

ORDINANCE NO. 2026-21

A SERIES ORDINANCE

MAKING PROVISION FOR THE TERMS AND CONDITIONS OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BORROWING OF THE CITY OF FLORENCE, SOUTH CAROLINA, AUTHORIZED BY A BOND ORDINANCE OF THE CITY OF FLORENCE ADOPTED OCTOBER 24, 1989, AS AMENDED BY ORDINANCES OF CITY COUNCIL DATED APRIL 12, 2010 AND DECEMBER 12, 2011; APPROVING THE FINANCING OF SYSTEM IMPROVEMENTS THROUGH THE BORROWING OF NOT EXCEEDING \$6,000,000 PLUS CAPITALIZED INTEREST, IF ANY, FROM THE STATE DRINKING WATER REVOLVING LOAN FUND BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY PURSUANT TO TITLE 48, CHAPTER 5, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT THE LOAN, THE EXECUTION AND DELIVERY OF LOAN AGREEMENTS BETWEEN THE CITY OF FLORENCE AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF PROMISSORY NOTES FROM THE CITY OF FLORENCE TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FLORENCE, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

SECTION 1.1. Findings of Fact. As an incident to the adoption of this Series Ordinance, the City Council (“**City Council**”) of the City of Florence, South Carolina (the “**City**”) has made the following findings:

(a) The City of Florence is a municipality created pursuant to the laws of the State of South Carolina and empowered by the provisions of Title 48, Chapter 5, Code of Laws of South Carolina, 1976, as amended (the “**Act**”) (i) to undertake a drinking water supply/distribution project as defined and approved pursuant to the Federal Safe Drinking Water Act, 42 U.S.C.A. subsection 300f et seq.; (ii) to make application for and to receive assistance; (iii) to comply with regulations relating to the receipt and disposition of money of the State Drinking Water Revolving Loan Fund created by the Act; (iv) to apply for and receive state grants; (v) to enter into loan agreements; and (vi) to comply with all terms and conditions of any loan agreement.

(b) Title 6, Chapter 17, Code of Laws of South Carolina, 1976, as amended, permits the incurring of debt for the purpose of financing facilities for the furnishing of water and wastewater treatment services and permits the securing of such indebtedness with a pledge of revenues derived from the operation of the Combined Waterworks and Sewerage System (the “**System**”) of the City.

(c) By ordinance entitled AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE CITY OF FLORENCE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO, adopted on October 24, 1989, by ordinances of City Council dated April 12, 2010 and December 12, 2011 (the “**Bond Ordinance**”), City Council made provision for the issuance from time to time of Combined Waterworks and Sewerage System Revenue Bonds of the City payable from revenues derived from the operation of the System.

(d) The revenues derived from the System are now hypothecated and pledged to the payment of the following:

(1) the outstanding installments of an original issue of \$10,428,518 South Carolina Water Quality Revolving Fund Loan dated April 18, 2013;

(2) the outstanding installments of an original issue of \$3,817,741 South Carolina Water Quality Revolving Fund Loan dated September 23, 2013;

(3) the outstanding installments of an original issue of \$6,111,310.18 Waterworks and Sewerage System Junior Lien Revenue Bond dated March 10, 2014;

(4) the outstanding installments of an original issue of not exceeding \$1,750,566 plus capitalized interest, if any, South Carolina Water Quality Revolving Fund Loan dated September 11, 2014;

(5) the outstanding installments of an original issue of \$2,702,347.56 Combined Waterworks and Sewerage System Refunding Revenue Bond, Series 2015, dated July 15, 2015;

(6) the outstanding installments of an original issue of \$14,405,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2016, dated November 9, 2016;

(7) the outstanding installments of an original issue of \$9,055,000 Special Obligation Bonds (Florence Downtown Redevelopment Project Area), Taxable Series 2016A, dated November 9, 2016, additionally secured by a junior lien pledge of System revenues;

(8) the outstanding installments of an original issue of \$26,515,000 Special Obligation Bonds (Florence Downtown Redevelopment Project Area), Series 2016B, dated November 9, 2016, additionally secured by a junior lien pledge of System revenues;

(9) the outstanding installments of an original issue of not exceeding \$2,260,938 plus capitalized interest, if any, South Carolina Drinking Water Revolving Fund Loan dated June 14, 2018;

