074

**2012**

Department of the Treasury  
Internal Revenue Service (99)

► Information about Schedule E and its separate instructions is at [www.irs.gov/form1040](http://www.irs.gov/form1040).

Attachment  
Sequence No. **13**

Name(s) shown on return

Your social security number

Glenn C Odom

6591

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

- A** Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If 'Yes,' did you or will you file required Forms 1099?  Yes  No

**1 a** Physical address of each property (street, city, state, ZIP code)

**A** 49 Oak Avenue, Chesterfield, SC 29709

**B** Water Office Building, Mc Bee, SC 29101

**C** 133 W. Cypress, Mc Bee, SC 29101

1 b Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
<b>A</b> 1		365	0	
<b>B</b> 4		365	0	
<b>C</b> 1		0	0	

**Type of Property:**

- 1 Single Family Residence      3 Vacation/Short-Term Rental      5 Land      7 Self-Rental  
2 Multi-Family Residence      4 Commercial      6 Royalties      8 Other (describe)

Income:	Properties:	A	B	C
<b>3</b> Rents received	<b>3</b>	4,675.		
<b>4</b> Royalties received	<b>4</b>			
<b>Expenses:</b>				
<b>5</b> Advertising	<b>5</b>			
<b>6</b> Auto and travel (see instructions)	<b>6</b>			
<b>7</b> Cleaning and maintenance	<b>7</b>			
<b>8</b> Commissions	<b>8</b>			
<b>9</b> Insurance	<b>9</b>			
<b>10</b> Legal and other professional fees	<b>10</b>			
<b>11</b> Management fees	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc (see instructions)	<b>12</b>			
<b>13</b> Other interest	<b>13</b>			
<b>14</b> Repairs	<b>14</b>	685.		
<b>15</b> Supplies	<b>15</b>			
<b>16</b> Taxes	<b>16</b>			
<b>17</b> Utilities	<b>17</b>		562.	
<b>18</b> Depreciation expense or depletion	<b>18</b>	1,553.	662.	432.
<b>19</b> Other (list) ►	<b>19</b>			
<b>20</b> Total expenses. Add lines 5 through 19	<b>20</b>	2,238.	1,224.	432.
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	<b>21</b>	2,437.	-1,224.	-432.
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	<b>22</b>		-1,006.	-355.
<b>23 a</b> Total of all amounts reported on line 3 for all rental properties	<b>23 a</b>		172,208.	
<b>23 b</b> Total of all amounts reported on line 4 for all royalty properties	<b>23 b</b>			
<b>23 c</b> Total of all amounts reported on line 12 for all properties	<b>23 c</b>		70,626.	
<b>23 d</b> Total of all amounts reported on line 18 for all properties	<b>23 d</b>		8,891.	
<b>23 e</b> Total of all amounts reported on line 20 for all properties	<b>23 e</b>		82,513.	
<b>24</b> <b>Income.</b> Add positive amounts shown on line 21. Do not include any losses	<b>24</b>			95,103.
<b>25</b> <b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	<b>25</b>			-4,443.
<b>26</b> <b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	<b>26</b>			90,660.

BAA For Paperwork Reduction Act Notice, see instructions.

FOI22301 01/07/13

Schedule E (Form 1040) 2012

**SCHEDULE E**  
**(Form 1040)**

**Supplemental Income and Loss**  
**(From rental real estate, royalties, partnerships,**  
**S corporations, estates, trusts, REMICs, etc)**  
**▶ Attach to Form 1040, 1040NR, or Form 1041.**

OMB No. 1545-0074

**2012**

Department of the Treasury  
Internal Revenue Service (99)

▶ Information about Schedule E and its separate instructions is at [www.irs.gov/form1040](http://www.irs.gov/form1040).

Attachment  
Sequence No. **13**

Name(s) shown on return

Your social security number

Glenn C Odom

6591

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

- A** Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

<b>1 a</b> Physical address of each property (street, city, state, ZIP code)			
<b>A</b>	358 Oak Avenue, Mc Bee, SC 29101		
<b>B</b>	166 West Elm, Mc Bee, SC 29101		
<b>C</b>	119 West Cypress, Mc Bee, SC 29101		
<b>1 b</b> Type of Property (from list below)	<b>2</b> For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	<b>Fair Rental Days</b>	<b>Personal Use Days</b>
<b>A</b> 1		365	0
<b>B</b> 1		30	0
<b>C</b> 1		90	0
			<b>QJV</b>

- Type of Property:**  
**1** Single Family Residence    **3** Vacation/Short-Term Rental    **5** Land    **7** Self-Rental  
**2** Multi-Family Residence    **4** Commercial    **6** Royalties    **8** Other (describe)

<b>Income:</b>	<b>Properties:</b>	<b>A</b>	<b>B</b>	<b>C</b>
<b>3</b> Rents received	<b>3</b>	4,100.	620.	225.
<b>4</b> Royalties received	<b>4</b>			
<b>Expenses:</b>				
<b>5</b> Advertising	<b>5</b>			
<b>6</b> Auto and travel (see instructions)	<b>6</b>			
<b>7</b> Cleaning and maintenance	<b>7</b>			
<b>8</b> Commissions	<b>8</b>			
<b>9</b> Insurance	<b>9</b>			
<b>10</b> Legal and other professional fees	<b>10</b>			
<b>11</b> Management fees	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc (see instructions)	<b>12</b>			
<b>13</b> Other interest	<b>13</b>			
<b>14</b> Repairs	<b>14</b>	520.	436.	
<b>15</b> Supplies	<b>15</b>			
<b>16</b> Taxes	<b>16</b>			
<b>17</b> Utilities	<b>17</b>			
<b>18</b> Depreciation expense or depletion	<b>18</b>	2,756.	917.	720.
<b>19</b> Other (list) ▶	<b>19</b>			
<b>20</b> Total expenses. Add lines 5 through 19	<b>20</b>	3,276.	1,353.	720.
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a loss, see instructions to find out if you must file Form 6198	<b>21</b>	1,124.	-733.	-495.
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	<b>22</b>		-602.	-407.
<b>23 a</b> Total of all amounts reported on line 3 for all rental properties	<b>23 a</b>			
<b>b</b> Total of all amounts reported on line 4 for all royalty properties	<b>23 b</b>			
<b>c</b> Total of all amounts reported on line 12 for all properties	<b>23 c</b>			
<b>d</b> Total of all amounts reported on line 18 for all properties	<b>23 d</b>			
<b>e</b> Total of all amounts reported on line 20 for all properties	<b>23 e</b>			
<b>24</b> Income. Add positive amounts shown on line 21. Do not include any losses	<b>24</b>			
<b>25</b> Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	<b>25</b>			
<b>26</b> Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	<b>26</b>			

**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships,  
S corporations, estates, trusts, REMICs, etc)  
▶ Attach to Form 1040, 1040NR, or Form 1041.

OMB No. 1545-0074

**2012**

Department of the Treasury  
Internal Revenue Service (99)

▶ Information about Schedule E and its separate instructions is at [www.irs.gov/form1040](http://www.irs.gov/form1040).

Attachment  
Sequence No. **13**

Name(s) shown on return

Glenn C Odom

Your social security number

6591

**Part I Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

- A** Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If 'Yes,' did you or will you file required Forms 1099?  Yes  No

**1 a** Physical address of each property (street, city, state, ZIP code)

**A** McBee SC, Mc Bee, SC 29101

**B** 14 West Juniper, Mc Bee, SC 29101

<b>1 b</b> Type of Property (from list below)	<b>2</b> For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
<b>A</b> 5		365	0	
<b>B</b> 1		30	0	
<b>C</b>				

**Type of Property:**

- 1 Single Family Residence    3 Vacation/Short-Term Rental    5 Land    7 Self-Rental  
2 Multi-Family Residence    4 Commercial    6 Royalties    8 Other (describe)

Income:	Properties:	A	B	C
<b>3</b> Rents received	<b>3</b>	162,168.	120.	
<b>4</b> Royalties received	<b>4</b>			
<b>Expenses:</b>				
<b>5</b> Advertising	<b>5</b>			
<b>6</b> Auto and travel (see instructions)	<b>6</b>			
<b>7</b> Cleaning and maintenance	<b>7</b>			
<b>8</b> Commissions	<b>8</b>			
<b>9</b> Insurance	<b>9</b>			
<b>10</b> Legal and other professional fees	<b>10</b>			
<b>11</b> Management fees	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc (see instructions)	<b>12</b>	70,626.		
<b>13</b> Other interest	<b>13</b>			
<b>14</b> Repairs	<b>14</b>		301.	
<b>15</b> Supplies	<b>15</b>			
<b>16</b> Taxes	<b>16</b>			
<b>17</b> Utilities	<b>17</b>		192.	
<b>18</b> Depreciation expense or depletion	<b>18</b>		1,851.	
<b>19</b> Other (list) ▶ <u>deposit refund</u>	<b>19</b>		300.	
<b>20</b> Total expenses. Add lines 5 through 19	<b>20</b>	70,626.	2,644.	
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	<b>21</b>	91,542.	-2,524.	
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	<b>22</b>		-2,073.	
<b>23 a</b> Total of all amounts reported on line 3 for all rental properties	<b>23 a</b>			
<b>b</b> Total of all amounts reported on line 4 for all royalty properties	<b>23 b</b>			
<b>c</b> Total of all amounts reported on line 12 for all properties	<b>23 c</b>			
<b>d</b> Total of all amounts reported on line 18 for all properties	<b>23 d</b>			
<b>e</b> Total of all amounts reported on line 20 for all properties	<b>23 e</b>			
<b>24</b> Income. Add positive amounts shown on line 21. Do not include any losses	<b>24</b>			
<b>25</b> Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	<b>25</b>			
<b>26</b> Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	<b>26</b>			

**BAA** For Paperwork Reduction Act Notice, see instructions.

FD-2230 01/07/13

Schedule E (Form 1040) 2012

Name(s) shown on return. Do not enter name and social security number if shown on Page 1

Your social security number

Glenn C Odom

6591

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

**Part II Income or Loss From Partnerships and S Corporations**

Note. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses?  Yes  No  
If you answered "Yes," see instructions before completing this section.

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	OK Properties	P		56-2071984	
B	Sandhills Restaurant Group, Inc.	S		56-0273128	
C	Odom & Associates, Inc.	S		57-1063214	
D	McBee Builders	S		20-1286286	

Passive Income and Loss		Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A	882.			
B			4,129.	42,223.
C		25,194.		
D				0.
29 a Totals	882.			42,223.
b Totals		25,194.	4,129.	
30 Add columns (g) and (j) of line 29a			30	43,105.
31 Add columns (f), (h), and (i) of line 29b			31	-29,323.
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below			32	13,782.

**Part III Income or Loss From Estates and Trusts**

33	(a) Name	(b) Employer ID no.
A		
B		

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34 a Totals			
b Totals			
35 Add columns (d) and (f) of line 34a			35
36 Add columns (c) and (e) of line 34b			36
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below			37

**Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder**

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

**Part V Summary**

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40	
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18	41	104,442.
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code U; and Schedule K-1 (Form 1041), box 14, code F (see instructions)	42	
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	

**General Business Credit**

Department of the Treasury  
Internal Revenue Service (99)

► Information about Form 3800 and its separate instructions is at [www.irs.gov/form3800](http://www.irs.gov/form3800).  
► Attach to your tax return.

Attachment  
Sequence No. **22**

Name(s) shown on return

Identifying number

Glenn C Odom

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**Part I Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)**  
(See instructions and complete Part(s) III before Parts I and II)

1	General business credit from line 2 of all Parts III with box A checked	1	
2	Passive activity credits from line 2 of all Parts III with box B checked	2	
3	Enter the applicable passive activity credits allowed for 2012 (see instructions)	3	
4	Carryforward of general business credit to 2012. Enter the amount from line 2 of Part III with box C checked. See instructions for statement to attach	4	
5	Carryback of general business credit from 2013. Enter the amount from line 2 of Part III with box D checked (see instructions)	5	
6	Add lines 1, 3, 4 and 5	6	

**Part II Allowable Credit**

7	Regular tax before credits: <ul style="list-style-type: none"> <li>Individuals. Enter the amount from Form 1040, line 44, or Form 1040NR, line 42</li> <li>Corporations. Enter the amount from Form 1120, Schedule J, Part I, line 2; or the applicable line of your return</li> <li>Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return</li> </ul>	7	7,361.
8	Alternative minimum tax: <ul style="list-style-type: none"> <li>Individuals. Enter the amount from Form 6251, line 35</li> <li>Corporations. Enter the amount from Form 4626, line 14</li> <li>Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56</li> </ul>	8	0.
9	Add lines 7 and 8	9	7,361.
10a	Foreign tax credit	10a	
b	Certain allowable credits (see instructions)	10b	
c	Add lines 10a and 10b	10c	
11	<b>Net income tax.</b> Subtract line 10c from line 9. If zero, skip lines 12 through 15 and enter -0- on line 16a	11	7,361.
12	<b>Net regular tax.</b> Subtract line 10c from line 7. If zero or less, enter -0-	12	7,361.
13	Enter 25% (.25) of the excess, if any, of line 12 over \$25,000 (see instructions)	13	0.
14	Tentative minimum tax: <ul style="list-style-type: none"> <li>Individuals. Enter the amount from Form 6251, line 33</li> <li>Corporations. Enter the amount from Form 4626, line 12</li> <li>Estates and trusts. Enter the amount from Schedule I (Form 1041), line 54</li> </ul>	14	6,487.
15	Enter the greater of line 13 or line 14	15	6,487.
16a	Subtract line 15 from line 11. If zero or less, enter -0-	16a	874.
b	Reserved	16b	
c	Reserved	16c	
17a	Enter the <b>smaller</b> of line 6 or line 16a <b>C corporations:</b> See the line 17a instructions if there has been an ownership change, acquisition, or reorganization.	17a	0.
b	Reserved	17b	
c	Reserved	17c	

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 3800 (2012)

FD120513 12/18/12

**Part II Allowable Credit (Continued)**

Note. If you are not required to report any amounts on lines 22 or 24 below, skip lines 18 through 25 and enter -0- on line 26.

18	Multiply line 14 by 75% (.75) (see instructions)	18	
19	Enter the greater of line 13 or line 18	19	
20	Subtract line 19 from line 11. If zero or less, enter -0-	20	
21	Subtract line 17a from line 20. If zero or less, enter -0-	21	
22	Combine the amounts from line 3 of all Parts III with box A, C, or D checked	22	
23	Passive activity credit from line 3 of all Parts III with box B checked	23	
24	Enter the applicable passive activity credit allowed for 2012 (see instructions)	24	
25	Add lines 22 and 24	25	
26	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 21 or line 25	26	0.
27	Subtract line 13 from line 11. If zero or less, enter -0-	27	7,361.
28	Add lines 17a and 26	28	0.
29	Subtract line 28 from line 27. If zero or less, enter -0-	29	7,361.
30	Enter the general business credit from line 5 of all Parts III with box A checked	30	11,894.
31	Enter the total eligible small business credit from line 6 of all Parts III with box E checked	31	
32	Passive activity credits from line 5 of all Parts III with box B checked and line 6 of all Parts III with box F checked	32	
33	Enter the applicable passive activity credits allowed for 2012 (see instructions)	33	
34	Carryforward of business credit to 2012. Enter the amount from line 5 of Part III with box C checked and line 6 of all Parts III with box G checked. See instructions for statement to attach	34	
35	Carryback of business credit from 2013. Enter the amount from line 5 of Part III with box D checked and line 6 of all Parts III with box H checked (see instructions)	35	
36	Add lines 30, 31, 33, 34, and 35	36	11,894.
37	Enter the smaller of line 29 or line 36	37	7,361.
38	<b>Credit allowed for the current year.</b> Add lines 28 and 37 Report the amount from line 38 (if smaller than the sum of Part I, line 6 and Part II, lines 25 and 36, see instructions) as indicated below or on the applicable line of your return: • Individuals, Form 1040, line 53, or Form 1040NR, line 5D • Corporations, Form 1120, Schedule J, Part I, line 5c • Estates and trusts, Form 1041, Schedule G, line 2b	38	7,361.

Name(s) shown on return

Identifying number

Glenn C Odom

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**Part III General Business Credits or Eligible Small Business Credits** (see instructions)

Complete a separate Part III for each box checked below. (see instructions)

- A  General Business Credit From a Non-Passive Activity
- B  General Business Credit From a Passive Activity
- C  General Business Credit Carryforwards
- D  General Business Credit Carrybacks
- E  Eligible Small Business Credit From a Non-Passive Activity
- F  Eligible Small Business Credit From a Passive Activity
- G  Eligible Small Business Credit Carryforwards
- H  Eligible Small Business Credit Carrybacks

I If you are filing more than one Part III for boxes A, B, E, or F checked, complete and attach first an additional Part III combining amounts from all Parts III with boxes A, B, E, or F checked. Check here if this is the consolidated Part III

(a) Description of credit	(b) If claiming the credit from a pass-through entity, enter the EIN	(c) Enter the appropriate amount
<b>1 a</b> Investment (Form 3468, Part II only) (attach Form 3468)		
<b>b</b> Reserved		
<b>c</b> Increasing research activities (Form 6765)		
<b>d</b> Low-income housing (Form 8586, Part I only)		
<b>e</b> Disabled access (Form 8825) (see instructions for limitation)		
<b>f</b> Renewable electricity, refined coal, and Indian coal production (Form 8835)		
<b>g</b> Indian employment (Form 8845)		
<b>h</b> Orphan drug (Form 8820)		
<b>i</b> New markets (Form 8874)		
<b>j</b> Small employer pension plan startup costs (Form 8881) (see instructions for limitation)		
<b>k</b> Employer-provided child care facilities and services (Form 8882) (see instructions for limitation)		
<b>l</b> Biodiesel and renewable diesel fuels (attach Form 8864)		
<b>m</b> Low sulfur diesel fuel production (Form 8895)		
<b>n</b> Distilled spirits (Form 8906)		
<b>o</b> Nonconventional source fuel (Form 8907)		
<b>p</b> Energy efficient home (Form 8908)		
<b>q</b> Energy efficient appliance (Form 8909)		
<b>r</b> Alternative motor vehicle (Form 8910)		
<b>s</b> Alternative fuel vehicle refueling property (Form 8911)		
<b>t</b> Reserved		
<b>u</b> Mine rescue team training (Form 8923)		
<b>v</b> Agricultural chemicals security (Form 8931) (see instructions for limitation)		
<b>w</b> Employer differential wage payments (Form 8932)		
<b>x</b> Carbon dioxide sequestration (Form 8933)		
<b>y</b> Qualified plug-in electric drive motor vehicle (Form 8936)		
<b>z</b> Qualified plug-in electric vehicle (Form 8834, Part I only)		
<b>aa</b> New hire retention (Form 5884-B)		
<b>bb</b> General credits from an electing large partnership (Schedule K-1 (Form 1065-B))		
<b>zz</b> Other		
<b>2</b> Add lines 1a through 1zz and enter here		
<b>3</b> Enter the amount from Form 8844		
<b>4 a</b> Investment (Form 3468, Part III) (attach Form 3468)		
<b>b</b> Work opportunity (Form 5884)		
<b>c</b> Alcohol and cellulosic biofuel fuels (Form 6478)		
<b>d</b> Low-income housing (Form 8586, Part II)		
<b>e</b> Renewable electricity, refined coal, and Indian coal production (Form 8835)		
<b>f</b> Employer social security and Medicare taxes paid on certain employee tips (Form 8845)		
<b>g</b> Qualified railroad track maintenance (Form 8900)		
<b>h</b> Small employer health insurance premiums (Form 8941)	57-1063214	11,894.
<b>i</b> Reserved		
<b>j</b> Reserved		
<b>z</b> Other		
<b>5</b> Add lines 4a through 4z and enter here		11,894.
<b>6</b> Add lines 2, 3, and 5		11,894.