(10) the outstanding installments of an original issue of not exceeding \$5,730,149 plus capitalized interest, if any, South Carolina Water Pollution Control Revolving Fund Loan dated June 14, 2018;

(11) the outstanding installments of an original issue of \$68,590,000 Combined Waterworks and Sewerage System Refunding and Capital Improvement Revenue Bonds, Series 2019, dated October 3, 2019;

(12) the outstanding installments of an original issue of \$15,252,000 Combined Waterworks and Sewerage System Refunding Improvement Revenue Bond, Series 2020, dated May 15, 2020;

(13) the outstanding installments of an original issue of \$32,100,000 Combined Waterworks and Sewerage System Refunding Improvement Revenue Bonds, Series 2023, dated September 27, 2023; and

(14) the outstanding installments of an original issue of \$147,395,000 Combined Waterworks and Sewerage System Capital Improvement Revenue Bonds, Series 2025, dated November 13, 2025.

The City will simultaneously borrow not exceeding \$6,000,000 plus capitalized interest, if any, from the South Carolina Drinking Water Revolving Loan Fund as evidenced by one or more notes (the “**2026A Note**” and the “**2026B Note**,” together, the “**2026 Notes**”) by issuance of Waterworks and Sewer System Revenue Bonds in one or more series (the “**2026 Bonds**”) which will be issued on parity with the above-described borrowings in this paragraph (d) (1), (2), (4) through (6), and (9) through (14) are hereinafter referred to as the “**Parity Bonds**.”

(e) The City has determined to defray the cost of the capital improvements described in attached Exhibit A (collectively, the “**Projects**”) through the borrowing authorized herein. The Projects will be part of the System.

(f) City Council has adopted a Resolution authorizing application to the South Carolina Water Quality Revolving Fund Authority (the “**State Authority**”) for a loan from the South Carolina Drinking Water Revolving Loan Fund created by the Act (the “**2026A Loan**”), to provide for the financing of the 2026A Project.

(g) City Council has adopted a Resolution authorizing application to the State Authority for a loan from the South Carolina Drinking Water Revolving Loan Fund created by the Act (the “**2026B Loan**”), to provide for the financing of the 2026B Project.

(h) The State Authority upon review of the City’s loan application conditionally approved the 2026A Loan and is in the process of approving the Loan application with respect to the 2026B Loan.

(i) The Bond Ordinance provides that a Series Ordinance shall be adopted with respect to each Series of Bonds which Series Ordinance shall express the approval of City Council to the issuance of a Series of Bonds and City Council’s agreement to abide by the terms, provisions and agreements set forth in the Bond Ordinance and shall specify and determine:

- (1) As prescribed by Section 6-17-60 of the Enabling Act, the then period of usefulness of the System;
- (2) The Date or Dates of Issue of such Series of Bonds;
- (3) The precise principal amount of the Series of Bonds;
- (4) The specific purposes for which the proceeds of such Series will be used;
- (5) The title and designation of the Bonds of such Series and manner of numbering and lettering, and the denomination or denominations of the Bonds of such Series;
- (6) The date or dates of maturity and the amounts thereof;
- (7) The interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series;
- (8) The time for the payment of interest on the Bonds in such Series and the Record Date;

(9) The redemption price or redemption prices and the redemption date or redemption dates and other terms of redemption (if any) applicable to any of the Bonds of such Series for such payments;

(10) The Registrar for such Bonds if other than the Trustee;

(11) The portion of such Series that are serial Bonds and that are Term Bonds, if any, including the amount and date of each mandatory redemption or sinking fund installment, if any, required by such Series Ordinance to be paid for the retirement of any such Bonds;

(12) The portion of such Series that are Capital Appreciation Bonds, if any, including the time for payment of such Capital Appreciation Bonds in order to address the information requested in paragraphs (7) and (8) above.

(13) Any other applicable redemption requirement for the Bonds of such Series and the method of satisfying the same;

(14) The manner in which Bonds of such Series are to be sold and provisions for the sale thereof;

(15) The form or forms for the Bonds of each Series;

(16) That the then applicable Reserve Requirement has been or will be met;

(17) The disposition of the proceeds of the sale of the Bonds of such Series and the manner of their application; and

(18) Any other provisions deemed advisable by the City not in conflict with or in substitution for the provisions of the Bond Ordinance and the Series Ordinance relating to the Bonds of such Series.

(j) The funds are to be loaned and secured pursuant to loan agreements (the “**2026A Loan Agreement**” and “**2026B Loan Agreement**,” and together, the “**Loan Agreements**”) between the City and the State Authority, and promissory notes executed and delivered by the City registered in the name of the State Authority (the “**2026A Note**” or the “**2026B Note**,” and together, the “**2026 Notes**”). Pursuant to each Loan Agreement, the City will agree to use the 2026 Loan proceeds only to pay the actual eligible costs of each of Project, and the City will agree to pay to the State Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the 2026 Loans. To secure its obligations the City will grant to the State Authority a pledge of, and lien upon, that portion of the Revenues which remain after paying the cost of the operation and maintenance of the System, which pledge is on a parity with the Parity Bonds and any additional bonds issued on a parity therewith.

Upon any failure of the City to make any payments to the State Authority pursuant to the Loan Agreements or the 2026 Notes, the State Authority shall require the State Treasurer to pay to the State Authority, subject to the provisions of the Act, such amount from State appropriations to which the City may be or may become entitled as may be necessary to provide for the payment of all amounts due with respect to the 2026 Notes.

(k) City Council is adopting this Ordinance in order to:

(a) authorize the execution and delivery on behalf of the City of the Loan Agreements and the 2026 Notes;

(b) evidence the approval of the Project and the 2026 Loans by the City; and

(c) authorize the execution and delivery by, and on behalf of, the City of such other agreements and certificates and the taking of such other action by the City and its officers as shall be necessary or desirable in connection with the financing of the Projects in order to carry out the intent of this Ordinance.

(l) The Bond Ordinance permits the issuance of further bonds on a parity with the Parity Bonds, on the following conditions. Capitalized terms used herein shall have the meanings ascribed thereto in the Bond Ordinance.

(1) There shall exist, on the occasion of the issuance of the Bonds, no default in the payment of the principal of or interest on any Prior Lien Bonds, Bonds or Junior Lien Bonds then Outstanding;

(2) There shall be on deposit in each Debt Service Reserve Fund established pursuant to any Series Ordinance the amount then required to be on deposit therein by the provisions of such Series Ordinance; and

(3) Except in the case of Bonds issued for the purpose of refunding any Bonds, there shall be delivered to the Trustee a certificate, which is not required to be based upon an audit of the City, from an Accountant, a Financial Consultant or a Consulting Engineer, to the effect that Net Earnings during any consecutive 12-month period out of the 24 months immediately preceding the issuance date of the proposed Bonds (the “**Test Period**”) are not less than 125% of the greatest sum for any Fiscal Year ending after the date of delivery of the Bonds proposed to be issued obtained by adding all the Annual Principal and Interest Requirement for each Fiscal Year for all Series of Bonds then proposed to be Outstanding.

It is specifically found that the 2026 Notes, whose issuance are herewith provided for, are issued as Bonds under the Bond Ordinance and for purposes permitted by and in full compliance with all of the provisions set forth in the Bond Ordinance and that the 2026 Notes will be on a parity with said Parity Bonds. It is further found that the received and anticipated commitments from the State Authority to purchase the 2026 Notes is for an amount not to exceed \$6,000,000 plus capitalized interest, if any. The final terms and conditions of the borrowings will be substantially as set forth in the Loan Agreements attached hereto as Exhibit B and Exhibit C which terms and conditions are incorporated herein, with such changes as the City Manager shall approve in his discretion in order effectuate the purposes of this Ordinance.

NOW THEREFORE BE IT ORDAINED BY COUNCIL IN MEETING DULY ASSEMBLED:

(1) The useful life of the System is found to be 40 years.

(2) The Date of Issue of the 2026A Note is to be no later than June 30, 2026, and the actual date of issue of the 2026A Note will be as set forth in a certificate to be delivered by the Mayor and contained in the final 2026A Note.

(3) The 2026A Note shall be in the original principal amount of not exceeding \$4,000,000 plus capitalized interest, if any, and the actual principal amount of the 2026A Note will be as set forth in the 2026A Loan Agreement with respect to the 2026A Note (the “**2026A Loan Agreement**”).

(4) The proceeds of the 2026A Note shall be used to defray that portion of the Project allocated to the 2026A Note described in attached Exhibit A;

(5) The 2026A Note shall be designated as the City of Florence, SC Combined Waterworks and Sewerage System Revenue Bond, Series 2026A, and shall be issued in the denomination of the final principal amount borrowed and shall be numbered 1.