Form **4797**

**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))  
- Attach to your tax return.

OMB No. 1545-0184

**2012**

Department of the Treasury  
Internal Revenue Service

Information about Form 4797 and its separate instructions is at [www.irs.gov/form4797](http://www.irs.gov/form4797).

Attachment  
Sequence No. **27**

Name(s) shown on return

Identifying number

Glenn C Odom

6591

**1** Enter the gross proceeds from sales or exchanges reported to you for 2012 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft – Most Property Held More Than 1 Year** (see instructions)

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

- 3 Gain, if any, from Form 4684, line 39 3
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 4
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5
- 6 Gain, if any, from line 32, from other than casualty or theft 6 0.
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: 7 0.

**Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions) 8
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) 9

**Part II Ordinary Gains and Losses** (see instructions)

**10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):**



- 11 Loss, if any, from line 7 11
- 12 Gain, if any, from line 7 or amount from line 8, if applicable 12
- 13 Gain, if any, from line 31 13 0.
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a 14
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 35 15
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 16
- 17 Combine lines 10 through 15 17 0.
- 18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:
  - a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from Form 4797, line 18a. See instructions 18 a
  - b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 18 b 0.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2012)

FD/21001 12/18/12

**Part III** Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255  
(see instructions)

19(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)
A Refrigerator	06/01/2006	04/02/2012
B		
C		
D		

These columns relate to the properties on lines 19A through 19D		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	0.		
21	Cost or other basis plus expense of sale	21	1,300.		
22	Depreciation (or depletion) allowed or allowable	22	1,300.		
23	Adjusted basis. Subtract line 22 from line 21	23	0.		
24	Total gain. Subtract line 23 from line 20	24	0.		
<b>25 If section 1245 property:</b>					
a	Depreciation allowed or allowable from line 22	25a	1,300.		
b	Enter the smaller of line 24 or 25a	25b	0.		
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a	Additional depreciation after 1975 (see instrs)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26c and 26e	26c			
d	Additional depreciation after 1969 & before 1975	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
<b>27 If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
<b>28 If section 1254 property:</b>					
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
<b>29 If section 1255 property:</b>					
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instrs)	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	0.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	0.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4584, line 33. Enter the portion from other than casualty or theft on Form 4797, line 5	32	0.

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less  
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation (see instructions)	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

**Alternative Minimum Tax – Individuals**

Department of the Treasury  
Internal Revenue Service (99)

Information about Form 6251 and its separate instructions is at [www.irs.gov/form6251](http://www.irs.gov/form6251).  
Attach to Form 1040 or Form 1040NR.

Attachment  
Sequence No. **32**

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

Glenn C Odom

6591

**Part I Alternative Minimum Taxable Income** (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41 and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.)	1	49,115.
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	0.
3	Taxes from Schedule A (Form 1040), line 9	3	19,301.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	
6	Skip this line. It is reserved for future use	6	
7	Tax refund from Form 1040, line 10 or line 21	7	
8	Investment interest expense (difference between regular tax and AMT)	8	0.
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Alternative tax net operating loss deduction	11	
12	Interest from specified private activity bonds exempt from the regular tax	12	
13	Qualified small business stock (7% of gain excluded under section 1202)	13	
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	14	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	15	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	16	
17	Disposition of property (difference between AMT and regular tax gain or loss)	17	0.
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	18	-4,092.
19	Passive activities (difference between AMT and regular tax income or loss)	19	0.
20	Loss limitations (difference between AMT and regular tax income or loss)	20	
21	Circulation costs (difference between regular tax and AMT)	21	
22	Long-term contracts (difference between AMT and regular tax income)	22	
23	Mining costs (difference between regular tax and AMT)	23	
24	Research and experimental costs (difference between regular tax and AMT)	24	
25	Income from certain installment sales before January 1, 1987	25	
26	Intangible drilling costs preference	26	
27	Other adjustments, including income-based related adjustments	27	
28	<b>Alternative minimum taxable income.</b> Combine lines 1 through 27. (If married filing separately, see instructions.)	28	64,324.

**Part II Alternative Minimum Tax (AMT)**

29	Exemption. See instructions	29	39,375.
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 31, 33 and 35, and go to line 34	30	24,949.
31	<ul style="list-style-type: none"> <li>If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.</li> <li>If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as figured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 54 here.</li> <li><b>All others:</b> If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.</li> </ul>	31	6,487.
32	Alternative minimum tax foreign tax credit (see instructions)	32	
33	Tentative minimum tax. Subtract line 32 from line 31	33	6,487.
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 47). If you used Schedule J to figure your tax, the amount from line 44 of Form 1040 must be figured without using Schedule J (see instructions)	34	7,361.
35	<b>AMT.</b> Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	35	0.

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

Form **4952**

**Investment Interest Expense Deduction**

OMB No. 1545-0191

Department of the Treasury  
Internal Revenue Service (99)

► Information about Form 4952 and its instructions is at [www.irs.gov/form4952](http://www.irs.gov/form4952)  
► Attach to your tax return.

**2012**

Attachment  
Sequence No. **51**

Name(s) shown on return

Glenn C Odom

Identifying number

6591

**Part I Total Investment Interest Expense**

1	Investment interest expense paid or accrued in 2012 (see instructions)	1	36,841.
2	Disallowed investment interest expense from 2011 Form 4952, line 7	2	24,338.
3	<b>Total investment interest expense.</b> Add lines 1 and 2	3	61,179.

**Part II Net Investment Income**

4a	Gross income from property held for investment (excluding any net gain from the disposition of property held for investment)	4a	3,417.
b	Qualified dividends included on line 4a	4b	0.
c	Subtract line 4b from line 4a	4c	3,417.
d	Net gain from the disposition of property held for investment	4d	
e	Enter the <b>smaller</b> of line 4d or your net capital gain from the disposition of property held for investment (see instructions)	4e	
f	Subtract line 4e from line 4d	4f	0.
g	Enter the amount from lines 4b and 4e that you elect to include in investment income (see instructions)	4g	
h	Investment income. Add lines 4c, 4f, and 4g	4h	3,417.
5	Investment expenses (see instructions)	5	
6	<b>Net investment income.</b> Subtract line 5 from line 4h. If zero or less, enter -0-	6	3,417.

**Part III Investment Interest Expense Deduction**

7	Disallowed investment interest expense to be carried forward to 2013. Subtract line 6 from line 3. If zero or less, enter -0-	7	57,762.
8	<b>Investment interest expense deduction.</b> Enter the <b>smaller</b> of line 3 or 6. See instructions	8	3,417.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4952 (2012)

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FDIZ1201 12/12/12

**Passive Activity Loss Limitations**

▶ See separate instructions.  
▶ Attach to Form 1040 or Form 1041.  
▶ Information about Form 8582 and its instructions is available at [www.irs.gov/form8582](http://www.irs.gov/form8582).

Name(s) shown on return

Identifying number

Glenn C Odom

6591

**Part I 2012 Passive Activity Loss**

Caution: Complete Worksheets 1, 2, and 3 before completing Part I.

**Rental Real Estate Activities With Active Participation** (For the definition of active participation, see **Special Allowance for Rental Real Estate Activities** in the instructions.)

1 a	Activities with net income (enter the amount from Worksheet 1, column (a))	1 a	
b	Activities with net loss (enter the amount from Worksheet 1, column (b))	1 b	
c	Prior years unallowed losses (enter the amount from Worksheet 1, column (c))	1 c	
d	Combine lines 1a, 1b, and 1c	1 d	

**Commercial Revitalization Deductions From Rental Real Estate Activities**

2 a	Commercial revitalization deductions from Worksheet 2, column (a)	2 a	
b	Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b)	2 b	
c	Add lines 2a and 2b	2 c	

**All Other Passive Activities**

3 a	Activities with net income (enter the amount from Worksheet 3, column (a))	3 a	4,443.
b	Activities with net loss (enter the amount from Worksheet 3, column (b))	3 b	-5,408.
c	Prior years unallowed losses (enter the amount from Worksheet 3, column (c))	3 c	
d	Combine lines 3a, 3b, and 3c	3 d	-965.

4 Combine lines 1d, 2c, and 3d. If this line is zero or more, stop here and include this form with your return; all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. Report the losses on the forms and schedules normally used.

- If line 4 is a loss and:
- Line 1d is a loss, go to Part II
  - Line 2c is a loss (and line 1d is zero or more), skip Part II and go to Part III.
  - Line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II or Part III. Instead, go to line 15.

**Part II Special Allowance for Rental Real Estate Activities With Active Participation**

Note: Enter all numbers in Part II as positive amounts. See instructions for an example.

5	Enter the smaller of the loss on line 1d or the loss on line 4	5	
6	Enter \$150,000. If married filing separately, see the instructions	6	
7	Enter modified adjusted gross income, but not less than zero (see instrs)	7	
8	Subtract line 7 from line 6	8	
9	Multiply line 8 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see instructions	9	
10	Enter the smaller of line 5 or line 9	10	0.

**Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities**

Note: Enter all numbers in Part III as positive amounts. See the example for Part II in the instructions.

11	Enter \$25,000 reduced by the amount, if any, on line 10. If married filing separately, see instructions	11	
12	Enter the loss from line 4	12	
13	Reduce line 12 by the amount on line 10	13	
14	Enter the smallest of line 2c (treated as a positive amount), line 11, or line 13	14	

**Part IV Total Losses Allowed**

15	Add the income, if any, on lines 1a and 3a and enter the total	15	4,443.
16	Total losses allowed from all passive activities for 2012. Add lines 10, 14, and 15. See instructions to find out how to report the losses on your tax return	16	4,443.

BAA For Paperwork Reduction Act Notice, see instructions.

Caution: The worksheets must be filed with your tax return. Keep a copy for your records.

**Worksheet 1 – For Form 8582, Lines 1a, 1b, and 1c** (See instructions.)

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 1a)	(b) Net loss (line 1b)	(c) Unallowed loss (line 1c)	(d) Gain	(e) Loss
<b>Total. Enter on Form 8582, lines 1a, 1b, and 1c.</b>					

**Worksheet 2 – For Form 8582, Lines 2a and 2b** (See instructions.)

Name of activity	(a) Current year deductions (line 2a)	(b) Prior year unallowed deductions (line 2b)	(c) Overall loss
<b>Total. Enter on Form 8582, lines 2a and 2b.</b>			

**Worksheet 3 – For Form 8582, Lines 3a, 3b, and 3c** (See instructions.)

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 3a)	(b) Net loss (line 3b)	(c) Unallowed loss (line 3c)	(d) Gain	(e) Loss
49 Oak Avenue	2,437.	0.		2,437.	
Water Office Building	0.	1,224.			1,224.
133 W. Cypress	0.	432.			432.
35B Oak Avenue	1,124.	0.		1,124.	
See Passive Wkst 3	882.	3,752.			
<b>Total. Enter on Form 8582, lines 3a, 3b, and 3c.</b>	4,443.	5,408.			

**Worksheet 4 – Use this worksheet if an amount is shown on Form 8582, line 10 or 14** (See instructions.)

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Special allowance	(d) Subtract column (c) from column (a)
<b>Total</b>			1.00		

**Worksheet 5 – Allocation of Unallowed Losses** (See instructions.)

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Unallowed loss
Water Office Building	E Ln 22	1,224.	0.22633136	218.
133 W. Cypress	E Ln 22	432.	0.07988166	77.
166 West Elm	E Ln 22	733.	0.13553994	131.
119 West Cypress	E Ln 22	495.	0.09153107	88.
14 West Juniper	E Ln 22	2,524.	0.46671598	451.
<b>Total</b>		5,408.	1.00	965.

**Worksheet 6 – Allowed Losses** (See instructions.)

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Unallowed loss	(c) Allowed loss
Water Office Building	E Ln 22	1,224.	218.	1,006.
133 W. Cypress	E Ln 22	432.	77.	355.
166 West Elm	E Ln 22	733.	131.	602.
119 West Cypress	E Ln 22	495.	88.	407.
14 West Juniper	E Ln 22	2,524.	451.	2,073.
<b>Total</b>		<b>5,408.</b>	<b>965.</b>	<b>4,443.</b>

**Worksheet 7 – Activities With Losses Reported on Two or More Forms or Schedules** (See instructions.)

Name of activity	(a)	(b)	(c) Ratio	(d) Unallowed loss	(e) Allowed loss
Form or schedule and line number to be reported on (see instructions)					
1 a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
Form or schedule and line number to be reported on (see instructions)					
1 a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
Form or schedule and line number to be reported on (see instructions)					
1 a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
Form or schedule and line number to be reported on (see instructions)					
1 a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
<b>Total</b>			1.00		

Form or schedule and line number to be reported on (see instructions)					
1 a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
Form or schedule and line number to be reported on (see instructions)					
1 a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
Form or schedule and line number to be reported on (see instructions)					
1 a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
Form or schedule and line number to be reported on (see instructions)					
1 a Net loss plus prior year unallowed loss from form or schedule					
b Net income from form or schedule					
c Subtract line 1b from line 1a. If zero or less, enter -0-					
<b>Total</b>			1.00		

Form **4562**

**Depreciation and Amortization  
(Including Information on Listed Property)**

DME No. 1545-0172

**2012**

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Attachment Sequence No. **179**

Name(s) shown on return

Identifying number  
**6591**

**Glenn C Odom**

Business or activity to which this form relates

**Sch E 49 Oak Avenue**

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	1,453.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property		500.	5.0 yrs	HY	200 DB	100.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

**Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

20 a Class life				S/L
b 12-year		12 yrs		S/L
c 40-year		40 yrs	MM	S/L

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	1,553.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FD-20612 06/19/12

Form 4562 (2012)

**Depreciation and Amortization**  
(Including Information on Listed Property)

OMB No. 1545-0172

**2012**

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Attachment  
Sequence No. **179**

Name(s) shown on return:  
**Glenn C Odon**

Identifying number:  
**6591**

Business or activity to which this form relates

**Sch E 14 West Juniper**

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	1,801.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Months and year placed in service	(c) Basis for depreciation (business investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property		250.	5.0 yrs	HY	200 DB	50.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

**Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

20 a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	1,851.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Form **4562**

**Depreciation and Amortization**  
(Including information on Listed Property)

OMB No. 1545-0172

**2012**

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Attachment  
Sequence No. **179**

Name(s) shown on return  
**Glenn C Odom**

Identifying number  
**6591**

Business or activity to which this form relates

**Section 179 Summary**

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	0.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	From Schedule K-1		4,129.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	4,129.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	4,129.
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	28,329.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	4,129.
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	13	0.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

**Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

20 a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDZ0912 08/19/12

Form **4562** (2012)

Form 8582

Passive Wkst 3

Worksheet 3 -- For Form 8582, Lines 3a, 3b, and 3c

Name of Activity	Current Year		Prior Years (c) Unallowed Loss	Overall Gain or Loss	
	(a) Net Income	(b) Net Loss		(d) Gain	(e) Loss
166 West Elm	0.	733.			733.
119 West Cypress	0.	495.			495.
14 West Juniper	0.	2,524.			2,524.
OK Properties	882.	0.		882.	
Total	882.	3,752.			



For the year Jan. 1–Dec. 31, 2013, or other tax year beginning , 2013, ending , 20 See separate instructions.

Your first name and initial Last name Your social security number  
 Glenn C Odom 6591  
 If a joint return, spouse's first name and initial Last name Spouse's social security number  
 -1174

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.  
 PO Box 576  
 City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Presidential Election Campaign  
 McBee SC 29101  
 Foreign country name Foreign province/state/county Foreign postal code  
 Make sure the SSN(s) above and on line 6c are correct.  
 Check here if you, or your spouse if filing jointly, want \$3 to go to the fund. Checking a box below will not change your tax or refund.  You  Spouse

**Filing Status**  
 1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately. Enter spouse's SSN above and full name here. ▶ Karen Odom  
 4  Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶  
 5  Qualifying widow(er) with dependent child

**Exemptions**  
 8a  Yourself. If someone can claim you as a dependent, do not check box 6a.  
 b  Spouse  
 c Dependents:  
 (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4)  If child under age 17 qualifying for child tax credit (see instructions)  
 If more than four dependents, see instructions and check here   
 d Total number of exemptions claimed  
 Boxes checked on 6a and 6b No. of children on 6c who:  
 = lived with you  
 = did not live with you due to divorce or separation (see instructions)  
 Dependents on 6c not entered above  
 Add numbers on lines above ▶ 1

**Income**

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	31,249.
8a	Taxable interest. Attach Schedule B if required	8a	
b	Tax-exempt interest. Do not include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	25,088.
b	Qualified dividends	9b	
10	Taxable refunds, credits, or offsets of state and local income taxes	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
14	Other gains or (losses). Attach Form 4797	14	-4,303.
15a	IRA distributions	15a	
b	Taxable amount	15b	
16a	Pensions and annuities	16a	
b	Taxable amount	16b	16,569.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	95,380.
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
b	Taxable amount	20b	
21	Other income. List type and amount	21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	143,983.