(6) The date of maturity and amounts thereof shall be as set forth in the 2026A Loan Agreement. Inasmuch as the final principal amounts may be reduced to reflect lower than anticipated construction costs, any changes to the principal amounts to provide for a reduction in the amounts borrowed shall be permitted and shall be evidenced by the City's execution of the 2026A Loan Agreement, as it may be amended from time to time.

(7) The interest rate on the 2026A Note and the time for the payment of interest and the Record Date shall be as set forth in the 2026A Loan Agreement.

(8) The 2026A Note is subject to prepayment in whole or in part together with any accrued interest thereon at any time without penalty or premium; all such prepayments shall be applied against principal installments due on the 2026A Note in inverse order of maturity.

(9) The Registrar for the 2026A Note shall be the Trustee under the Bond Ordinance.

(10) The 2026A Note shall be sold to the State Authority pursuant to the State Authority's final approval of the 2026A Loan and shall be issued as a single obligation with principal to be paid as set forth in the 2026A Loan Agreement.

(11) The 2026A Note shall be substantially in the form attached to the Loan Agreement.

(12) Provision for the Reserve Requirement shall be made by the deposit in the Debt Service Reserve Fund established as permitted by the Bond Ordinance of an amount necessary to satisfy the Reserve Requirement as set forth in the 2026A Loan Agreement.

(13) The proceeds of the 2026A Note shall be disbursed in accordance with the requirements of the 2026A Loan Agreement.

(14) The Date of Issue of the 2026B Note is to be no later than June 30, 2026, and the actual date of issue of the 2026B Note will be as set forth in a certificate to be delivered by the Mayor and contained in the final 2026B Note.

(15) The 2026B Note shall be in the original principal amount of not exceeding \$2,000,000 plus capitalized interest, if any, and the actual principal amount of the 2026B Note will be as set forth in the 2026B Loan Agreement with respect to the 2026B Note (the "**2026B Loan Agreement**").

(16) The proceeds of the 2026B Note shall be used to defray that portion of the Project allocated to the 2026B Note described in attached Exhibit A;

(17) The 2026B Note shall be designated City of Florence, SC Combined Waterworks and Sewerage System Revenue Bond, Series 2026B, and shall be issued in the denomination of the final principal amount borrowed and shall be numbered 1.

(18) The date of maturity and amounts thereof shall be as set forth in the 2026B Loan Agreement. Inasmuch as the final principal amounts may be reduced to reflect lower than anticipated construction costs, any changes to the principal amounts to provide for a reduction in the amounts borrowed shall be permitted and shall be evidenced by the City's execution of the 2026B Loan Agreement, as it may be amended from time to time.

(19) The interest rate on the 2026B Note and the time for the payment of interest and the Record Date shall be as set forth in the 2026B Loan Agreement.

(20) The 2026B Note is subject to prepayment in whole or in part together with any accrued interest thereon at any time without penalty or premium; all such prepayments shall be applied against principal installments due on the 2026B Note in inverse order of maturity.

(21) The Registrar for the 2026B Note shall be the Trustee under the Bond Ordinance.

(22) The 2026B Note shall be sold to the State Authority pursuant to the State Authority's final approval of the 2026B Loan and shall be issued as a single obligation with principal to be paid as set forth in the 2026B Loan Agreement.

(23) The 2026B Note shall be substantially in the form attached to the Loan Agreement.

(24) Provision for the Reserve Requirement shall be made by the deposit in the Debt Service Reserve Fund established as permitted by the Bond Ordinance of an amount necessary to satisfy the Reserve Requirement as set forth in the 2026B Loan Agreement.

(25) The proceeds of the 2026B Note shall be disbursed in accordance with the requirements of the 2026B Loan Agreement.

## ARTICLE II

### THE LOANS

SECTION 2.1. Authorization of 2026A Loan. Council hereby authorizes the City's acceptance of the 2026A Loan from the State Authority of not exceeding \$4,000,000 plus capitalized interest, if any, pursuant to and in accordance with, the provisions of the 2026A Loan Agreement.

SECTION 2.2. Repayment of 2026A Loan by the City. Council hereby authorizes the repayment of the 2026A Loan by the City to the State Authority from revenues of the System or, if said revenues are not sufficient, from state appropriations the City may become entitled pursuant to and in accordance with the provisions of the 2026A Loan Agreement and the 2026A Note.