**Adjusted Gross Income**

23	Educator expenses	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	Deductible part of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶ -0628	31a	20,000.
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 35	36	20,000.
37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37	123,983.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. BAA 1040 (2013)

PETITIONER 2300



<b>Tax and Credits</b>	<b>38</b>	Amount from line 37 (adjusted gross income)	<b>38</b>	123,983.
	<b>39a</b>	Check <input type="checkbox"/> You were born before January 2, 1949, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1949, <input type="checkbox"/> Blind. Total boxes checked <b>▶ 39a</b> <input type="checkbox"/>		
	<b>b</b>	If your spouse itemizes on a separate return or you were a dual-status alien, check here <b>▶ 39b</b> <input type="checkbox"/>		
<b>Standard Deduction for—</b> * People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. * All others: Single or Married filing separately, \$6,100 Married filing jointly or Qualifying widower, \$12,200 Head of household, \$8,950	<b>40</b>	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	<b>40</b>	46,347.
	<b>41</b>	Subtract line 40 from line 38	<b>41</b>	77,636.
	<b>42</b>	Exemptions. If line 38 is \$150,000 or less, multiply \$3,900 by the number on line 6d. Otherwise, see instructions	<b>42</b>	3,900.
	<b>43</b>	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	<b>43</b>	73,736.
	<b>44</b>	Tax (see instructions). Check if any from: <b>a</b> <input type="checkbox"/> Form(s) 8814 <b>b</b> <input type="checkbox"/> Form 4972 <b>c</b> <input type="checkbox"/>	<b>44</b>	14,376.
	<b>45</b>	Alternative minimum tax (see instructions). Attach Form 6251	<b>45</b>	0.
	<b>46</b>	Add lines 44 and 45	<b>46</b>	14,376.
	<b>47</b>	Foreign tax credit. Attach Form 1116 if required	<b>47</b>	
	<b>48</b>	Credit for child and dependent care expenses. Attach Form 2441	<b>48</b>	
	<b>49</b>	Education credits from Form 8863, line 19	<b>49</b>	
	<b>50</b>	Retirement savings contributions credit. Attach Form 8880	<b>50</b>	
	<b>51</b>	Child tax credit. Attach Schedule 8812, if required.	<b>51</b>	
	<b>52</b>	Residential energy credits. Attach Form 5695	<b>52</b>	
	<b>53</b>	Other credits from Form: <b>a</b> <input checked="" type="checkbox"/> 3800 <b>b</b> <input type="checkbox"/> 8801 <b>c</b> <input type="checkbox"/>	<b>53</b>	4,115.
	<b>54</b>	Add lines 47 through 53. These are your total credits	<b>54</b>	4,115.
	<b>55</b>	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	<b>55</b>	10,261.
<b>Other Taxes</b>	<b>56</b>	Self-employment tax. Attach Schedule SE	<b>56</b>	
	<b>57</b>	Unreported social security and Medicare tax from Form: <b>a</b> <input type="checkbox"/> 4137 <b>b</b> <input type="checkbox"/> 8919	<b>57</b>	
	<b>58</b>	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	<b>58</b>	
	<b>59a</b>	Household employment taxes from Schedule H	<b>59a</b>	
	<b>b</b>	First-time homebuyer credit repayment. Attach Form 5405 if required	<b>59b</b>	
	<b>60</b>	Taxes from: <b>a</b> <input type="checkbox"/> Form 8959 <b>b</b> <input type="checkbox"/> Form 8960 <b>c</b> <input type="checkbox"/> Instructions; enter code(s)	<b>60</b>	
	<b>61</b>	Add lines 55 through 60. This is your total tax	<b>61</b>	10,261.
<b>Payments</b>	<b>62</b>	Federal income tax withheld from Forms W-2 and 1099	<b>62</b>	1,182.
	<b>63</b>	2013 estimated tax payments and amount applied from 2012 return	<b>63</b>	
	<b>64a</b>	Earned income credit (EIC)	<b>64a</b>	
	<b>b</b>	Nontaxable combat pay election <b>64b</b> <input type="checkbox"/>		
	<b>65</b>	Additional child tax credit. Attach Schedule 8812	<b>65</b>	
	<b>66</b>	American opportunity credit from Form 8863, line 8.	<b>66</b>	
	<b>67</b>	Reserved	<b>67</b>	
	<b>68</b>	Amount paid with request for extension to file	<b>68</b>	
	<b>69</b>	Excess social security and tier 1 RRTA tax withheld	<b>69</b>	
	<b>70</b>	Credit for federal tax on fuels. Attach Form 4136	<b>70</b>	
	<b>71</b>	Credits from Form: <b>a</b> <input type="checkbox"/> 2439 <b>b</b> <input type="checkbox"/> Rerold <b>c</b> <input type="checkbox"/> 8885 <b>d</b> <input type="checkbox"/>	<b>71</b>	
	<b>72</b>	Add lines 62, 63, 64a, and 65 through 71. These are your total payments	<b>72</b>	1,182.
<b>Refund</b>	<b>73</b>	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	<b>73</b>	
	<b>74a</b>	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <b>▶</b> <input type="checkbox"/>	<b>74a</b>	
Direct deposit? See instructions.	<b>b</b>	Routing number <u>XXXXXXXXXX</u> <b>▶ c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	<b>d</b>	Account number <u>XXXXXXXXXX</u>		
	<b>75</b>	Amount of line 73 you want applied to your 2014 estimated tax <b>▶ 75</b>		
<b>Amount You Owe</b>	<b>76</b>	Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions <b>▶</b>	<b>76</b>	9,079.
	<b>77</b>	Estimated tax penalty (see instructions)	<b>77</b>	
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input checked="" type="checkbox"/> No			
	Designee's name <b>▶</b>	Phone no. <b>▶</b>	Personal identification number (PIN) <b>▶</b>	
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Joint return? See instructions. Keep a copy for your records.	Your signature <b>▶</b>	Date <b>▶</b>	Your occupation <b>▶</b>	Daytime phone number <b>▶</b>
	Spouse's signature. If a joint return, both must sign. <b>▶</b>	Date <b>▶</b>	Spouse's occupation <b>▶</b>	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <b>▶</b>
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>▶</b>	Preparer's signature <b>▶</b>	Date <b>▶</b>	Check <input type="checkbox"/> if self-employed PTIN <b>▶</b>
	Karen A. Currin, CPA	<i>Karen A. Currin</i>	04/15/2014	01003218
	Firm's name <b>▶</b>	Firm's EIN <b>▶</b>	Phone no. <b>▶</b>	
	Phillips, Currin & Company, CPA's, LLC	20-4022503	(843) 332-3585	
	Firm's address <b>▶</b>	Phone no. <b>▶</b>		
	300 W. Home Avenue Hartsville SC 29550-4128	(843) 332-3585		

**SCHEDULE A  
(Form 1040)**

**Itemized Deductions**

OMB No. 1545-0074

**2013**

Attachment  
Sequence No. **07**

Department of the Treasury  
Internal Revenue Service (99)

► Information about Schedule A and its separate instructions is at [www.irs.gov/schedulea](http://www.irs.gov/schedulea).  
► Attach to Form 1040.

Name(s) shown on Form 1040

Your social security number

Glenn C Odum

6591

<b>Medical and Dental Expenses</b>		<b>Caution.</b> Do not include expenses reimbursed or paid by others.		
<b>1</b>	Medical and dental expenses (see instructions) . . . . .	<b>1</b>		
<b>2</b>	Enter amount from Form 1040, line 38 <b>2</b>	<b>2</b>		
<b>3</b>	Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1949, multiply line 2 by 7.5% (.075) instead	<b>3</b>		
<b>4</b>	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	<b>4</b>		
<b>Taxes You Paid</b>		<b>5 State and local (check only one box):</b>		
<b>5</b>	a <input checked="" type="checkbox"/> Income taxes, or b <input type="checkbox"/> General sales taxes	<b>5</b>	3,840.	
<b>6</b>	Real estate taxes (see instructions) . . . . .	<b>6</b>	1,680.	
<b>7</b>	Personal property taxes . . . . .	<b>7</b>	966.	
<b>8</b>	Other taxes. List type and amount ►	<b>8</b>		
<b>9</b>	Add lines 5 through 8 . . . . .	<b>9</b>		6,486.
<b>Interest You Paid</b>		<b>10 Home mortgage interest and points reported to you on Form 1098</b>		
<b>10</b>		<b>10</b>	9,953.	
<b>Note.</b> Your mortgage interest deduction may be limited (see instructions).		<b>11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ►</b>		
<b>11</b>		<b>11</b>		
<b>12</b>	Points not reported to you on Form 1098. See instructions for special rules . . . . .	<b>12</b>		
<b>13</b>	Mortgage insurance premiums (see instructions) . . . . .	<b>13</b>		
<b>14</b>	Investment interest. Attach Form 4952 if required. (See instructions.)	<b>14</b>	25,088.	
<b>15</b>	Add lines 10 through 14 . . . . .	<b>15</b>		35,041.
<b>Gifts to Charity</b>		<b>16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions . . . . .</b>		
<b>16</b>		<b>16</b>	4,820.	
<b>If you made a gift and got a benefit for it, see instructions.</b>		<b>17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500 . . . . .</b>		
<b>17</b>		<b>17</b>		
<b>18</b>	Carryover from prior year . . . . .	<b>18</b>		
<b>19</b>	Add lines 16 through 18 . . . . .	<b>19</b>		4,820.
<b>Casualty and Theft Losses</b>		<b>20 Casualty or theft loss(es). Attach Form 4684. (See instructions.) . . . . .</b>		
<b>20</b>		<b>20</b>		
<b>Job Expenses and Certain Miscellaneous Deductions</b>		<b>21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ►</b>		
<b>21</b>		<b>21</b>		
<b>22</b>	Tax preparation fees . . . . .	<b>22</b>		
<b>23</b>	Other expenses—investment, safe deposit box, etc. List type and amount ►	<b>23</b>		
<b>24</b>	Add lines 21 through 23 . . . . .	<b>24</b>		
<b>25</b>	Enter amount from Form 1040, line 38 <b>25</b>	<b>25</b>		
<b>26</b>	Multiply line 25 by 2% (.02) . . . . .	<b>26</b>		
<b>27</b>	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	<b>27</b>		
<b>Other Miscellaneous Deductions</b>		<b>28 Other—from list in instructions. List type and amount ►</b>		
<b>28</b>		<b>28</b>		
<b>Total Itemized Deductions</b>		<b>29 Is Form 1040, line 38, over \$150,000?</b>		
<b>29</b>	<input checked="" type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. <input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.	<b>29</b>		46,347.
<b>30</b>	If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>	<b>30</b>		

**SCHEDULE B**  
**(Form 1040A or 1040)**

**Interest and Ordinary Dividends**

CMB No. 1545-0074

**2013**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040A or 1040.

▶ Information about Schedule B (Form 1040A or 1040) and its instructions is at [www.irs.gov/scheduleb](http://www.irs.gov/scheduleb).

Attachment  
Sequence No. **08**

Name(s) shown on return

Glenn C Odom

Your social security number

6591

**Part I**

**Interest**

**1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ▶

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 8a.)

**Note.** If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

- 2** Add the amounts on line 1
- 3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
- 4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ▶

**Amount**

1

2

3

4

**Note.** If line 4 is over \$1,500, you must complete Part III.

**Part II**

**Ordinary Dividends**

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 9a.)

**Note.** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

**5** List name of payer ▶ Arbor One

**6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ▶

**Amount**

25,088.

5

6

25,088.

**Note.** If line 6 is over \$1,500, you must complete Part III.

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**Part III**  
**Foreign Accounts and Trusts**

(See instructions on back.)

- 7a** At any time during 2013, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions
- If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), formerly TD F 90-22.1, to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements
- b** If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located ▶
- 8** During 2013, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions on back

**Yes No**

X

X

For Paperwork Reduction Act Notice, see your tax return instructions. BAA

REV 03/03/14 PRO

Schedule B (Form 1040A or 1040) 2013

**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2013**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, or Form 1041.  
▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedulee](http://www.irs.gov/schedulee).

Attachment  
Sequence No. **13**

Name(s) shown on return

Your social security number

Glenn C Odom

6591

**Part I Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2013 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

1a	Physical address of each property (street, city, state, ZIP code)				
<b>A</b>	49 Oak Avenue Chesterfield SC 29709				
<b>B</b>	Water Office Building Mc Bee SC 29101				
<b>C</b>	133 W. Cypress Mc Bee SC 29101				
1b	Type of Property (from list below)	2	Fair Rental Days	Personal Use Days	QJV
<b>A</b>	1	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	<b>A</b> 365	0	<input type="checkbox"/>
<b>B</b>	4		<b>B</b> 0	0	<input type="checkbox"/>
<b>C</b>	1		<b>C</b> 0	0	<input type="checkbox"/>

**Type of Property:**

- 1 Single Family Residence
- 2 Multi-Family Residence
- 3 Vacation/Short-Term Rental
- 4 Commercial
- 5 Land
- 6 Royalties
- 7 Self-Rental
- 8 Other (describe)

Income:	Properties:	A	B	C
<b>3</b> Rents received	<b>3</b>	4,550.		
<b>4</b> Royalties received	<b>4</b>			
<b>Expenses:</b>				
<b>5</b> Advertising	<b>5</b>			
<b>6</b> Auto and travel (see instructions)	<b>6</b>			
<b>7</b> Cleaning and maintenance	<b>7</b>			
<b>8</b> Commissions	<b>8</b>			
<b>9</b> Insurance	<b>9</b>			
<b>10</b> Legal and other professional fees	<b>10</b>			
<b>11</b> Management fees	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions)	<b>12</b>			
<b>13</b> Other interest	<b>13</b>			
<b>14</b> Repairs	<b>14</b>			
<b>15</b> Supplies	<b>15</b>			
<b>16</b> Taxes	<b>16</b>			
<b>17</b> Utilities	<b>17</b>			
<b>18</b> Depreciation expense or depletion	<b>18</b>	1,324.	661.	422.
<b>19</b> Other (list) ▶	<b>19</b>			
<b>20</b> Total expenses. Add lines 5 through 19	<b>20</b>	1,324.	661.	422.
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	<b>21</b>	3,226.	-661.	-422.
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	<b>22</b>		( 879. )	( 499. )
<b>23a</b> Total of all amounts reported on line 3 for all rental properties	<b>23a</b>		162,684.	
<b>b</b> Total of all amounts reported on line 4 for all royalty properties	<b>23b</b>			
<b>c</b> Total of all amounts reported on line 12 for all properties	<b>23c</b>		100,907.	
<b>d</b> Total of all amounts reported on line 18 for all properties	<b>23d</b>		8,219.	
<b>e</b> Total of all amounts reported on line 20 for all properties	<b>23e</b>		109,905.	
<b>24</b> Income. Add positive amounts shown on line 21. Do not include any losses	<b>24</b>			57,159.
<b>25</b> Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	<b>25</b>			( 5,345. )
<b>26</b> Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	<b>26</b>			51,814.

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 03/03/14 PRO Schedule E (Form 1040) 2013

**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)  
▶ Attach to Form 1040, 1040NR, or Form 1041.  
▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedulee](http://www.irs.gov/schedulee).

OMB No. 1545-0074  
**2013**  
Attachment  
Sequence No. **13**

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return  
Glenn C Odom

Your social security number  
[REDACTED] 6592

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2013 that would require you to file Form(s) 1099? (see instructions)  Yes  No

**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

<b>1a</b>	Physical address of each property (street, city, state, ZIP code)
<b>A</b>	358 Oak Avenue Mc Bee SC 29101
<b>B</b>	166 West Elm Mc Bee SC 29101
<b>C</b>	119 West Cypress Mc Bee SC 29101

<b>1b</b>	Type of Property (from list below)	<b>2</b>	Fair Rental Days	Personal Use Days	QJV
<b>A</b>	1	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	<b>A</b> 365	0	<input type="checkbox"/>
<b>B</b>	1		<b>B</b> 0	0	<input type="checkbox"/>
<b>C</b>	1		<b>C</b> 0	0	<input type="checkbox"/>

**Type of Property:**

- |                           |                              |             |                    |
|---------------------------|------------------------------|-------------|--------------------|
| 1 Single Family Residence | 3 Vacation/Short-Term Rental | 5 Land      | 7 Self-Rental      |
| 2 Multi-Family Residence  | 4 Commercial                 | 6 Royalties | 8 Other (describe) |

Income:	Properties:	A	B	C
<b>3</b> Rents received	<b>3</b>	3,294.		
<b>4</b> Royalties received	<b>4</b>			
<b>Expenses:</b>				
<b>5</b> Advertising	<b>5</b>			
<b>6</b> Auto and travel (see instructions)	<b>6</b>			
<b>7</b> Cleaning and maintenance	<b>7</b>			
<b>8</b> Commissions	<b>8</b>			
<b>9</b> Insurance	<b>9</b>			
<b>10</b> Legal and other professional fees	<b>10</b>			
<b>11</b> Management fees	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions)	<b>12</b>			
<b>13</b> Other interest	<b>13</b>			
<b>14</b> Repairs	<b>14</b>	727.		
<b>15</b> Supplies	<b>15</b>			
<b>16</b> Taxes	<b>16</b>			
<b>17</b> Utilities	<b>17</b>			
<b>18</b> Depreciation expense or depletion	<b>18</b>	2,628.	877.	592.
<b>19</b> Other (list) ▶	<b>19</b>			
<b>20</b> Total expenses. Add lines 5 through 19	<b>20</b>	3,355.	877.	592.
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	<b>21</b>	-61.	-877.	-592.
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	<b>22</b>	( 61. )	( 1,008. )	( 680. )
<b>23a</b> Total of all amounts reported on line 3 for all rental properties	<b>23a</b>			
<b>b</b> Total of all amounts reported on line 4 for all royalty properties	<b>23b</b>			
<b>c</b> Total of all amounts reported on line 12 for all properties	<b>23c</b>			
<b>d</b> Total of all amounts reported on line 18 for all properties	<b>23d</b>			
<b>e</b> Total of all amounts reported on line 20 for all properties	<b>23e</b>			
<b>24</b> Income. Add positive amounts shown on line 21. Do not include any losses	<b>24</b>			
<b>25</b> Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	<b>25</b>			
<b>26</b> Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2.	<b>26</b>			

**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2013**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, or Form 1041.  
▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedulee](http://www.irs.gov/schedulee).

Attachment  
Sequence No. **13**

Name(s) shown on return

Your social security number

Glenn C Odom

6591

**Part I** **Income or Loss From Rental Real Estate and Royalties** **Note.** If you are in the business of renting personal property, use **Schedule C or C-EZ** (see instructions). If you are an individual, report farm rental income or loss from **Form 4835** on page 2, line 40.

- A** Did you make any payments in 2013 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

**1a** Physical address of each property (street, city, state, ZIP code)

<b>A</b>	McBee SC Mc Bee SC 29101
<b>B</b>	14 West Juniper Mc Bee SC 29101
<b>C</b>	

	Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the <b>QJV</b> box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days		Personal Use Days	QJV
			A	B	C	
<b>A</b>	5		365	0	0	<input type="checkbox"/>
<b>B</b>			0	0	0	<input type="checkbox"/>
<b>C</b>						<input type="checkbox"/>

**Type of Property:**

- 1 Single Family Residence    3 Vacation/Short-Term Rental    5 Land    7 Self-Rental  
 2 Multi-Family Residence    4 Commercial    6 Royalties    8 Other (describe)

Income:	Properties:	A	B	C
<b>3</b> Rents received	<b>3</b>	154,840.		
<b>4</b> Royalties received	<b>4</b>			
<b>Expenses:</b>				
<b>5</b> Advertising	<b>5</b>			
<b>6</b> Auto and travel (see instructions)	<b>6</b>			
<b>7</b> Cleaning and maintenance	<b>7</b>			
<b>8</b> Commissions	<b>8</b>			
<b>9</b> Insurance	<b>9</b>			
<b>10</b> Legal and other professional fees	<b>10</b>			
<b>11</b> Management fees	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions)	<b>12</b>	100,907.		
<b>13</b> Other interest	<b>13</b>			
<b>14</b> Repairs	<b>14</b>			
<b>15</b> Supplies	<b>15</b>			
<b>16</b> Taxes	<b>16</b>			
<b>17</b> Utilities	<b>17</b>		52.	
<b>18</b> Depreciation expense or depletion	<b>18</b>		2,715.	
<b>19</b> Other (list) ▶ deposit refund	<b>19</b>		0.	
<b>20</b> Total expenses. Add lines 5 through 19	<b>20</b>	100,907.	1,767.	
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file <b>Form 6198</b>	<b>21</b>	53,933.	-1,767.	
<b>22</b> Deductible rental real estate loss after limitation, if any, on <b>Form 8582</b> (see instructions)	<b>22</b>	( )	( 2,218. )	( )
<b>23a</b> Total of all amounts reported on line 3 for all rental properties	<b>23a</b>			
<b>b</b> Total of all amounts reported on line 4 for all royalty properties	<b>23b</b>			
<b>c</b> Total of all amounts reported on line 12 for all properties	<b>23c</b>			
<b>d</b> Total of all amounts reported on line 18 for all properties	<b>23d</b>			
<b>e</b> Total of all amounts reported on line 20 for all properties	<b>23e</b>			
<b>24</b> <b>Income.</b> Add positive amounts shown on line 21. Do not include any losses	<b>24</b>			
<b>25</b> <b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	<b>25</b>			( )
<b>26</b> <b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2.	<b>26</b>			

Name(s) shown on return. Do not enter name and social security number if shown on other side. Your social security number  
 Glenn C Odom ██████████ 5591

**Caution.** The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

**Part II Income or Loss From Partnerships and S Corporations** Note. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk, excess farm loss, or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section.  Yes  No

28	(a) Name	(b) Enter P for partnership, S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	DK Properties	P	<input type="checkbox"/>	56-2071988	<input type="checkbox"/>
B	Sandhills Restaurant Group, Inc.	S	<input type="checkbox"/>	56-0273128	<input type="checkbox"/>
C	Odom & Associates, Inc.	S	<input type="checkbox"/>	57-1063214	<input type="checkbox"/>
D	McBee Builders	S	<input type="checkbox"/>	20-1286286	<input type="checkbox"/>

Passive Income and Loss		Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 6582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A				
B			1,651.	26,961.
C			12,883.	28,610.
D				0.
<b>29a Totals</b>	2,529.			55,571.
<b>b Totals</b>			14,534.	
<b>30</b> Add columns (g) and (j) of line 29a				<b>30</b> 58,300.
<b>31</b> Add columns (f), (h), and (i) of line 29b				<b>31</b> ( 14,534. )
<b>32</b> Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below				<b>32</b> 43,766.

**Part III Income or Loss From Estates and Trusts**

33	(a) Name	(b) Employer identification number
A		
B		

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 6582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
<b>34a Totals</b>			
<b>b Totals</b>			
<b>35</b> Add columns (d) and (f) of line 34a			<b>35</b>
<b>36</b> Add columns (c) and (e) of line 34b			<b>36</b> ( )
<b>37</b> Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below			<b>37</b>

**Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) -- Residual Holder**

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3a
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				<b>39</b>

**Part V Summary**

<b>40</b>	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	<b>40</b>	
<b>41</b>	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 15	<b>41</b>	95,380.
<b>42</b>	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code V; and Schedule K-1 (Form 1041), box 14, code F (see instructions)	<b>42</b>	
<b>43</b>	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	<b>43</b>	

Form **3800**

**General Business Credit**

OMB No. 1545-0895

Department of the Treasury  
Internal Revenue Service (99)

► Information about Form 3800 and its separate instructions is at [www.irs.gov/form3800](http://www.irs.gov/form3800).  
► You must attach all pages of Form 3800, pages 1, 2, and 3, to your tax return.

**2013**  
Attachment  
Sequence No. **22**

Name(s) shown on return

Identifying number

Glenn C Odom

6591

**Part I Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)**  
(See instructions and complete Part(s) III before Parts I and II)

1	General business credit from line 2 of all Parts III with box A checked	1	
2	Passive activity credits from line 2 of all Parts III with box B checked <b>2</b>	2	
3	Enter the applicable passive activity credits allowed for 2013 (see instructions)	3	
4	Carryforward of general business credit to 2013. Enter the amount from line 2 of Part III with box C checked. See instructions for statement to attach	4	
5	Carryback of general business credit from 2014. Enter the amount from line 2 of Part III with box D checked (see instructions)	5	
6	Add lines 1, 3, 4, and 5	6	

**Part II Allowable Credit**

7	Regular tax before credits: • Individuals. Enter the amount from Form 1040, line 44, or Form 1040NR, line 42 • Corporations. Enter the amount from Form 1120, Schedule J, Part I, line 2; or the applicable line of your return • Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b; or the amount from the applicable line of your return	7	14,376.
8	Alternative minimum tax: • Individuals. Enter the amount from Form 6251, line 35 • Corporations. Enter the amount from Form 4626, line 14 • Estates and trusts. Enter the amount from Schedule I (Form 1041), line 56	8	0.
9	Add lines 7 and 8	9	14,376.
10a	Foreign tax credit	10a	
b	Certain allowable credits (see instructions)	10b	
c	Add lines 10a and 10b	10c	
11	<b>Net income tax.</b> Subtract line 10c from line 9. If zero, skip lines 12 through 15 and enter -0- on line 16	11	14,376.
12	<b>Net regular tax.</b> Subtract line 10c from line 7. If zero or less, enter -0-	12	14,376.
13	Enter 25% (.25) of the excess, if any, of line 12 over \$25,000 (see instructions)	13	469.
14	Tentative minimum tax: • Individuals. Enter the amount from Form 6251, line 33 • Corporations. Enter the amount from Form 4626, line 12 • Estates and trusts. Enter the amount from Schedule I (Form 1041), line 54	14	11,418.
15	Enter the greater of line 13 or line 14	15	11,418.
16	Subtract line 15 from line 11. If zero or less, enter -0-	16	2,958.
17	Enter the <b>smaller</b> of line 6 or line 16 <b>C corporations:</b> See the line 17 instructions if there has been an ownership change, acquisition, or reorganization.	17	0.

For Paperwork Reduction Act Notice, see separate instructions.

BAA

REV 03/03/14 PRO

Form **3800** (2013)

**Part II Allowable Credit (Continued)**

**Note.** If you are not required to report any amounts on lines 22 or 24 below, skip lines 18 through 25 and enter -0- on line 26.

18	Multiply line 14 by 75% (.75) (see instructions)	18	
19	Enter the greater of line 13 or line 18	19	
20	Subtract line 19 from line 11. If zero or less, enter -0-	20	
21	Subtract line 17 from line 20. If zero or less, enter -0-	21	
22	Combine the amounts from line 3 of all Parts III with box A, C, or D checked	22	
23	Passive activity credit from line 3 of all Parts III with box B checked	23	
24	Enter the applicable passive activity credit allowed for 2013 (see instructions)	24	
25	Add lines 22 and 24	25	
26	Empowerment zone and renewal community employment credit allowed. Enter the smaller of line 21 or line 25	26	0.
27	Subtract line 13 from line 11. If zero or less, enter -0-	27	13,907.
28	Add lines 17 and 26	28	0.
29	Subtract line 28 from line 27. If zero or less, enter -0-	29	13,907.
30	Enter the general business credit from line 5 of all Parts III with box A checked	30	4,115.
31	Reserved	31	
32	Passive activity credits from line 5 of all Parts III with box B checked	32	
33	Enter the applicable passive activity credits allowed for 2013 (see instructions)	33	
34	Carryforward of business credit to 2013. Enter the amount from line 5 of Part III with box C checked and line 6 of Part III with box G checked. See instructions for statement to attach	34	
35	Carryback of business credit from 2014. Enter the amount from line 5 of Part III with box D checked (see instructions)	35	
36	Add lines 30, 33, 34, and 35	36	4,115.
37	Enter the smaller of line 29 or line 36	37	4,115.
38	<b>Credit allowed for the current year.</b> Add lines 28 and 37. Report the amount from line 38 (if smaller than the sum of Part I, line 6, and Part II, lines 25 and 36, see instructions) as indicated below or on the applicable line of your return: <ul style="list-style-type: none"> <li>• Individuals. Form 1040, line 53, or Form 1040NR, line 50</li> <li>• Corporations. Form 1120, Schedule J, Part I, line 5c</li> <li>• Estates and trusts. Form 1041, Schedule G, line 2b</li> </ul>	38	4,115.

Name(s) shown on return

Glenn C Odom

Identifying number

6591

Part III General Business Credits or Eligible Small Business Credits (see instructions)

Complete a separate Part III for each box checked below. (see instructions)

- A [X] General Business Credit From a Non-Passive Activity
B [ ] General Business Credit From a Passive Activity
C [ ] General Business Credit Carryforwards
D [ ] General Business Credit Carrybacks
E [ ] Reserved
F [ ] Reserved
G [ ] Eligible Small Business Credit Carryforwards
H [ ] Reserved

I If you are filing more than one Part III with box A or B checked, complete and attach first an additional Part III combining amounts from all Parts III with box A or B checked. Check here if this is the consolidated Part III

Table with 3 columns: (a) Description of credit, (b) If claiming the credit from a pass-through entity, enter the EIN, (c) Enter the appropriate amount. Rows include 1a-1zz, 2, 3, 4a-4z, 5, 6.

**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

**2013**

Department of the Treasury  
Internal Revenue Service

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at [www.irs.gov/form4797](http://www.irs.gov/form4797).

Attachment  
Sequence No. **27**

Name(s) shown on return: Glenn C Odom Identifying number: 6591

**1** Enter the gross proceeds from sales or exchanges reported to you for 2013 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . . . **1**

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year** (see instructions)

<b>2</b>	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	Trailer	09/06/2007	01/01/2013	0.	2,430.	2,500.	-70.
	From K-1						-4,233.

**3** Gain, if any, from Form 4684, line 39 . . . . . **3**

**4** Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . . **4**

**5** Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . . **5**

**6** Gain, if any, from line 32, from other than casualty or theft. . . . . **6**

**7** Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . . **7** align="right">-4,303.

**Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

**8** Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . . **8**

**9** Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . . **9**

**Part II Ordinary Gains and Losses** (see instructions)

**10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


**11** Loss, if any, from line 7 . . . . . **11** align="right">( 4,303. )

**12** Gain, if any, from line 7 or amount from line 8, if applicable . . . . . **12**

**13** Gain, if any, from line 31 . . . . . **13**

**14** Net gain or (loss) from Form 4684, lines 31 and 38a . . . . . **14**

**15** Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . . **15**

**16** Ordinary gain or (loss) from like-kind exchanges from Form 8824. . . . . **16**

**17** Combine lines 10 through 16 . . . . . **17** align="right">-4,303.

**18** For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

**a** If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(i), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions . . . . . **18a**

**b** Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . . **18b** align="right">-4,303.

**Alternative Minimum Tax—Individuals**

Department of the Treasury  
Internal Revenue Service (99)

Information about Form 6251 and its separate instructions is at [www.irs.gov/form6251](http://www.irs.gov/form6251).  
Attach to Form 1040 or Form 1040NR.

**2013**  
Attachment  
Sequence No. **32**

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

Glenn C Odum

6591

**Part I Alternative Minimum Taxable Income** (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.)	1	77,836.
2	Medical and dental. If you or your spouse was 65 or older, enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	
3	Taxes from Schedule A (Form 1040), line 9	3	6,486.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	
6	If Form 1040, line 38, is \$150,000 or less, enter -0-. Otherwise, see instructions	6	( 0. )
7	Tax refund from Form 1040, line 10 or line 21	7	( )
8	Investment interest expense (difference between regular tax and AMT)	8	0.
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Alternative tax net operating loss deduction	11	( )
12	Interest from specified private activity bonds exempt from the regular tax	12	
13	Qualified small business stock (7% of gain excluded under section 1202)	13	0.
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	14	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	15	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	16	
17	Disposition of property (difference between AMT and regular tax gain or loss)	17	-27.
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	18	-1,799.
19	Passive activities (difference between AMT and regular tax income or loss)	19	546.
20	Loss limitations (difference between AMT and regular tax income or loss)	20	
21	Circulation costs (difference between regular tax and AMT)	21	
22	Long-term contracts (difference between AMT and regular tax income)	22	
23	Mining costs (difference between regular tax and AMT)	23	
24	Research and experimental costs (difference between regular tax and AMT)	24	
25	Income from certain installment sales before January 1, 1987	25	( )
26	Intangible drilling costs preference	26	
27	Other adjustments, including income-based related adjustments	27	
28	<b>Alternative minimum taxable income.</b> Combine lines 1 through 27. (If married filing separately and line 28 is more than \$238,550, see instructions.)	28	82,842.

**Part II Alternative Minimum Tax (AMT)**

29	Exemption. (If you were under age 24 at the end of 2013, see instructions.) IF your filing status is . . . AND line 28 is not over . . . THEN enter on line 29 . . . Single or head of household . . . \$115,400 . . . \$51,900 Married filing jointly or qualifying widow(er) . . . 153,900 . . . 80,800 Married filing separately . . . 76,950 . . . 40,400 If line 28 is over the amount shown above for your filing status, see instructions.	29	38,927.
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 31, 33, and 35, and go to line 34	30	63,915.
31	• If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter. • If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as figured for the AMT, if necessary), complete Part III on the back and enter the amount from line 60 here. • All others: If line 30 is \$179,500 or less (\$89,750 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,590 (\$1,795 if married filing separately) from the result.	31	11,418.
32	Alternative minimum tax foreign tax credit (see instructions)	32	
33	Tentative minimum tax. Subtract line 32 from line 31	33	11,418.
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 47). If you used Schedule J to figure your tax, the amount from line 44 of Form 1040 must be figured without using Schedule J (see instructions)	34	14,376.
35	<b>AMT.</b> Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	35	0.

**Part III Tax Computation Using Maximum Capital Gains Rates**

Complete Part III only if you are required to do so by line 31 or by the Foreign Earned Income Tax Worksheet in the instructions.

36	Enter the amount from Form 6251, line 30. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions for line 31 . . . . .		<b>36</b>
37	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as refigured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter . . . . .		<b>37</b>
38	Enter the amount from Schedule D (Form 1040), line 19 (as refigured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter . . . . .		<b>38</b>
39	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the <b>smaller</b> of that result or the amount from line 10 of the Schedule D Tax Worksheet (as refigured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter . . . . .		<b>39</b>
40	Enter the <b>smaller</b> of line 36 or line 39 . . . . .		<b>40</b>
41	Subtract line 40 from line 36 . . . . .		<b>41</b>
42	If line 41 is \$179,500 or less (\$89,750 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,590 (\$1,795 if married filing separately) from the result . . . . . ▶		<b>42</b>
43	Enter: <ul style="list-style-type: none"> <li>▪ \$72,500 if married filing jointly or qualifying widow(er),</li> <li>▪ \$36,250 if single or married filing separately, or</li> <li>▪ \$48,600 if head of household.</li> </ul>		<b>43</b>
44	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 43; but do not enter less than -0- . . . . .		<b>44</b>
45	Subtract line 44 from line 43. If zero or less, enter -0- . . . . .		<b>45</b>
46	Enter the <b>smaller</b> of line 36 or line 37 . . . . .		<b>46</b>
47	Enter the <b>smaller</b> of line 45 or line 46. This amount is taxed at 0% . . . . .		<b>47</b>
48	Subtract line 47 from line 46 . . . . .		<b>48</b>
49	Enter the amount from the Line 49 Worksheet in the instructions . . . . .		<b>49</b>
50	Enter the smaller of line 48 or line 49 . . . . .		<b>50</b>
51	Multiply line 50 by 15% (.15) . . . . . ▶		<b>51</b>
52	Add lines 47 and 50 . . . . .		<b>52</b>
53	<b>If lines 52 and 36 are the same, skip lines 53 through 57 and go to line 58. Otherwise, go to line 53.</b> Subtract line 52 from line 46 . . . . .		<b>53</b>
54	Multiply line 53 by 20% (.20) . . . . . ▶		<b>54</b>
55	<b>If line 38 is zero or blank, skip lines 55 through 57 and go to line 58. Otherwise, go to line 55.</b> Add lines 41, 52, and 53 . . . . .		<b>55</b>
56	Subtract line 55 from line 36 . . . . .		<b>56</b>
57	Multiply line 56 by 25% (.25) . . . . . ▶		<b>57</b>
58	Add lines 42, 51, 54, and 57 . . . . .		<b>58</b>
59	If line 36 is \$179,500 or less (\$89,750 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,590 (\$1,795 if married filing separately) from the result . . . . .		<b>59</b>
60	Enter the <b>smaller</b> of line 58 or line 59 here and on line 31. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 31. Instead, enter it on line 4 of the worksheet in the instructions for line 31 . . . . .		<b>60</b>

**Investment Interest Expense Deduction**  
 ▶ Information about Form 4952 and its instructions is at [www.irs.gov/form4952](http://www.irs.gov/form4952).  
 ▶ Attach to your tax return.

Name(s) shown on return: Glenn C Odom Identifying number: [REDACTED]-6591

**Part I Total Investment Interest Expense**

<b>1</b>	Investment interest expense paid or accrued in 2013 (see instructions)	<b>1</b>	
<b>2</b>	Disallowed investment interest expense from 2012 Form 4952, line 7	<b>2</b>	57,762.
<b>3</b>	<b>Total investment interest expense.</b> Add lines 1 and 2	<b>3</b>	57,762.

**Part II Net Investment Income**

<b>4a</b>	Gross income from property held for investment (excluding any net gain from the disposition of property held for investment)	<b>4a</b>	25,088.	
<b>4b</b>	Qualified dividends included on line 4a	<b>4b</b>	0.	
<b>4c</b>	Subtract line 4b from line 4a	<b>4c</b>		25,088.
<b>4d</b>	Net gain from the disposition of property held for investment	<b>4d</b>		
<b>4e</b>	Enter the smaller of line 4d or your net capital gain from the disposition of property held for investment (see instructions)	<b>4e</b>		
<b>4f</b>	Subtract line 4e from line 4d	<b>4f</b>		0.
<b>4g</b>	Enter the amount from lines 4b and 4e that you elect to include in investment income (see instructions)	<b>4g</b>		
<b>4h</b>	Investment income. Add lines 4c, 4f, and 4g	<b>4h</b>		25,088.
<b>5</b>	Investment expenses (see instructions)	<b>5</b>		
<b>6</b>	<b>Net investment income.</b> Subtract line 5 from line 4h. If zero or less, enter -0-	<b>6</b>		25,088.

**Part III Investment Interest Expense Deduction**

<b>7</b>	Disallowed investment interest expense to be carried forward to 2014. Subtract line 6 from line 3. If zero or less, enter -0-	<b>7</b>	32,674.
<b>8</b>	<b>Investment interest expense deduction.</b> Enter the smaller of line 3 or 6. See instructions	<b>8</b>	25,088.



**Passive Activity Loss Limitations**

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1041.

▶ Information about Form 8582 and its instructions is available at [www.irs.gov/form8582](http://www.irs.gov/form8582).

Name(s) shown on return  
 Glenn C Odom

Identifying number  
 6591

**Part I 2013 Passive Activity Loss**

Caution: Complete Worksheets 1, 2, and 3 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation, see Special Allowance for Rental Real Estate Activities in the instructions.)			
1a	Activities with net income (enter the amount from Worksheet 1, column (a))	1a	
1b	Activities with net loss (enter the amount from Worksheet 1, column (b))	1b	
1c	Prior years unallowed losses (enter the amount from Worksheet 1, column (c))	1c	
d	Combine lines 1a, 1b, and 1c	1d	
Commercial Revitalization Deductions From Rental Real Estate Activities			
2a	Commercial revitalization deductions from Worksheet 2, column (a)	2a	
2b	Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b)	2b	
c	Add lines 2a and 2b	2c	
All Other Passive Activities			
3a	Activities with net income (enter the amount from Worksheet 3, column (a))	3a	5,755.
3b	Activities with net loss (enter the amount from Worksheet 3, column (b))	3b	4,380.
3c	Prior years unallowed losses (enter the amount from Worksheet 3, column (c))	3c	965.
d	Combine lines 3a, 3b, and 3c	3d	410.
4	Combine lines 1d, 2c, and 3d. If this line is zero or more, stop here and include this form with your return; all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. Report the losses on the forms and schedules normally used	4	410.

- If line 4 is a loss and:
- Line 1d is a loss, go to Part II.
  - Line 2c is a loss (and line 1d is zero or more), skip Part II and go to Part III.
  - Line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II or Part III. Instead, go to line 15.

**Part II Special Allowance for Rental Real Estate Activities With Active Participation**

Note: Enter all numbers in Part II as positive amounts. See instructions for an example.

5	Enter the smaller of the loss on line 1d or the loss on line 4	5	
6	Enter \$150,000. If married filing separately, see instructions	6	
7	Enter modified adjusted gross income, but not less than zero (see instructions)	7	
Note: If line 7 is greater than or equal to line 6, skip lines 8 and 9, enter -0- on line 10. Otherwise, go to line 8.			
8	Subtract line 7 from line 6	8	
9	Multiply line 8 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see instructions	9	
10	Enter the smaller of line 5 or line 9	10	0.

If line 2c is a loss, go to Part III. Otherwise, go to line 15.

**Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities**

Note: Enter all numbers in Part III as positive amounts. See the example for Part II in the instructions.