SECTION 2.3. Authorization of 2026B Loan. Council hereby authorizes the City's acceptance of the 2026B Loan from the State Authority of not exceeding \$2,000,000 plus capitalized interest, if any, pursuant to and in accordance with, the provisions of the 2026B Loan Agreement.

SECTION 2.4. Repayment of 2026B Loan by the City. Council hereby authorizes the repayment of the 2026B Loan by the City to the State Authority from revenues of the System or, if said revenues are not sufficient, from state appropriations the City may become entitled pursuant to and in accordance with the provisions of the 2026B Loan Agreement and the 2026B Note.

### ARTICLE III

#### LOAN AGREEMENTS AND NOTES

SECTION 3.1. Authorization of 2026A Loan Agreement and the 2026A Note. The 2026A Loan Agreement and the 2026A Note in substantially the form attached hereto as Exhibit “B” with such changes as the executing officers shall approve (their execution to be conclusive evidence of such approval) are hereby approved and the execution and delivery of the Loan Agreement and the 2026A Note, on behalf of the City are hereby authorized and directed. The Loan Agreement and the 2026A Note shall be executed on behalf of the City by the Mayor and attested by the Clerk of Council (the “**Clerk**”).

SECTION 3.2. Authorization of 2026B Loan Agreement and the 2026B Note. The 2026B Loan Agreement and the 2026B Note in substantially the form attached hereto as Exhibit “B” with such changes as the executing officers shall approve (their execution to be conclusive evidence of such approval) are hereby approved and the execution and delivery of the 2026B Loan Agreement and the 2026B Note, on behalf of the City are hereby authorized and directed. The 2026B Loan Agreement and the 2026B Note shall be executed on behalf of the City by the Mayor and attested by the Clerk.

### ARTICLE IV

#### MISCELLANEOUS

SECTION 4.1. Other Instruments and Actions. In order to implement (i) the 2026A Loan pursuant to the 2026A Loan Agreement and 2026A Note and (ii) the 2026B Loan pursuant to the 2026B Loan Agreement and 2026B Note, and to give full effect to the intent and meaning of this Ordinance and the agreements and actions herein authorized, the Mayor and Clerk are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as the shall deem necessary or desirable.

SECTION 4.2. Ordinance a Contract. This Ordinance shall be a contract between the City and the State Authority, and shall be enforceable as such against the City.

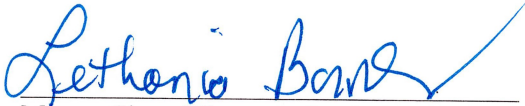
SECTION 4.3. Continuing Disclosure. The City covenants to file with the State Authority:

- (a) An annual audit, within thirty days of the City’s receipt of the audit; and
- (b) Event specific information within thirty days of an event adversely affecting more than five percent of revenues of the System or the City’s tax base.

SECTION 4.4. Effective Date. This Ordinance shall become effective upon receiving approval on second reading by Council.

DONE, RATIFIED AND ADOPTED THIS 8<sup>th</sup> day of June, 2026.

(SEAL)

  
\_\_\_\_\_  
Mayor, City of Florence, South Carolina

Attest:

  
\_\_\_\_\_  
Clerk, City of Florence, South  
Carolina

First Reading: May 11, 2026  
Second Reading: June 8, 2026

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

I, the undersigned, Clerk of the City Council of the City of Florence, South Carolina (“**Council**”), DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of an Ordinance adopted by Council. The Ordinance was read at two public meetings of Council on May 11, 2026, and June 8, 2026. An interval of at least six days occurred between each reading. At each meeting, a quorum of Council was present and remaining present throughout the meeting.

The Ordinance is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my Hand this 8<sup>th</sup> day of June, 2026.

  
Clerk

## EXHIBIT A

### Description of the Projects

The Projects are comprised as follows.

#### **1. 2026A NOTE: PFAS**

The cost of designing improvements to the City's Waterworks needed to meet required limitations on PFAS currently proposed by USEPA prior to 2031.

#### **2. 2026B NOTE: Lead and Copper 2024**

Replacement service lines in the North Florence Area and a galvanized water line on Bradford Street.

EXHIBIT B

Form of 2024A Loan Agreement and Note

EXHIBIT C

Form of 2026B Loan Agreement and Note