11	Enter \$25,000 reduced by the amount, if any, on line 10. If married filing separately, see instructions	11	
12	Enter the loss from line 4	12	
13	Reduce line 12 by the amount on line 10	13	
14	Enter the smallest of line 2c (treated as a positive amount), line 11, or line 13	14	

**Part IV Total Losses Allowed**

15	Add the income, if any, on lines 1a and 3a and enter the total	15	
16	Total losses allowed from all passive activities for 2013. Add lines 10, 14, and 15. See instructions to find out how to report the losses on your tax return	16	

**Caution:** *The worksheets must be filed with your tax return. Keep a copy for your records.*

**Worksheet 1 – For Form 8582, Lines 1a, 1b, and 1c (See instructions.)**

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 1a)	(b) Net loss (line 1b)	(c) Unallowed loss (line 1c)	(d) Gain	(e) Loss
<b>Total. Enter on Form 8582, lines 1a, 1b, and 1c</b>					

**Worksheet 2 – For Form 8582, Lines 2a and 2b (See instructions.)**

Name of activity	(a) Current year deductions (line 2a)	(b) Prior year unallowed deductions (line 2b)	(c) Overall loss
<b>Total. Enter on Form 8582, lines 2a and 2b</b>			

**Worksheet 3 – For Form 8582, Lines 3a, 3b, and 3c (See instructions.)**

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 3a)	(b) Net loss (line 3b)	(c) Unallowed loss (line 3c)	(d) Gain	(e) Loss
49 Oak Avenue	3,226.	0.		3,226.	
Water Office Building	0.	661.	218.		879.
133 W. Cypress	0.	422.	77.		499.
358 Oak Avenue	0.	61.			61.
See Passive Wkst 3	2,529.	3,236.	670.		
<b>Total. Enter on Form 8582, lines 3a, 3b, and 3c</b>	5,755.	4,380.	965.		

**Worksheet 4 – Use this worksheet if an amount is shown on Form 8582, line 10 or 14 (See instructions.)**

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Special allowance	(d) Subtract column (c) from column (a)
<b>Total</b>			1.00		

**Worksheet 5 – Allocation of Unallowed Losses (See instructions.)**

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Unallowed loss
<b>Total</b>			1.00	

Form **4562**

**Depreciation and Amortization  
(Including Information on Listed Property)**

OMB No. 1545-0172

**2013**

Attachment  
Sequence No. **179**

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return

Glenn C Odom

Business or activity to which this form relates

Section 179 Summary

Identifying number

6591

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	0.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	from Schedule K-1		14,534.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	14,534.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	14,534.
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	0.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 9 (see instructions)	11	62,517.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	14,534.
13	Carryover of disallowed deduction to 2014. Add lines 9 and 10, less line 12	13	0.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B—Assets Placed in Service During 2013 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs		S/L	
h	Residential rental property		27.5 yrs	MM	S/L	
i	Nonresidential real property		27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System**

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year		40 yrs.	MM	S/L	

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions. BAA

REV 2/02/13 PRO

Form **4562** (2013)

**Additional information from your 2013 Federal Tax Return**

Form 8582: Passive Activity Loss Limitations (Copy 1)

Passive Worksheet 3

Continuation Statement

Activity Name	Current Year Net Inc	Current Year Net Loss	Prior Year Unallowed Loss	Overall Gain	Overall Loss
166 West Elm	0.	877.	131.		1,008.
119 West Cypress	0.	592.	88.		680.
14 West Juniper	0.	1,767.	451.		2,218.
OK Properties	2,529.	0.		2,529.	
<b>Total</b>	2,529.	3,236.	670.		

—  
—  
—  
—  
—

For the year Jan. 1-Dec. 31, 2014, or other tax year beginning 2014, ending 2014, See separate instructions.

Your first name and initial: Glenn C Last name: Odom  
 If a joint return, spouse's first name and initial: Last name: Spouse's social security number: [REDACTED]-6591

Home address (number and street), if you have a P.O. box, see instructions: PO Box 576 Apt. no.:  
 City, town or post office, state, and ZIP code, if you have a foreign address, also complete spaces below (see instructions): McBee SC 29101

Foreign country name: Foreign province/state/country: Foreign postal code:  
 Presidential Election Campaign: Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  You  Spouse

**Filing Status**  
 1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately. Enter spouse's SSN above and full name here. ▶  
 4  Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶  
 5  Qualifying widow(er) with dependent child

**Exemptions**  
 6a  Yourself. If someone can claim you as a dependent, do not check box 6a.  
 b  Spouse  
 c Dependents:  
 (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4)  if child under age 17 qualifying for child tax credit (see instructions)  
 d Total number of exemptions claimed: 1

**Income**

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	11,222.
8a	Taxable interest. Attach Schedule B if required	8a	29.
b	Tax-exempt interest. Do not include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	22,989.
b	Qualified dividends	9b	172.
10	Taxable refunds, credits, or offsets of state and local income taxes	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	13	
14	Other gains or (losses). Attach Form 4797	14	-221.
15a	IRA distributions	15a	
b	Taxable amount	15b	
16a	Pensions and annuities	16a	
b	Taxable amount	16b	7,343.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	402,547.
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	21,020.
b	Taxable amount	20b	17,867.
21	Other income. List type and amount	21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	461,776.

**Adjusted Gross Income**

23	Educator expenses	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	Deductible part of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶ [REDACTED] 0628	31a	110,808.
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 35	36	110,808.
37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37	350,968.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. BAA 10 (2014)

PETITIONER 2319





**SCHEDULE A  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Itemized Deductions**

► Information about Schedule A and its separate instructions is at [www.irs.gov/schedulea](http://www.irs.gov/schedulea).  
► Attach to Form 1040.

OMB No. 1545-0074

**2014**  
Attachment  
Sequence No. 07

Name(s) shown on Form 1040  
Glenn C Odom

Your social security number  
[REDACTED]-6591

<b>Medical and Dental Expenses</b>		<b>Caution.</b> Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1	734.		
2	Enter amount from Form 1040, line 38 [2] 350,968.				
3	Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1950, multiply line 2 by 7.5% (.075) instead	3	26,323.		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			0.
<b>Taxes You Paid</b>		<b>5 State and local (check only one box):</b>			
	a <input checked="" type="checkbox"/> Income taxes, or	5	4,632.		
	b <input type="checkbox"/> General sales taxes				
6	Real estate taxes (see instructions)	6	5,929.		
7	Personal property taxes	7	44.		
8	Other taxes. List type and amount ►	8			
9	Add lines 5 through 8	9			10,605.
<b>Interest You Paid</b>		<b>10 Home mortgage interest and points reported to you on Form 1098</b>		10	11,076.
<b>Note.</b> Your mortgage interest deduction may be limited (see instructions).		<b>11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ►</b>		11	
12	Points not reported to you on Form 1098. See instructions for special rules	12			
13	Mortgage insurance premiums (see instructions)	13			
14	Investment interest. Attach Form 4952 if required. (See instructions.)	14			
15	Add lines 10 through 14	15			11,076.
<b>Gifts to Charity</b>		<b>16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions.</b>		16	9,936.
<b>If you made a gift and got a benefit for it, see instructions.</b>		<b>17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500</b>		17	
18	Carryover from prior year	18			
19	Add lines 16 through 18	19			9,936.
<b>Casualty and Theft Losses</b>		<b>20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)</b>		20	
<b>Job Expenses and Certain Miscellaneous Deductions</b>		<b>21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ►</b>		21	
22	Tax preparation fees	22	6,329.		
23	Other expenses—investment, safe deposit box, etc. List type and amount ► <u>Attorney and Accounting Fees</u>	23	77,691.		
24	Add lines 21 through 23	24	84,020.		
25	Enter amount from Form 1040, line 38 [25] 350,968.	25			
26	Multiply line 25 by 2% (.02)	26	7,019.		
27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27			77,001.
<b>Other Miscellaneous Deductions</b>		<b>28 Other—from list in instructions. List type and amount ►</b>		28	
<b>Total Itemized Deductions</b>		<b>29 Is Form 1040, line 38, over \$152,525?</b>		29	105,715.
		<input type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.			
		<input checked="" type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.			
		<b>30 If you elect to itemize deductions even though they are less than your standard deduction, check here</b> <input type="checkbox"/>			

For Paperwork Reduction Act Notice, see Form 1040 Instructions. BAA

REV 12/30/14 PRO

Schedule A (Form 1040) 2014

**SCHEDULE B**  
(Form 1040A or 1040)

**Interest and Ordinary Dividends**

OMB No. 1545-0074

**2014**  
Attachment  
Sequence No. **08**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040A or 1040.  
▶ Information about Schedule B and its instructions is at [www.irs.gov/scheduleb](http://www.irs.gov/scheduleb).

Name(s) shown on return  
Glenn C Odom

Your social security number  
[REDACTED]-6591

**Part I**

**Interest**

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 8a.)

**Note.** If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

- 1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ▶  
Odom & Associates, Inc.
- 2** Add the amounts on line 1 . . . . .
- 3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 . . . . .
- 4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a . . . . .

	Amount
1	29.
2	29.
3	
4	29.

**Note.** If line 4 is over \$1,500, you must complete Part III.

**Part II**

**Ordinary Dividends**

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 9a.)

**Note.** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

- 5** List name of payer ▶ Regional Bankshares Inc.  
Arbor One
- 6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a . . . . .

	Amount
5	172. 22,817.
6	22,989.

**Note.** If line 6 is over \$1,500, you must complete Part III.

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**Part III**  
**Foreign**  
**Accounts**  
**and Trusts**

(See instructions on back.)

- 7a** At any time during 2014, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions . . . . .
- If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements . . . . .
- b** If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located ▶
- 8** During 2014, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions on back . . . . .

Yes	No
	X
	X

**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2014**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, or Form 1041.  
▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedulee](http://www.irs.gov/schedulee).

Attachment  
Sequence No. **13**

Name(s) shown on return  
Glenn C Odom

Your social security number  
[REDACTED] 6591

**Part I Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2014 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

**1a** Physical address of each property (street, city, state, ZIP code)

<b>A</b>	49 Oak Avenue Chesterfield SC 29709
<b>B</b>	22 North 3rd Street Mc Bee SC 29101
<b>C</b>	133 W. Cypress Mc Bee SC 29101

1b	Type of Property (from list below)	2	Fair Rental Days	Personal Use Days	QJV
<b>A</b>	1	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the <b>QJV</b> box only if you meet the requirements to file as a qualified joint venture. See instructions.	<b>A</b> 365	0	<input type="checkbox"/>
<b>B</b>	1		<b>B</b> 365	0	<input type="checkbox"/>
<b>C</b>	1		<b>C</b> 0	0	<input type="checkbox"/>

**Type of Property:**

- |                           |                              |             |                    |
|---------------------------|------------------------------|-------------|--------------------|
| 1 Single Family Residence | 3 Vacation/Short-Term Rental | 5 Land      | 7 Self-Rental      |
| 2 Multi-Family Residence  | 4 Commercial                 | 6 Royalties | 8 Other (describe) |

Income:	Properties:	A	B	C
<b>3</b> Rents received . . . . .	<b>3</b>	4,675.	6,000.	0.
<b>4</b> Royalties received . . . . .	<b>4</b>			

**Expenses:**

<b>5</b> Advertising . . . . .	<b>5</b>			
<b>6</b> Auto and travel (see instructions) . . . . .	<b>6</b>			
<b>7</b> Cleaning and maintenance . . . . .	<b>7</b>			
<b>8</b> Commissions . . . . .	<b>8</b>			
<b>9</b> Insurance . . . . .	<b>9</b>			
<b>10</b> Legal and other professional fees . . . . .	<b>10</b>			
<b>11</b> Management fees . . . . .	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions)	<b>12</b>			
<b>13</b> Other interest . . . . .	<b>13</b>			
<b>14</b> Repairs . . . . .	<b>14</b>			
<b>15</b> Supplies . . . . .	<b>15</b>	617.		
<b>16</b> Taxes . . . . .	<b>16</b>	1,193.		
<b>17</b> Utilities . . . . .	<b>17</b>			
<b>18</b> Depreciation expense or depletion . . . . .	<b>18</b>	1,379.	692.	444.
<b>19</b> Other (list) ▶ . . . . .	<b>19</b>			
<b>20</b> Total expenses. Add lines 5 through 19 . . . . .	<b>20</b>	3,189.	692.	444.
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198 . . . . .	<b>21</b>	1,486.	5,308.	-444.
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions) . . . . .	<b>22</b>	( )	( )	( 444. )

<b>23a</b> Total of all amounts reported on line 3 for all rental properties . . . . .	<b>23a</b>	142,570.		
<b>b</b> Total of all amounts reported on line 4 for all royalty properties . . . . .	<b>23b</b>			
<b>c</b> Total of all amounts reported on line 12 for all properties . . . . .	<b>23c</b>	106,749.		
<b>d</b> Total of all amounts reported on line 18 for all properties . . . . .	<b>23d</b>	8,803.		
<b>e</b> Total of all amounts reported on line 20 for all properties . . . . .	<b>23e</b>	121,597.		
<b>24</b> <b>Income.</b> Add positive amounts shown on line 21. Do not include any losses . . . . .	<b>24</b>			28,766.
<b>25</b> <b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here . . . . .	<b>25</b>			( 7,793. )
<b>26</b> <b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2. NEA . . . . .	<b>26</b>			20,973.

**SCHEDULE E  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return  
Glenn C Odom

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041.

▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedulee](http://www.irs.gov/schedulee).

OMB No. 1545-0074

**2014**

Attachment  
Sequence No. 13

Your social security number  
[REDACTED] 6591

**Part I Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2014 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

**1a** Physical address of each property (street, city, state, ZIP code)  
**A** 356 Oak Avenue Mc Bee SC 29101  
**B** 166 West Elm Mc Bee SC 29101  
**C** 119 West Cypress Mc Bee SC 29101

1b	Type of Property (from list below)	2	Fair Rental Days	Personal Use Days	QJV
A	1	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the <b>QJV</b> box only if you meet the requirements to file as a qualified joint venture. See instructions.	A 0	0	<input type="checkbox"/>
B	1		B 0	0	<input type="checkbox"/>
C	1		C 0	0	<input type="checkbox"/>

**Type of Property:**

- 1 Single Family Residence    3 Vacation/Short-Term Rental    5 Land    7 Self-Rental  
 2 Multi-Family Residence    4 Commercial    6 Royalties    8 Other (describe)

Income:	Properties:	A	B	C
3 Rents received	3		300.	
4 Royalties received	4			
<b>Expenses:</b>				
5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see instructions)	12			
13 Other interest	13			
14 Repairs	14			
15 Supplies	15			
16 Taxes	16			
17 Utilities	17			
18 Depreciation expense or depletion	18	2,753.	919.	612.
19 Other (list) ▶	19			
20 Total expenses. Add lines 5 through 19	20	2,753.	919.	612.
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	-2,753.	-619.	-612.
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	( 2,753. )	( 619. )	( 612. )
23a Total of all amounts reported on line 3 for all rental properties	23a			
b Total of all amounts reported on line 4 for all royalty properties	23b			
c Total of all amounts reported on line 12 for all properties	23c			
d Total of all amounts reported on line 18 for all properties	23d			
e Total of all amounts reported on line 20 for all properties	23e			
24 <b>Income.</b> Add positive amounts shown on line 21. Do not include any losses	24			
25 <b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25			
26 <b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2.	26			

**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2014**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, or Form 1041.

▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedulee](http://www.irs.gov/schedulee).

Attachment  
Sequence No. **13**

Name(s) shown on return

Your social security number

Glenn C Odom

6591

**Part I Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2014 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

**1a** Physical address of each property (street, city, state, ZIP code)  
**A** McBee SC Mc Bee SC 29101  
**B** 14 West Juniper Mc Bee SC 29101  
**C** 129 Cypress Mc Bee SC 29101

1b	Type of Property (from list below)	2	Fair Rental Days	Personal Use Days	QJV	
A	5	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	A	365	0	<input type="checkbox"/>
B	1		B	365	0	<input type="checkbox"/>
C	1		C	30	0	<input type="checkbox"/>

**Type of Property:**

- 1 Single Family Residence
- 2 Multi-Family Residence
- 3 Vacation/Short-Term Rental
- 4 Commercial
- 5 Land
- 6 Royalties
- 7 Self-Rental
- 8 Other (describe)

Income:	Properties:	A	B	C
3 Rents received	3	130,434.	1,000.	161.
4 Royalties received	4			
<b>Expenses:</b>				
5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see instructions)	12	106,749.		
13 Other interest	13			
14 Repairs	14		1,250.	
15 Supplies	15			
16 Taxes	16	1,874.	1,111.	
17 Utilities	17			
18 Depreciation expense or depletion	18		2,004.	
19 Other (list) ▶	19			
20 Total expenses. Add lines 5 through 19	20	108,623.	4,365.	
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	21,811.	-3,365.	161.
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	( )	( 3,365. )	( )
23a Total of all amounts reported on line 3 for all rental properties	23a			
b Total of all amounts reported on line 4 for all royalty properties	23b			
c Total of all amounts reported on line 12 for all properties	23c			
d Total of all amounts reported on line 18 for all properties	23d			
e Total of all amounts reported on line 20 for all properties	23e			
24 <b>Income.</b> Add positive amounts shown on line 21. Do not include any losses	24			
25 <b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25			
26 <b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2.	26			

For Paperwork Reduction Act Notice, see the separate instructions.

BAA REV 12/31/14 PRO

Schedule E (Form 1040) 2014

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

Glenn C Odom

6591

Caution. The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations Note. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk, excess farm loss, or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. Yes No

Table with 5 columns: (a) Name, (b) Enter P for partnership; S for S corporation, (c) Check if foreign partnership, (d) Employer identification number, (e) Check if any amount is not at risk. Rows include OK Properties, Sandhills Restaurant Group, Inc., and Odom & Associates, Inc.

Summary table for Part II with columns for Passive Income and Loss and Nonpassive Income and Loss. Includes rows for Totals and final line 32 Total partnership and S corporation income or (loss).

Part III Income or Loss From Estates and Trusts

Table with 2 columns: (a) Name, (b) Employer identification number. Rows A and B.

Summary table for Part III with columns for Passive Income and Loss and Nonpassive Income and Loss. Includes rows for Totals and final line 37 Total estate and trust income or (loss).

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

Table with 5 columns: (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, (e) Income from Schedules Q, line 3b. Row 38.

39 Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below

Part V Summary

Summary table for Part V with 2 columns: Description, Amount. Rows 40-43 including Net farm rental income, Total income, and Reconciliation of farming and fishing income.

**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

**2014**

Department of the Treasury  
Internal Revenue Service

▶ Attach to your tax return.

▶ Information about Form 4797 and its separate instructions is at [www.irs.gov/form4797](http://www.irs.gov/form4797).

Attachment  
Sequence No. **27**

Name(s) shown on return <u>Glenn C Odum</u>	Identifying number <u>6591</u>
--	-----------------------------------

**1** Enter the gross proceeds from sales or exchanges reported to you for 2014 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year** (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	hvac	01/31/2010	10/30/2014	0.	929.	1,150.	-221.

3 Gain, if any, from Form 4684, line 39	<b>3</b>	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	<b>4</b>	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	<b>5</b>	
6 Gain, if any, from line 32, from other than casualty or theft	<b>6</b>	
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: <b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. <b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.	<b>7</b>	-221.
8 Nonrecaptured net section 1231 losses from prior years (see instructions)	<b>8</b>	
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	<b>9</b>	

**Part II Ordinary Gains and Losses** (see instructions)

**10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):**


11 Loss, if any, from line 7	<b>11</b>	221.
12 Gain, if any, from line 7 or amount from line 8, if applicable	<b>12</b>	
13 Gain, if any, from line 31	<b>13</b>	
14 Net gain or (loss) from Form 4684, lines 31 and 38a	<b>14</b>	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	<b>15</b>	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	<b>16</b>	
17 Combine lines 10 through 16	<b>17</b>	-221.
18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	<b>18a</b>	
	<b>18b</b>	-221.

For Paperwork Reduction Act Notice, see separate instructions. **BAA**

REV 12/18/14 PRO

Form **4797** (2014)

**Alternative Minimum Tax—Individuals**

Department of the Treasury  
Internal Revenue Service (IRS)

Information about Form 6251 and its separate instructions is at [www.irs.gov/form6251](http://www.irs.gov/form6251).  
Attach to Form 1040 or Form 1040NR.

**2014**  
Attachment  
Sequence No. 32

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

Glenn C Odum

6591

**Part I Alternative Minimum Taxable Income** (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.)	245,253.
2	Medical and dental. If you or your spouse was 65 or older, enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	0.
3	Taxes from Schedule A (Form 1040), line 9	10,605.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	77,001.
6	If Form 1040, line 38, is \$152,525 or less, enter -0-. Otherwise, see instructions.	2,903.
7	Tax refund from Form 1040, line 10 or line 21	
8	Investment interest expense (difference between regular tax and AMT)	
9	Depletion (difference between regular tax and AMT)	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	
11	Alternative tax net operating loss deduction	
12	Interest from specified private activity bonds exempt from the regular tax	
13	Qualified small business stock (7% of gain excluded under section 1202)	0.
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	
17	Disposition of property (difference between AMT and regular tax gain or loss)	-98.
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	-797.
19	Passive activities (difference between AMT and regular tax income or loss)	-147.
20	Loss limitations (difference between AMT and regular tax income or loss)	
21	Circulation costs (difference between regular tax and AMT)	
22	Long-term contracts (difference between AMT and regular tax income)	
23	Mining costs (difference between regular tax and AMT)	
24	Research and experimental costs (difference between regular tax and AMT)	
25	Income from certain installment sales before January 1, 1987	
26	Intangible drilling costs preference	
27	Other adjustments, including income-based related adjustments	
28	<b>Alternative minimum taxable income.</b> Combine lines 1 through 27. (If married filing separately and line 28 is more than \$242,450, see instructions.)	328,914.

**Part II Alternative Minimum Tax (AMT)**

29	Exemption. (If you were under age 24 at the end of 2014, see instructions.)  <table border="0"> <tr> <td><b>IF your filing status is . . .</b></td> <td><b>AND line 28 is not over . . .</b></td> <td><b>THEN enter on line 28 . . .</b></td> </tr> <tr> <td>Single or head of household</td> <td>\$117,300</td> <td>\$52,800</td> </tr> <tr> <td>Married filing jointly or qualifying widow(er)</td> <td>156,500</td> <td>82,100</td> </tr> <tr> <td>Married filing separately</td> <td>78,250</td> <td>41,050</td> </tr> </table> If line 28 is over the amount shown above for your filing status, see instructions.	<b>IF your filing status is . . .</b>	<b>AND line 28 is not over . . .</b>	<b>THEN enter on line 28 . . .</b>	Single or head of household	\$117,300	\$52,800	Married filing jointly or qualifying widow(er)	156,500	82,100	Married filing separately	78,250	41,050	0.
<b>IF your filing status is . . .</b>	<b>AND line 28 is not over . . .</b>	<b>THEN enter on line 28 . . .</b>												
Single or head of household	\$117,300	\$52,800												
Married filing jointly or qualifying widow(er)	156,500	82,100												
Married filing separately	78,250	41,050												
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 31, 33, and 35, and go to line 34	328,914.												
31	• If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter. • If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as required for the AMT, if necessary), complete Part III on the back and enter the amount from line 64 here. • <b>All others:</b> If line 30 is \$182,500 or less (\$91,250 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,650 (\$1,825 if married filing separately) from the result.	88,424.												
32	Alternative minimum tax, foreign tax credit (see instructions)													
33	Tentative minimum tax. Subtract line 32 from line 31	88,424.												
34	Add Form 1040, line 44 (minus any tax from Form 4972), and Form 1040, line 46. Subtract from the result any foreign tax credit from Form 1040, line 48. If you used Schedule J to figure your tax on Form 1040, line 44, refigure that tax without using Schedule J before completing this line (see instructions)	64,474.												
35	<b>AMT.</b> Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	23,950.												

**Part III Tax Computation Using Maximum Capital Gains Rates**

Complete Part III only if you are required to do so by line 31 or by the Foreign Earned Income Tax Worksheet in the instructions.

<b>36</b>	Enter the amount from Form 6251, line 30. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions for line 31	<b>36</b>	328,914.
<b>37</b>	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	<b>37</b>	172.
<b>38</b>	Enter the amount from Schedule D (Form 1040), line 19 (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	<b>38</b>	
<b>39</b>	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as figured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	<b>39</b>	172.
<b>40</b>	Enter the smaller of line 36 or line 39	<b>40</b>	172.
<b>41</b>	Subtract line 40 from line 36	<b>41</b>	328,742.
<b>42</b>	If line 41 is \$182,500 or less (\$91,250 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,650 (\$1,825 if married filing separately) from the result	<b>42</b>	88,398.
<b>43</b>	Enter: <ul style="list-style-type: none"> <li>• \$73,800 if married filing jointly or qualifying widow(er),</li> <li>• \$36,900 if single or married filing separately, or</li> <li>• \$49,400 if head of household.</li> </ul>	<b>43</b>	36,900.
<b>44</b>	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 43; if zero or less, enter -0-. If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	<b>44</b>	244,212.
<b>45</b>	Subtract line 44 from line 43. If zero or less, enter -0-	<b>45</b>	0.
<b>46</b>	Enter the smaller of line 36 or line 37	<b>46</b>	172.
<b>47</b>	Enter the smaller of line 45 or line 46. This amount is taxed at 0%	<b>47</b>	0.
<b>48</b>	Subtract line 47 from line 46	<b>48</b>	172.
<b>49</b>	Enter: <ul style="list-style-type: none"> <li>• \$406,750 if single</li> <li>• \$228,800 if married filing separately</li> <li>• \$457,600 if married filing jointly or qualifying widow(er)</li> <li>• \$432,200 if head of household</li> </ul>	<b>49</b>	406,750.
<b>50</b>	Enter the amount from line 45	<b>50</b>	0.
<b>51</b>	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 19 of the Schedule D Tax Worksheet, whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 43; if zero or less, enter -0-. If you are filing Form 2555 or Form 2555-EZ, see instructions for the amount to enter	<b>51</b>	244,212.
<b>52</b>	Add line 50 and line 51	<b>52</b>	244,212.
<b>53</b>	Subtract line 52 from line 49. If zero or less, enter -0-	<b>53</b>	162,538.
<b>54</b>	Enter the smaller of line 48 or line 53	<b>54</b>	172.
<b>55</b>	Multiply line 54 by 15% (.15)	<b>55</b>	26.
<b>56</b>	Add lines 47 and 54	<b>56</b>	172.
	If lines 56 and 36 are the same, skip lines 57 through 61 and go to line 62. Otherwise, go to line 57.		
<b>57</b>	Subtract line 56 from line 46	<b>57</b>	0.
<b>58</b>	Multiply line 57 by 20% (.20)	<b>58</b>	0.
	If line 58 is zero or blank, skip lines 59 through 61 and go to line 62. Otherwise, go to line 59.		
<b>59</b>	Add lines 41, 56, and 57	<b>59</b>	
<b>60</b>	Subtract line 59 from line 36	<b>60</b>	
<b>61</b>	Multiply line 60 by 25% (.25)	<b>61</b>	
<b>62</b>	Add lines 42, 55, 58, and 61	<b>62</b>	88,424.
<b>63</b>	If line 36 is \$182,500 or less (\$91,250 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,650 (\$1,825 if married filing separately) from the result	<b>63</b>	88,446.
<b>64</b>	Enter the smaller of line 62 or line 63 here and on line 31. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 31. Instead, enter it on line 4 of the worksheet in the instructions for line 31	<b>64</b>	88,424.

**Net Investment Income Tax—  
Individuals, Estates, and Trusts**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return.  
▶ Information about Form 8960 and its separate instructions is at [www.irs.gov/form8960](http://www.irs.gov/form8960).

Attachment  
Sequence No. **72**

Name(s) shown on your tax return

Your social security number or EIN

Glenn C Odom

-6591

- Part I Investment Income**  Section 6013(g) election (see instructions)  
 Section 6013(h) election (see instructions)  
 Regulations section 1.1411-10(g) election (see instructions)

<b>1</b>	Taxable interest (see instructions)		<b>1</b>	29.
<b>2</b>	Ordinary dividends (see instructions)		<b>2</b>	22,989.
<b>3</b>	Annuities (see instructions)		<b>3</b>	
<b>4a</b>	Rental real estate, royalties, partnerships, S corporations, trusts, etc. (see instructions)	402,547.		
<b>4b</b>	Adjustment for net income or loss derived in the ordinary course of a non-section 1411 trade or business (see instructions)	-379,737.		
<b>4c</b>	Combine lines 4a and 4b		<b>4c</b>	22,810.
<b>5a</b>	Net gain or loss from disposition of property (see instructions)	-221.		
<b>5b</b>	Net gain or loss from disposition of property that is not subject to net investment income tax (see instructions)			
<b>5c</b>	Adjustment from disposition of partnership interest or S corporation stock (see instructions)			
<b>5d</b>	Combine lines 5a through 5c		<b>5d</b>	-221.
<b>6</b>	Adjustments to investment income for certain CFCs and PFICs (see instructions)		<b>6</b>	
<b>7</b>	Other modifications to investment income (see instructions)		<b>7</b>	
<b>8</b>	Total investment income. Combine lines 1, 2, 3, 4c, 5d, 6, and 7.		<b>8</b>	45,607.

**Part II Investment Expenses Allocable to Investment Income and Modifications**

<b>9a</b>	Investment interest expenses (see instructions)		<b>9a</b>	
<b>9b</b>	State, local, and foreign income tax (see instructions)	602.		
<b>9c</b>	Miscellaneous investment expenses (see instructions)			
<b>9d</b>	Add lines 9a, 9b, and 9c		<b>9d</b>	602.
<b>10</b>	Additional modifications (see instructions)		<b>10</b>	822.
<b>11</b>	Total deductions and modifications. Add lines 9d and 10		<b>11</b>	1,424.

**Part III Tax Computation**

<b>12</b>	Net investment income. Subtract Part II, line 11 from Part I, line 8. Individuals complete lines 13-17. Estates and trusts complete lines 18a-21. If zero or less, enter -0-		<b>12</b>	44,183.
<b>Individuals:</b>				
<b>13</b>	Modified adjusted gross income (see instructions)	350,968.		
<b>14</b>	Threshold based on filing status (see instructions)	200,000.		
<b>15</b>	Subtract line 14 from line 13. If zero or less, enter -0-	150,968.		
<b>16</b>	Enter the smaller of line 12 or line 15		<b>16</b>	44,183.
<b>17</b>	Net investment income tax for individuals. Multiply line 16 by 3.8% (.038). Enter here and include on your tax return (see instructions)		<b>17</b>	1,679.
<b>Estates and Trusts:</b>				
<b>18a</b>	Net investment income (line 12 above)		<b>18a</b>	
<b>18b</b>	Deductions for distributions of net investment income and deductions under section 642(c) (see instructions)		<b>18b</b>	
<b>18c</b>	Undistributed net investment income. Subtract line 18b from 18a (see instructions). If zero or less, enter -0-		<b>18c</b>	
<b>19a</b>	Adjusted gross income (see instructions)		<b>19a</b>	
<b>19b</b>	Highest tax bracket for estates and trusts for the year (see instructions)		<b>19b</b>	
<b>19c</b>	Subtract line 19b from line 19a. If zero or less, enter -0-		<b>19c</b>	
<b>20</b>	Enter the smaller of line 18c or line 19c		<b>20</b>	
<b>21</b>	Net investment income tax for estates and trusts. Multiply line 20 by 3.8% (.038). Enter here and include on your tax return (see instructions)		<b>21</b>	

Form **8582**

**Passive Activity Loss Limitations**

OMB No. 1545-1008

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.  
▶ Attach to Form 1040 or Form 1041.

**2014**  
Attachment  
Sequence No. **88**

▶ Information about Form 8582 and its instructions is available at [www.irs.gov/form8582](http://www.irs.gov/form8582).

Name(s) shown on return  
Glenn C Odom

Identifying number  
6591

**Part I 2014 Passive Activity Loss**

Caution: Complete Worksheets 1, 2, and 3 before completing Part I.

<b>Rental Real Estate Activities With Active Participation</b> (For the definition of active participation, see Special Allowance for Rental Real Estate Activities in the instructions.)			
1a	Activities with net income (enter the amount from Worksheet 1, column (a))	1a	
1b	Activities with net loss (enter the amount from Worksheet 1, column (b))	1b	
1c	Prior years unallowed losses (enter the amount from Worksheet 1, column (c))	1c	
1d	Combine lines 1a, 1b, and 1c	1d	
<b>Commercial Revitalization Deductions From Rental Real Estate Activities</b>			
2a	Commercial revitalization deductions from Worksheet 2, column (a)	2a	
2b	Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b)	2b	
2c	Add lines 2a and 2b	2c	
<b>All Other Passive Activities</b>			
3a	Activities with net income (enter the amount from Worksheet 3, column (a))	3a	8,792.
3b	Activities with net loss (enter the amount from Worksheet 3, column (b))	3b	8,014.
3c	Prior years unallowed losses (enter the amount from Worksheet 3, column (c))	3c	
3d	Combine lines 3a, 3b, and 3c	3d	778.
4	Combine lines 1d, 2c, and 3d. If this line is zero or more, stop here and include this form with your return; all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. Report the losses on the forms and schedules normally used. If line 4 is a loss and: • Line 1d is a loss, go to Part II. • Line 2c is a loss (and line 1d is zero or more), skip Part II and go to Part III. • Line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15.	4	778.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II or Part III. Instead, go to line 15.

**Part II Special Allowance for Rental Real Estate Activities With Active Participation**

Note: Enter all numbers in Part II as positive amounts. See instructions for an example.

5	Enter the smaller of the loss on line 1d or the loss on line 4	5	
6	Enter \$150,000. If married filing separately, see instructions	6	
7	Enter modified adjusted gross income, but not less than zero (see instructions) Note: If line 7 is greater than or equal to line 6, skip lines 8 and 9, enter -0- on line 10. Otherwise, go to line 8.	7	
8	Subtract line 7 from line 6	8	
9	Multiply line 8 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see instructions	9	
10	Enter the smaller of line 5 or line 9 If line 2c is a loss, go to Part III. Otherwise, go to line 15.	10	0.

**Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities**

Note: Enter all numbers in Part III as positive amounts. See the example for Part II in the instructions.

11	Enter \$25,000 reduced by the amount, if any, on line 10. If married filing separately, see instructions	11	
12	Enter the loss from line 4	12	
13	Reduce line 12 by the amount on line 10	13	
14	Enter the smallest of line 2c (treated as a positive amount), line 11, or line 13	14	

**Part IV Total Losses Allowed**

15	Add the income, if any, on lines 1a and 3a and enter the total	15	
16	Total losses allowed from all passive activities for 2014. Add lines 10, 14, and 15. See instructions to find out how to report the losses on your tax return	16	

For Paperwork Reduction Act Notice, see instructions. BAA

REV 03/15/14 PRD

Form **8582** (2014)

**Caution:** The worksheets must be filed with your tax return. Keep a copy for your records.

**Worksheet 1—For Form 8582, Lines 1a, 1b, and 1c** (See instructions.)

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 1a)	(b) Net loss (line 1b)	(c) Unallowed loss (line 1c)	(d) Gain	(e) Loss
<b>Total. Enter on Form 8582, lines 1a, 1b, and 1c</b> . . . . . ▶					

**Worksheet 2—For Form 8582, Lines 2a and 2b** (See instructions.)

Name of activity	(a) Current year deductions (line 2a)	(b) Prior year unallowed deductions (line 2b)	(c) Overall loss
<b>Total. Enter on Form 8582, lines 2a and 2b</b> . . . . . ▶			

**Worksheet 3—For Form 8582, Lines 3a, 3b, and 3c** (See instructions.)

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 3a)	(b) Net loss (line 3b)	(c) Unallowed loss (line 3c)	(d) Gain	(e) Loss
49 Oak Avenue	1,486.	0.		1,486.	
22 North 3rd Street	5,308.	0.		5,308.	
133 W. Cypress	0.	444.			444.
358 Oak Avenue	0.	2,753.			2,753.
See Passive Wkst 3	1,998.	4,817.			
<b>Total. Enter on Form 8582, lines 3a, 3b, and 3c</b> . . . . . ▶	8,792.	8,014.			

**Worksheet 4—Use this worksheet if an amount is shown on Form 8582, line 10 or 14** (See instructions.)

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Special allowance	(d) Subtract column (c) from column (a)
<b>Total</b> . . . . . ▶			1.00		

**Worksheet 5—Allocation of Unallowed Losses** (See instructions.)

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Unallowed loss
<b>Total</b> . . . . . ▶			1.00	

Form **4562**

**Depreciation and Amortization**  
(Including Information on Listed Property)

OMB No. 1545-0172

**2014**  
Attachment  
Sequence No. 179

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return.  
▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).

Name(s) shown on return  
Gleann C Odum

Business or activity to which this form relates  
Sch E 14 West Juniper

Identifying number  
6591

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2013 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2015. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2014	17	1,829.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B—Assets Placed in Service During 2014 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		3,500.	5.0	MQ	200-DB	175.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System**

20a Class life				S/L	
b 12-year			12 yrs.	S/L	
c 40-year			40 yrs.	MM	S/L

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	2,004.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate Instructions. BAA

REV 01/09/15 PRO

Form 4562 (2014)

**Depreciation and Amortization**  
(Including Information on Listed Property)

OMB No. 1545-0172

**2014**  
Attachment  
Sequence No. **179**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return.  
▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562)

Name(s) shown on return  
Glenn C Odom

Business or activity to which this form relates  
Section 179 Summary

Identifying number  
6591

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	0.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	From Schedule K-1		9,610.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	9,610.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	9,610.
10	Carryover of disallowed deduction from line 13 of your 2013 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 9 (see instructions)	11	400,569.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	9,610.
13	Carryover of disallowed deduction to 2015. Add lines 9 and 10, less line 12	13	0.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2014	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B—Assets Placed in Service During 2014 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	

**Section C—Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions. BAA

REV 01/09/15 PRO

Form **4562** (2014)

**Additional information from your 2014 Federal Tax Return**

**Schedule A: Itemized Deductions**

**Ln 6c, Other RE taxes**

**Itemization Statement**

Description	Amount
026064-14-3	25.83
026059-14-3	82.05
026066-14-4	72.89
026067-14-4	72.89
026068-14-4	117.27
026070-14-3	112.62
026074-14-3	55.52
026076-14-3	45.58
026077-14-3	55.52
026078-14-3	733.20
026079-14-3	361.72
026080-14-3	23.05
026082-14-3	55.52
026083-14-3	58.66
031878-14-3	655.
026063-14-3	697.59
026062-14-3	117.31
026060-14-3	173.21
026061-14-3	240.91
026043-14-3	29.33
026058-14-3	1,192.68
<b>Total</b>	<b>4,978.</b>

**Schedule A: Itemized Deductions**

**Ln 7c, Oth pers prop tax**

**Itemization Statement**

Description	Amount
026069-14-4	28.53
<b>Total</b>	<b>29.</b>

**Schedule A: Itemized Deductions**

**Ln 7a, Auto registration**

**Itemization Statement**

Description	Amount
033234-14-1	125.80
	-80.
	-30.
	-1.
<b>Total</b>	<b>15.</b>

**Form 8582: Passive Activity Loss Limitations (Copy 1)  
Passive Worksheet 3**

**Continuation Statement**

Activity Name	Current Year Net Inc	Current Year Net Loss	Prior Year Unallowed Loss	Overall Gain	Overall Loss
166 West Elm	0.	619.			619.
119 West Cypress	0.	612.			612.
14 West Juniper	0.	3,586.			3,586.
129 Cypress	161.	0.		161.	
OK Properties	1,837.	0.		1,837.	
<b>Total</b>	<b>1,998.</b>	<b>4,817.</b>			

For the year Jan. 1–Dec. 31, 2015, or other tax year beginning \_\_\_\_\_, 2015, (ending \_\_\_\_\_), 20

Your first name and initial: **Glenn C** Last name: **Odom** See separate instructions.  
Your social security number: **[REDACTED] 591**

If a joint return, spouse's first name and initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions: **PO Box 576** Apt. no.: \_\_\_\_\_

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions): **McBee SC 29101**

Foreign country name: \_\_\_\_\_ Foreign province/state/county: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_

**Filing Status**  
 1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately. Enter spouse's SSN above and full name here. ▶  
 4  Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter that child's name here. ▶  
 5  Qualifying widow(er) with dependent child

**Exemptions**  
 6a  Yourself. If someone can claim you as a dependent, do not check box 6a.  
 b  Spouse  
 c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

If more than four dependents, see Instructions and check here  **d** Total number of exemptions claimed: **1**

**Income**

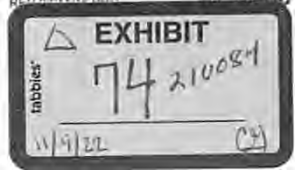
7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	36,183.
8a	Taxable interest. Attach Schedule B if required	8a	
b	Tax-exempt interest. Do not include on line 8a.	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	12,492.
b	Qualified dividends	9b	172.
10	Taxable refunds, credits, or offsets of state and local income taxes	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	17,586.
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions	15a	
b	Taxable amount	15b	
16a	Pensions and annuities	16a	
b	Taxable amount	16b	753.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	231,378.
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	24,575.
b	Taxable amount	20b	20,889.
21	Other income. List type and amount	21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your <b>total income</b> ▶	22	319,261.

**Adjusted Gross Income**

23	Educator expenses	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	Deductible part of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid	31a	60,000.
b	Recipient's SSN ▶ [REDACTED] 0628	31b	
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 35	36	68,575.
37	Subtract line 36 from line 22. This is your <b>adjusted gross income</b> ▶	37	250,706.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. BAA Form 1040 (2015)

PETITIONER 2337





**SCHEDULE A  
(Form 1040)**

**Itemized Deductions**

OMB No 1545-0074

**2015**  
Attachment  
Sequence No. **07**

Department of the Treasury  
Internal Revenue Service (99)

► Information about Schedule A and its separate instructions is at [www.irs.gov/schedulea](http://www.irs.gov/schedulea).  
► Attach to Form 1040.

Name(s) shown on Form 1040

Your social security number

Glenn C Odom

6591

<b>Medical and Dental Expenses</b>		<b>Caution:</b> Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1	1,259.		
2	Enter amount from Form 1040, line 38 <b>2</b> 250,706.				
3	Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1951, multiply line 2 by 7.5% (.075) instead	3	18,803.		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			0.
<b>Taxes You Paid</b>		<b>5 State and local (check only one box):</b>			
	a <input checked="" type="checkbox"/> Income taxes, or	5	13,952.		
	b <input type="checkbox"/> General sales taxes				
6	Real estate taxes (see instructions)	6	0.		
7	Personal property taxes	7	0.		
8	Other taxes. List type and amount ►	8			
9	Add lines 5 through 8	9			13,952.
<b>Interest You Paid</b>		<b>10 Home mortgage interest and points reported to you on Form 1098</b>			
		10	4,572.		
<b>Note:</b> Your mortgage interest deduction may be limited (see instructions).		<b>11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ►</b>			
		11			
12	Points not reported to you on Form 1098. See instructions for special rules.	12			
13	Mortgage insurance premiums (see instructions)	13			
14	Investment interest. Attach Form 4952 if required. (See instructions.)	14			
15	Add lines 10 through 14	15			4,572.
<b>Gifts to Charity</b>		<b>16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions.</b>			
		16	7,428.		
<b>If you made a gift and got a benefit for it, see instructions</b>		<b>17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500</b>			
		17			
18	Carryover from prior year	18			
19	Add lines 16 through 18	19			7,428.
<b>Casualty and Theft Losses</b>		<b>20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)</b>			
20		20			
<b>Job Expenses and Certain Miscellaneous Deductions</b>		<b>21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ►</b>			
		21			
22	Tax preparation fees	22	3,575.		
23	Other expenses—investment, safe deposit box, etc. List type and amount ► <u>Investment Advisory Fees</u>	23	20,000.		
24	Add lines 21 through 23	24	23,575.		
25	Enter amount from Form 1040, line 38 <b>25</b> 250,706.	25			
26	Multiply line 25 by 2% (.02)	26	5,014.		
27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27			18,561.
<b>Other Miscellaneous Deductions</b>		<b>28 Other—from list in instructions. List type and amount ►</b>			
		28			
<b>Total Itemized Deductions</b>		<b>29 Is Form 1040, line 38, over \$154,950?</b>			
		29			44,513.
		No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.			
		<input checked="" type="checkbox"/> Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.			
		30 If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>			

**SCHEDULE B**  
**(Form 1040A or 1040)**

**Interest and Ordinary Dividends**

OMB No. 1545-0074

**2015**  
Attachment  
Sequence No. **08**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040A or 1040.  
▶ Information about Schedule B and its instructions is at [www.irs.gov/scheduleb](http://www.irs.gov/scheduleb).

Name(s) shown on return

Glenn C Odom

Your social security number

6591

**Part I**  
**Interest**

**1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ▶

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 8a.)

**Note:** If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

**2** Add the amounts on line 1 . . . . .  
**3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 . . . . .  
**4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ▶

	Amount
1	
2	
3	
4	

**Note:** If line 4 is over \$1,500, you must complete Part III.

**Part II**  
**Ordinary Dividends**

**5** List name of payer ▶ Regional Bankshares Inc.  
Arbor One

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 9a.)

**Note:** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

**6** Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ▶

	Amount
5	172. 12,320.
6	12,492.

**Note:** If line 6 is over \$1,500, you must complete Part III.

**Part III**  
**Foreign Accounts and Trusts**

(See instructions on back.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**7a** At any time during 2015, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions . . . . .  
If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements . . . . .  
**b** If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located ▶  
**8** During 2015, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions on back . . . . .

	Yes	No
7a		X
b		
8		X

For Paperwork Reduction Act Notice, see your tax return instructions. **BAA**

REV 07/11/10 PKC

Schedule B (Form 1040A or 1040) 2015

**SCHEDULE D  
(Form 1040)**

**Capital Gains and Losses**

OMB No. 1545-0074

Department of the Treasury  
Internal Revenue Service (2015)

▶ Attach to Form 1040 or Form 1040NR.  
▶ Information about Schedule D and its separate instructions is at [www.irs.gov/scheduled](http://www.irs.gov/scheduled).  
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

**2015**  
Attachment  
Sequence No. 12

Name(s) shown on return  
Glenn C Odom

Your social security number  
[REDACTED] 6591

**Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less**

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
<b>1a</b> Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
<b>1b</b> Totals for all transactions reported on Form(s) 8949 with <b>Box A</b> checked				
<b>2</b> Totals for all transactions reported on Form(s) 8949 with <b>Box B</b> checked				
<b>3</b> Totals for all transactions reported on Form(s) 8949 with <b>Box C</b> checked				
<b>4</b> Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				<b>4</b>
<b>5</b> Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				<b>5</b>
<b>6</b> Short-term capital loss carryover. Enter the amount, if any, from line 8 of your <b>Capital Loss Carryover Worksheet</b> in the instructions				<b>6</b> ( )
<b>7</b> <b>Net short-term capital gain or (loss)</b> . Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				<b>7</b>

**Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year**

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
<b>8a</b> Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
<b>8b</b> Totals for all transactions reported on Form(s) 8949 with <b>Box D</b> checked				
<b>9</b> Totals for all transactions reported on Form(s) 8949 with <b>Box E</b> checked				
<b>10</b> Totals for all transactions reported on Form(s) 8949 with <b>Box F</b> checked	37,442.	19,356.		17,586.
<b>11</b> Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				<b>11</b>
<b>12</b> Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				<b>12</b>
<b>13</b> Capital gain distributions. See the instructions				<b>13</b>
<b>14</b> Long-term capital loss carryover. Enter the amount, if any, from line 13 of your <b>Capital Loss Carryover Worksheet</b> in the instructions				<b>14</b> ( )
<b>15</b> <b>Net long-term capital gain or (loss)</b> . Combine lines 8a through 14 in column (h). Then go to Part III on the back				<b>15</b> 17,586.

For Paperwork Reduction Act Notice, see your tax return instructions. BAA

REV 07/11/16 PRO

Schedule D (Form 1040) 2015

**Part III Summary**

<p><b>16</b> Combine lines 7 and 15 and enter the result . . . . .</p> <ul style="list-style-type: none"> <li>• If line 16 is a <b>gain</b>, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below.</li> <li>• If line 16 is a <b>loss</b>, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22.</li> <li>• If line 16 is <b>zero</b>, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22.</li> </ul> <p><b>17</b> Are lines 15 and 16 <b>both</b> gains?  <input checked="" type="checkbox"/> <b>Yes.</b> Go to line 18.  <input type="checkbox"/> <b>No.</b> Skip lines 18 through 21, and go to line 22.</p> <p><b>18</b> Enter the amount, if any, from line 7 of the <b>28% Rate Gain Worksheet</b> in the instructions . . . ▶</p> <p><b>19</b> Enter the amount, if any, from line 18 of the <b>Unrecaptured Section 1250 Gain Worksheet</b> in the instructions . . . . . ▶</p> <p><b>20</b> Are lines 18 and 19 <b>both</b> zero or blank?  <input checked="" type="checkbox"/> <b>Yes.</b> Complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <b>Do not</b> complete lines 21 and 22 below.   <input type="checkbox"/> <b>No.</b> Complete the <b>Schedule D Tax Worksheet</b> in the instructions. <b>Do not</b> complete lines 21 and 22 below.</p> <p><b>21</b> If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the <b>smaller</b> of:  <ul style="list-style-type: none"> <li>• The loss on line 16 or</li> <li>• (\$3,000), or if married filing separately, (\$1,500) } . . . . .</li> </ul> <p><b>Note:</b> When figuring which amount is smaller, treat both amounts as positive numbers.</p> <p><b>22</b> Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?  <input type="checkbox"/> <b>Yes.</b> Complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42).   <input type="checkbox"/> <b>No.</b> Complete the rest of Form 1040 or Form 1040NR.</p> </p>	<p><b>16</b> 17,586.</p> <p><b>18</b></p> <p><b>19</b></p> <p><b>21</b> ( )</p>
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**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2015**

Attachment  
Sequence No. **13**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, or Form 1041.

▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedulee](http://www.irs.gov/schedulee).

Name(s) shown on return

Glenn C Odom

Your social security number

6591

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note: If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

- A** Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

1a	Physical address of each property (street, city, state, ZIP code)				
<b>A</b>	49 Oak Street Chesterfield SC 29709				
<b>B</b>	22 North 3rd Street Mc Bee SC 29101				
<b>C</b>	133 W. Cypress Mc Bee SC 29101				
1b	Type of Property (from list below)	2	Fair Rental Days	Personal Use Days	QJV
<b>A</b>	1	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	<b>A</b> 365	0	<input type="checkbox"/>
<b>B</b>	1		<b>B</b> 365	0	<input type="checkbox"/>
<b>C</b>	1		<b>C</b> 0	0	<input type="checkbox"/>

**Type of Property:**

- 1 Single Family Residence    3 Vacation/Short-Term Rental    5 Land    7 Self-Rental  
 2 Multi-Family Residence    4 Commercial    6 Royalties    8 Other (describe)

Income:	Properties:	A	B	C
<b>3</b> Rents received	<b>3</b>	4,675.	4,218.	
<b>4</b> Royalties received	<b>4</b>			
<b>Expenses:</b>				
<b>5</b> Advertising	<b>5</b>			
<b>6</b> Auto and travel (see instructions)	<b>6</b>			
<b>7</b> Cleaning and maintenance	<b>7</b>			
<b>8</b> Commissions	<b>8</b>			
<b>9</b> Insurance	<b>9</b>			
<b>10</b> Legal and other professional fees	<b>10</b>			
<b>11</b> Management fees	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions)	<b>12</b>			
<b>13</b> Other interest	<b>13</b>			
<b>14</b> Repairs	<b>14</b>	324.	675.	
<b>15</b> Supplies	<b>15</b>			
<b>16</b> Taxes	<b>16</b>			
<b>17</b> Utilities	<b>17</b>			
<b>18</b> Depreciation expense or depletion	<b>18</b>	1,515.	692.	1.
<b>19</b> Other (list) ▶	<b>19</b>			
<b>20</b> Total expenses. Add lines 5 through 19	<b>20</b>	1,839.	1,367.	1.
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	<b>21</b>	2,836.	2,851.	-1.
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	<b>22</b>			1.)
<b>23a</b> Total of all amounts reported on line 3 for all rental properties	<b>23a</b>	181,568.		
<b>23b</b> Total of all amounts reported on line 4 for all royalty properties	<b>23b</b>			
<b>23c</b> Total of all amounts reported on line 12 for all properties	<b>23c</b>	104,616.		
<b>23d</b> Total of all amounts reported on line 18 for all properties	<b>23d</b>	9,893.		
<b>23e</b> Total of all amounts reported on line 20 for all properties	<b>23e</b>	160,432.		
<b>24</b> Income. Add positive amounts shown on line 21. Do not include any losses	<b>24</b>	26,318.		
<b>25</b> Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	<b>25</b>	(5,182.)		
<b>26</b> Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2. NPA	<b>26</b>	21,136.		

For Paperwork Reduction Act Notice, see the separate instructions. BAA REV 07/11/16 PRO 19,513. Schedule E (Form 1040) 2015

**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2015**  
Attachment  
Sequence No. **13**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, or Form 1041.  
▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedules](http://www.irs.gov/schedules).

Name(s) shown on return  
Glenn C Odom

Your social security number  
6591

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note: If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions)  Yes  No  
**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

1a	Physical address of each property (street, city, state, ZIP code)
A	358 Oak Street Mc Bee SC 29101
B	166 West Elm Mc Bee SC 29101
C	119 West Cypress Mc Bee SC 29101

1b	Type of Property (from list below)	2	Fair Rental Days	Personal Use Days	QJV	
A	1	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	A	365	0	<input type="checkbox"/>
B	1		B	365	0	<input type="checkbox"/>
C	1		C	0	0	<input type="checkbox"/>

**Type of Property:**

- 1 Single Family Residence
- 2 Multi-Family Residence
- 3 Vacation/Short-Term Rental
- 4 Commercial
- 5 Land
- 6 Royalties
- 7 Self-Rental
- 8 Other (describe)

Income:	Properties:	A	B	C
3 Rents received	3	4,675.		
4 Royalties received	4			
<b>Expenses:</b>				
5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see instructions)	12			
13 Other interest	13			
14 Repairs	14			
15 Supplies	15	324.		
16 Taxes	16			
17 Utilities	17			
18 Depreciation expense or depletion	18	3,233.	919.	612.
19 Other (list) ▶	19			
20 Total expenses. Add lines 5 through 19	20	3,557.	919.	612.
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	1,118.	-919.	-612.
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22		( 919. )	( 612. )
23a Total of all amounts reported on line 3 for all rental properties	23a			
b Total of all amounts reported on line 4 for all royalty properties	23b			
c Total of all amounts reported on line 12 for all properties	23c			
d Total of all amounts reported on line 18 for all properties	23d			
e Total of all amounts reported on line 20 for all properties	23e			
24 Income. Add positive amounts shown on line 21. Do not include any losses	24			
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25			
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2.	26			

**SCHEDULE E  
(Form 1040)**

**Supplemental Income and Loss**

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2015**  
Attachment  
Sequence No. **13**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, or Form 1041.

▶ Information about Schedule E and its separate instructions is at [www.irs.gov/schedules](http://www.irs.gov/schedules).

Name(s) shown on return

Your social security number

Glenn C Odom

6591

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note: If you are in the business of renting personal property, use **Schedule C or C-EZ** (see instructions). If you are an individual, report farm rental income or loss from **Form 4835** on page 2, line 40.

**A** Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions)  Yes  No

**B** If "Yes," did you or will you file required Forms 1099?  Yes  No

1a	Physical address of each property (street, city, state, ZIP code)				
<b>A</b>	McBee SC Mc Bee SC 29101				
<b>B</b>	14 West Juniper Mc Bee SC 29101				
<b>C</b>	129 Cypress Mc Bee SC 29101				
1b	Type of Property (from list below)	2	Fair Rental Days	Personal Use Days	QJV
<b>A</b>	5	For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	<b>A</b> 365	0	<input type="checkbox"/>
<b>B</b>	1		<b>B</b> 0	0	<input type="checkbox"/>
<b>C</b>	1		<b>C</b> 0	0	<input type="checkbox"/>

**Type of Property:**

- 1 Single Family Residence      3 Vacation/Short-Term Rental      5 Land      7 Self-Rental
- 2 Multi-Family Residence      4 Commercial      6 Royalties      8 Other (describe)

Income:	Properties:	A	B	C
<b>3</b> Rents received	<b>3</b>	168,000.		
<b>4</b> Royalties received	<b>4</b>			
<b>Expenses:</b>				
<b>5</b> Advertising	<b>5</b>			
<b>6</b> Auto and travel (see instructions)	<b>6</b>			
<b>7</b> Cleaning and maintenance	<b>7</b>			
<b>8</b> Commissions	<b>8</b>			
<b>9</b> Insurance	<b>9</b>			
<b>10</b> Legal and other professional fees	<b>10</b>	43,871.		
<b>11</b> Management fees	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions)	<b>12</b>	104,616.		
<b>13</b> Other interest	<b>13</b>			
<b>14</b> Repairs	<b>14</b>			
<b>15</b> Supplies	<b>15</b>			
<b>16</b> Taxes	<b>16</b>			
<b>17</b> Utilities	<b>17</b>			
<b>18</b> Depreciation expense or depletion	<b>18</b>		2,921.	
<b>19</b> Other (list) ▶ deposit return	<b>19</b>			729.
<b>20</b> Total expenses. Add lines 5 through 19	<b>20</b>	148,487.	2,921.	729.
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file <b>Form 6198</b>	<b>21</b>	19,513.	-2,921.	-729.
<b>22</b> Deductible rental real estate loss after limitation, if any, on <b>Form 8582</b> (see instructions)	<b>22</b>		2,921.	729.
<b>23a</b> Total of all amounts reported on line 3 for all rental properties	<b>23a</b>			
<b>b</b> Total of all amounts reported on line 4 for all royalty properties	<b>23b</b>			
<b>c</b> Total of all amounts reported on line 12 for all properties	<b>23c</b>			
<b>d</b> Total of all amounts reported on line 18 for all properties	<b>23d</b>			
<b>e</b> Total of all amounts reported on line 20 for all properties	<b>23e</b>			
<b>24</b> <b>Income.</b> Add positive amounts shown on line 21. Do not include any losses	<b>24</b>			
<b>25</b> <b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	<b>25</b>			
<b>26</b> <b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	<b>26</b>			

For Paperwork Reduction Act Notice, see the separate instructions.

BAA REV 07/11/16 PRO

Schedule E (Form 1040) 2015

Name(s) shown on return. Do not enter name and social security number if shown on other side  
 Glenn C Odom  
 Your social security number [redacted]-6591

**Caution.** The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

**Part II Income or Loss From Partnerships and S Corporations** Note: If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk, excess farm loss, or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section.  Yes  No

28	(a) Name	(b) Enter P for partnership, S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	OK Properties	P	<input type="checkbox"/>	56-2071984	<input type="checkbox"/>
B	Sandhills Restaurant Group, Inc.	S	<input type="checkbox"/>	56-0273128	<input type="checkbox"/>
C	Odom & Associates, Inc.	S	<input type="checkbox"/>	57-1063214	<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>

Passive Income and Loss		Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4662	(j) Nonpassive income from Schedule K-1
A	4,752.			
B			432.	16,503.
C			23,956.	213,375.
D				
29a Totals	4,752.			229,878.
b Totals			24,388.	
30 Add columns (g) and (j) of line 29a			30	234,630.
31 Add columns (f), (h), and (i) of line 29b			31	( 24,388. )
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below			32	210,242.

**Part III Income or Loss From Estates and Trusts**

33	(a) Name	(b) Employer identification number
A		
B		

Passive Income and Loss		Nonpassive Income and Loss	
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A			
B			
34a Totals			
b Totals			
35 Add columns (d) and (f) of line 34a			35
36 Add columns (c) and (e) of line 34b			36
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below			37

**Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder**

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

**Part V Summary**

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40	
41	Total income or (loss). Combine lines 28, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18	41	231,378.
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code V; and Schedule K-1 (Form 1041), box 14, code F (see instructions)	42	
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	

Form **6251**

**Alternative Minimum Tax—Individuals**

OMB No. 1545-0074

Department of the Treasury  
Internal Revenue Service (99)

▶ Information about Form 6251 and its separate instructions is at [www.irs.gov/form6251](http://www.irs.gov/form6251).

**2015**  
Attachment  
Sequence No. **32**

▶ Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

Glenn C Odom

6591

**Part I Alternative Minimum Taxable Income** (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.)	206,193.
2	Medical and dental. If you or your spouse was 65 or older, enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	0.
3	Taxes from Schedule A (Form 1040), line 9	13,952.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	18,561.
6	If Form 1040, line 38, is \$154,950 or less, enter -0-. Otherwise, see instructions.	0.
7	Tax refund from Form 1040, line 10 or line 21	
8	Investment interest expense (difference between regular tax and AMT)	
9	Depletion (difference between regular tax and AMT)	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	
11	Alternative tax net operating loss deduction	
12	Interest from specified private activity bonds exempt from the regular tax	
13	Qualified small business stock, see instructions	0.
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	
17	Disposition of property (difference between AMT and regular tax gain or loss)	0.
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	
19	Passive activities (difference between AMT and regular tax income or loss)	313.
20	Loss limitations (difference between AMT and regular tax income or loss)	
21	Circulation costs (difference between regular tax and AMT)	
22	Long-term contracts (difference between AMT and regular tax income)	
23	Mining costs (difference between regular tax and AMT)	
24	Research and experimental costs (difference between regular tax and AMT)	
25	Income from certain installment sales before January 1, 1987	
26	Intangible drilling costs preference	
27	Other adjustments, including income-based related adjustments	
28	<b>Alternative minimum taxable income.</b> Combine lines 1 through 27. (If married filing separately and line 28 is more than \$246,250, see instructions.)	239,019.

**Part II Alternative Minimum Tax (AMT)**

29	Exemption. (If you were under age 24 at the end of 2015, see instructions.) IF your filing status is . . . AND line 28 is not over . . . THEN enter on line 29 . . . Single or head of household . . . \$119,200 . . . \$53,600 Married filing jointly or qualifying widow(er) . . . 158,900 . . . 83,400 Married filing separately . . . 79,450 . . . 41,700 If line 28 is over the amount shown above for your filing status, see instructions.	23,645.
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 31, 33, and 35, and go to line 34	215,374.
31	• If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter. • If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as figured for the AMT, if necessary), complete Part III on the back and enter the amount from line 64 here. • All others: If line 30 is \$185,400 or less (\$92,700 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,708 (\$1,854 if married filing separately) from the result.	54,288.
32	Alternative minimum tax foreign tax credit (see instructions)	
33	Tentative minimum tax. Subtract line 32 from line 31	54,288.
34	Add Form 1040, line 44 (minus any tax from Form 4972), and Form 1040, line 46. Subtract from the result any foreign tax credit from Form 1040, line 48. If you used Schedule J to figure your tax on Form 1040, line 44, refigure that tax without using Schedule J before completing this line (see instructions)	47,377.
35	<b>AMT.</b> Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	6,911.

For Paperwork Reduction Act Notice, see your tax return instructions. BAA

REV 07/11/15 PRO

Form **6251** (2015)

**Part III Tax Computation Using Maximum Capital Gains Rates**

Complete Part III only if you are required to do so by line 31 or by the Foreign Earned Income Tax Worksheet in the instructions.

36	Enter the amount from Form 6251, line 30. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions for line 31	36	215,374.
37	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	37	17,758.
38	Enter the amount from Schedule D (Form 1040), line 19 (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	38	
39	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the <b>smaller</b> of that result or the amount from line 10 of the Schedule D Tax Worksheet (as figured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	39	17,758.
40	Enter the <b>smaller</b> of line 36 or line 39	40	17,758.
41	Subtract line 40 from line 36	41	197,616.
42	If line 41 is \$185,400 or less (\$92,700 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,708 (\$1,854 if married filing separately) from the result	42	51,624.
43	Enter: <ul style="list-style-type: none"> <li>• \$74,900 if married filing jointly or qualifying widow(er).</li> <li>• \$37,450 if single or married filing separately, or</li> <li>• \$50,200 if head of household.</li> </ul>	43	37,450.
44	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 43; if zero or less, enter -0-. If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	44	184,435.
45	Subtract line 44 from line 43. If zero or less, enter -0-	45	0.
46	Enter the <b>smaller</b> of line 36 or line 37	46	17,758.
47	Enter the <b>smaller</b> of line 45 or line 46. This amount is taxed at 0%	47	0.
48	Subtract line 47 from line 46	48	17,758.
49	Enter: <ul style="list-style-type: none"> <li>• \$413,200 if single</li> <li>• \$232,425 if married filing separately</li> <li>• \$464,850 if married filing jointly or qualifying widow(er)</li> <li>• \$439,000 if head of household</li> </ul>	49	413,200.
50	Enter the amount from line 45	50	0.
51	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 19 of the Schedule D Tax Worksheet, whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 43; if zero or less, enter -0-. If you are filing Form 2555 or Form 2555-EZ, see instructions for the amount to enter	51	184,435.
52	Add line 50 and line 51	52	184,435.
53	Subtract line 52 from line 49. If zero or less, enter -0-	53	228,765.
54	Enter the <b>smaller</b> of line 48 or line 53	54	17,758.
55	Multiply line 54 by 15% (.15)	55	2,664.
56	Add lines 47 and 54	56	17,758.
	If lines 56 and 36 are the same, skip lines 57 through 61 and go to line 62. Otherwise, go to line 57.		
57	Subtract line 56 from line 46	57	0.
58	Multiply line 57 by 20% (.20)	58	0.
	If line 38 is zero or blank, skip lines 59 through 61 and go to line 62. Otherwise, go to line 59.		
59	Add lines 41, 56, and 57	59	
60	Subtract line 59 from line 36	60	
61	Multiply line 60 by 25% (.25)	61	
62	Add lines 42, 55, 58, and 61	62	54,288.
63	If line 36 is \$185,400 or less (\$92,700 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,708 (\$1,854 if married filing separately) from the result	63	56,597.
64	Enter the <b>smaller</b> of line 62 or line 63 here and on line 31. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 31. Instead, enter it on line 4 of the worksheet in the instructions for line 31	64	54,288.

**Net Investment Income Tax—  
Individuals, Estates, and Trusts**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return.  
▶ Information about Form 8960 and its separate instructions is at [www.irs.gov/form8960](http://www.irs.gov/form8960).

Attachment  
Sequence No. **72**

Name(s) shown on your tax return

Your social security number or EIN

Glenn C Odom

6591

- Part I Investment Income**
- Section 6013(g) election (see instructions)
  - Section 6013(h) election (see instructions)
  - Regulations section 1.1411-10(g) election (see instructions)

<b>1</b>	Taxable interest (see instructions)		<b>1</b>	
<b>2</b>	Ordinary dividends (see instructions)		<b>2</b>	12,492.
<b>3</b>	Annuities (see instructions)		<b>3</b>	
<b>4a</b>	Rental real estate, royalties, partnerships, S corporations, trusts, etc. (see instructions)	4a	231,378.	
<b>b</b>	Adjustment for net income or loss derived in the ordinary course of a non-section 1411 trade or business (see instructions)	4b	-205,490.	
<b>c</b>	Combine lines 4a and 4b	<b>4c</b>		25,888.
<b>5a</b>	Net gain or loss from disposition of property (see instructions)	5a	17,586.	
<b>b</b>	Net gain or loss from disposition of property that is not subject to net investment income tax (see instructions)	5b		
<b>c</b>	Adjustment from disposition of partnership interest or S corporation stock (see instructions)	5c		
<b>d</b>	Combine lines 5a through 5c	<b>5d</b>		17,586.
<b>6</b>	Adjustments to investment income for certain CFCs and PFICs (see instructions)	<b>6</b>		
<b>7</b>	Other modifications to investment income (see instructions)	<b>7</b>		
<b>8</b>	Total investment income. Combine lines 1, 2, 3, 4c, 5d, 6, and 7	<b>8</b>		55,966.

**Part II Investment Expenses Allocable to Investment Income and Modifications**

<b>9a</b>	Investment interest expenses (see instructions)	9a		
<b>b</b>	State, local, and foreign income tax (see instructions)	9b	3,114.	
<b>c</b>	Miscellaneous investment expenses (see instructions)	9c		
<b>d</b>	Add lines 9a, 9b, and 9c	<b>9d</b>		3,114.
<b>10</b>	Additional modifications (see instructions)	<b>10</b>		798.
<b>11</b>	Total deductions and modifications. Add lines 9d and 10	<b>11</b>		3,912.

**Part III Tax Computation**

<b>12</b>	Net investment income. Subtract Part II, line 11 from Part I, line 8. Individuals complete lines 13–17. Estates and trusts complete lines 18a–21. If zero or less, enter -0-	<b>12</b>		52,054.
<b>Individuals:</b>				
<b>13</b>	Modified adjusted gross income (see instructions)	13	250,706.	
<b>14</b>	Threshold based on filing status (see instructions)	14	200,000.	
<b>15</b>	Subtract line 14 from line 13. If zero or less, enter -0-	15	50,706.	
<b>16</b>	Enter the smaller of line 12 or line 15	<b>16</b>		50,706.
<b>17</b>	Net investment income tax for individuals. Multiply line 16 by 3.8% (.038). Enter here and include on your tax return (see instructions)	<b>17</b>		1,927.
<b>Estates and Trusts:</b>				
<b>18a</b>	Net investment income (line 12 above)	18a		
<b>b</b>	Deductions for distributions of net investment income and deductions under section 642(c) (see instructions)	18b		
<b>c</b>	Undistributed net investment income. Subtract line 18b from 18a (see instructions). If zero or less, enter -0-	18c		
<b>19a</b>	Adjusted gross income (see instructions)	19a		
<b>b</b>	Highest tax bracket for estates and trusts for the year (see instructions)	19b		
<b>c</b>	Subtract line 19b from line 19a. If zero or less, enter -0-	19c		
<b>20</b>	Enter the smaller of line 18c or line 19c	<b>20</b>		
<b>21</b>	Net investment income tax for estates and trusts. Multiply line 20 by 3.8% (.038). Enter here and include on your tax return (see instructions)	<b>21</b>		

**Passive Activity Loss Limitations**

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1041.

▶ Information about Form 8582 and its instructions is available at [www.irs.gov/form8582](http://www.irs.gov/form8582).

Name(s) shown on return  
 Glenn C. Odum

Identifying number  
 5591

**Part I 2015 Passive Activity Loss**

Caution: Complete Worksheets 1, 2, and 3 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation, see Special Allowance for Rental Real Estate Activities in the instructions.)			
1a	Activities with net income (enter the amount from Worksheet 1, column (a))	1a	5,687.
b	Activities with net loss (enter the amount from Worksheet 1, column (b))	1b	( 0. )
c	Prior years unallowed losses (enter the amount from Worksheet 1, column (c))	1c	( )
d	Combine lines 1a, 1b, and 1c	1d	5,687.
Commercial Revitalization Deductions From Rental Real Estate Activities			
2a	Commercial revitalization deductions from Worksheet 2, column (a)	2a	( )
b	Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b)	2b	( )
c	Add lines 2a and 2b	2c	( )
All Other Passive Activities			
3a	Activities with net income (enter the amount from Worksheet 3, column (a))	3a	5,870.
b	Activities with net loss (enter the amount from Worksheet 3, column (b))	3b	( 5,182. )
c	Prior years unallowed losses (enter the amount from Worksheet 3, column (c))	3c	( )
d	Combine lines 3a, 3b, and 3c	3d	688.
4	Combine lines 1d, 2c, and 3d. If this line is zero or more, stop here and include this form with your return; all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. Report the losses on the forms and schedules normally used	4	6,375.

- If line 4 is a loss and:
- Line 1d is a loss, go to Part II.
  - Line 2c is a loss (and line 1d is zero or more), skip Part II and go to Part III.
  - Line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, **do not** complete Part II or Part III. Instead, go to line 15.

**Part II Special Allowance for Rental Real Estate Activities With Active Participation**

Note: Enter all numbers in Part II as positive amounts. See instructions for an example.

5	Enter the smaller of the loss on line 1d or the loss on line 4	5	
6	Enter \$150,000. If married filing separately, see instructions	6	
7	Enter modified adjusted gross income, but not less than zero (see instructions)	7	
Note: If line 7 is greater than or equal to line 6, skip lines 8 and 9, enter -0- on line 10. Otherwise, go to line 8.			
8	Subtract line 7 from line 6	8	
9	Multiply line 8 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see instructions	9	
10	Enter the smaller of line 5 or line 9	10	0.

If line 2c is a loss, go to Part III. Otherwise, go to line 15.

**Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities**

Note: Enter all numbers in Part III as positive amounts. See the example for Part II in the instructions.

11	Enter \$25,000 reduced by the amount, if any, on line 10. If married filing separately, see instructions	11	
12	Enter the loss from line 4	12	
13	Reduce line 12 by the amount on line 10	13	
14	Enter the smallest of line 2c (treated as a positive amount), line 11, or line 13	14	

**Part IV Total Losses Allowed**

15	Add the income, if any, on lines 1a and 3a and enter the total	15	
16	Total losses allowed from all passive activities for 2015. Add lines 10, 14, and 15. See instructions to find out how to report the losses on your tax return	16	

**Caution:** The worksheets must be filed with your tax return. Keep a copy for your records.

**Worksheet 1—For Form 8582, Lines 1a, 1b, and 1c (See instructions.)**

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 1a)	(b) Net loss (line 1b)	(c) Unallowed loss (line 1c)	(d) Gain	(e) Loss
49 Oak Street	2,836.	0.		2,836.	
22 North 3rd Street	2,851.	0.		2,851.	
<b>Total. Enter on Form 8582, lines 1a, 1b, and 1c</b>	5,687.	0.			

**Worksheet 2—For Form 8582, Lines 2a and 2b (See instructions.)**

Name of activity	(a) Current year deductions (line 2a)	(b) Prior year unallowed deductions (line 2b)	(c) Overall loss
<b>Total. Enter on Form 8582, lines 2a and 2b</b>			

**Worksheet 3—For Form 8582, Lines 3a, 3b, and 3c (See instructions.)**

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 3a)	(b) Net loss (line 3b)	(c) Unallowed loss (line 3c)	(d) Gain	(e) Loss
133 W. Cypress	0.	1.			1.
358 Oak Street	1,118.	0.		1,118.	
166 West Elm	0.	919.			919.
119 West Cypress	0.	612.			612.
See Passive Wkst 3	4,752.	3,650.			
<b>Total. Enter on Form 8582, lines 3a, 3b, and 3c</b>	5,870.	5,182.			

**Worksheet 4—Use this worksheet if an amount is shown on Form 8582, line 10 or 14 (See instructions.)**

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Special allowance	(d) Subtract column (c) from column (a)
<b>Total</b>			1.00		

**Worksheet 5—Allocation of Unallowed Losses (See instructions.)**

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Unallowed loss
<b>Total</b>			1.00	

Form **4562**

**Depreciation and Amortization**  
(Including Information on Listed Property)

OMB No. 1545-0172

**2015**

Attachment Sequence No. **179**

Department of the Treasury  
Internal Revenue Service (99)

▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).

▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

Glenn C Odom

Sch E 49 Oak Street

6591

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2014 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2016. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2015	17	1,315.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B—Assets Placed in Service During 2015 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property	4,000.	5.0	MQ	200 DB	200.
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs.		S/L	
h	Residential rental property		27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i	Nonresidential real property		39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System**

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year		40 yrs.	MM	S/L	

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	1,515.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions. BAA

REV 07/11/18 PRO

Form **4562** (2015)

Form **4562**

**Depreciation and Amortization**  
(Including Information on Listed Property)

OMB No. 1545-0172

**2015**  
Attachment  
Sequence No. **179**

Department of the Treasury  
Internal Revenue Service (99)

▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).

▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

Glenn C Odum

Sch E 358 Oak Street

6591

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2014 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2016. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2015	17	2,753.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B—Assets Placed in Service During 2015 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property	3,200.	5.0	MQ	200 DB	480.
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs.		S/L	
h	Residential rental property		27.5 yrs.	MM	S/L	
i	Nonresidential real property		27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System**

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year		40 yrs.	MM	S/L	

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return, Partnerships and S corporations—see instructions	22	3,233.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions. BAA

REV 07/11/16 PRO

Form **4562** (2015)

**Depreciation and Amortization**  
(Including Information on Listed Property)

Department of the Treasury  
Internal Revenue Service (99)

▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).

▶ Attach to your tax return.

Name(s) shown on return:

Business or activity to which this form relates:

Identifying number:

Glenn C Odom

Section 179 Summary

6591

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	0.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	from Schedule K-1		24,388.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	24,388.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	24,388.
10	Carryover of disallowed deduction from line 13 of your 2014 Form 4562	10	0.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 9 (see instructions)	11	266,061.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	24,388.
13	Carryover of disallowed deduction to 2016. Add lines 9 and 10, less line 12	13	0.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2015	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B—Assets Placed in Service During 2015 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs.		S/L	
h	Residential rental property		27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i	Nonresidential real property		39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System**

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year		40 yrs.	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Additional information from your 2015 Federal Tax Return**

Form 8582: Passive Activity Loss Limitations (Copy 1)

Passive Worksheet 3

Continuation Statement

Activity Name	Current Year Net Inc	Current Year Net Loss	Prior Year Unallowed Loss	Overall Gain	Overall Loss
14 West Juniper	0.	2,921.			2,921.
129 Cypress	0.	729.			729.
OK Properties	4,752.	0.		4,752.	
<b>Total</b>	<b>4,752.</b>	<b>3,650.</b>			

