

ORDINANCE NO. 2005-125

AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING \$7,750,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2006A AND TAXABLE SERIES 2006B, OF THE CITY OF COLUMBIA, SOUTH CAROLINA, FOR THE PURPOSE OF DEFRAYING A PORTION OF THE COSTS OF CONSTRUCTING A PARKING FACILITY; FIXING THE FORM AND DETAILS OF THE NOTES; PROVIDING FOR THE PAYMENT AND DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

ENACTED: November 30, 2005

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLUMBIA, SOUTH CAROLINA, AS FOLLOWS:

**SECTION 1. Definitions.** Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall have, for all purposes of this Ordinance, the meanings hereinafter specified, with the definitions equally applicable to both the singular and plural forms and vice versa. The term:

“2006A Notes” shall mean the General Obligation Bond Anticipation Notes, Series 2006A, authorized to be issued pursuant to Section 4 hereof.

“2006B Notes” shall mean the General Obligation Bond Anticipation Notes, Series 2006B, authorized to be issued pursuant to Section 4 hereof.

“Beneficial Owner” shall mean any purchaser who acquires beneficial ownership interest in an Initial Note held by the Depository. In determining any Beneficial Owner, the City, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the City, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any Series 2006 Notes held by the Depository or its Participants in which a beneficial ownership interest is claimed.

“Book-Entry Form” or “Book-Entry System” shall mean with respect to the Series 2006 Notes, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Series 2006 Notes may be transferred only through a book-entry; and (b) physical Series 2006 Note certificates in fully registered form are registered only in the name of the Depository or its nominees as Holder, with the physical Series 2006 Note certificates “immobilized” in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the Series 2006 Notes when subject to the Book-Entry System.

“Books of Registry” shall mean the registration books maintained by the Registrar in accordance with Section 10 hereof.

“City” shall mean the City of Columbia, South Carolina.

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

“Council” shall mean the City Council of the City of Columbia, South Carolina.

“Depository” shall mean 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 the Series 2006 Notes, and to effect transfers of the Series

2006 Notes, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Holders” shall mean the registered owner or owners of any outstanding Series 2006 Note.

“Initial Notes” shall mean the Series 2006 Notes initially issued in Book-Entry Form as provided in Section 7 hereof.

“Letter of Representations” shall mean the Letter of Representations executed and delivered by the City to the Depository.

“Ordinance” shall mean this Ordinance.

“Participant” shall mean any bank, brokerage house or other financial institution for which, from time to time, the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

“Paying Agent” shall mean the paying agent appointed pursuant to this Ordinance.

“Record Date” shall mean the fifteenth (15<sup>th</sup>) day of the month immediately preceding the maturity date of the Series 2006 Notes.

“Registrar” shall mean the registrar appointed pursuant to this Ordinance.

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

“Series 2006 Notes” shall mean, collectively, the 2006A Notes and the 2006B Notes in the aggregate principal amount of not exceeding \$7,750,000 authorized to be issued hereunder.

“State” shall mean the State of South Carolina.

**SECTION 2. Findings and Determinations.** The City Council hereby finds and determines:

(a) The City is an incorporated municipality located in Lexington County and Richland County, South Carolina, and as such possesses all powers granted to municipalities by the Constitution and laws of this State.

(b) Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended (the "Constitution"), provides that general obligation debt may be incurred by the governing body of each city of the State of South Carolina for any public and corporate purpose in an amount not exceeding eight percent of the assessed value of all taxable property of such city.

(c) Pursuant to the Municipal Bond Act, the municipal council of any municipality may issue general obligation bonds of such municipality for any corporate purpose of such municipality to any amount not exceeding the constitutional debt limit applicable.

(d) The assessed value of all taxable property in the City for the year 2005 is \$394,136,293 which includes the 1987 assessed value of merchants' inventory in the amount of \$6,667,290. Eight percent (8%) of such sum is \$31,530,903. As of the date hereof, the outstanding general obligation debt of the City subject to the limitation imposed by Article X, Section 14(7)(a) of the Constitution is \$20,320,000, representing the outstanding principal balance of the following general obligation bonds of the City:

- (i) \$9,400,000 original principal amount General Obligation Refunding Bonds, Series 1998, dated May 1, 1998, presently outstanding in the principal amount of \$5,980,000 of which \$890,000 will be retired on February 1, 2006; and
- (ii) \$15,500,000 original principal amount General Obligation Bonds, Series 2002, dated December 1, 2002, presently outstanding in the principal amount of \$14,340,000.

Thus, the City may incur \$11,210,903 general obligation debt within its applicable constitutional debt limitation.

(e) The City, Richland County and the University of South Carolina (the "University") have entered into a Memorandum of Understanding and Intergovernmental Agreement (the "Agreement") executed on May 31, 2005, June 4, 2005 and June 4, 2005, respectively. Under the terms of the Agreement the City has agreed to construct certain parking facilities to serve occupants in certain buildings to be constructed in conjunction with the University's research campus. One of the parking facilities will provide parking for a University- owned approximately 125,000-square-foot wet/dry lab building and a privately owned approximately 110,000-square-foot office/dry lab building located in the Horizon Center block of the research campus. In order to assist the University in implementing its new research campus, the City will issue its Series 2006 Notes, the proceeds of which shall be applied to defray a portion of the costs of constructing and equipping an approximately 1,000-car parking garage and plaza to facilitate, primarily, parking for the Horizon Center (the "Project").

(f) The Project is necessary and in the best interest of the City. The issuance of the Series 2006 Notes authorized by this Ordinance for such purpose is necessary and such Series 2006 Notes will be issued for a corporate purpose and a public purpose of the City.

(g) Article X, Section 15 of the Constitution further provides that general obligation notes may be issued in anticipation of the proceeds of general obligation bonds which may lawfully be issued under such terms and conditions that the General Assembly may prescribe by law.

(h) Pursuant to the provisions of Title 11, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended, any City, whenever authorized by general or special law to issue bonds, may, pending the sale and issuance thereof, borrow in anticipation of the receipt of the proceeds of the bonds.

(i) Pending the sale and issuance of the aforesaid general obligation bonds, it is in the best interest of the City to provide for the issuance of two series of bond anticipation notes in the aggregate principal amount of not exceeding \$7,750,000 in anticipation of the sale and issuance of such general obligation bonds and the receipt of the proceeds thereof for the purpose set forth above.

**SECTION 3. Issuance of Bonds.** There is hereby authorized to be issued general obligation bonds (the "Bonds") of the City in the principal amount of not exceeding \$7,750,000. The City irrevocably obligates and binds the City to effect the issuance of a sufficient amount of Bonds prior to the stated maturity of the general obligation bond anticipation notes authorized by Section 4 hereof, the proceeds of which shall be used to meet the payment of principal and interest, if necessary, on such bond anticipation notes. The full faith, credit and taxing power of the City are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds. Prior to the sale and issuance of the Bonds, the City shall enact an Ordinance setting forth the form and details of such Bonds.

**SECTION 4. Authorization and Details of Series 2006 Notes.** Pending the issuance and delivery of the Bonds and pursuant to Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, there is hereby authorized to be issued not exceeding \$7,750,000 general obligation bond anticipation notes of the City to be designated "(\$ principal amount issued) General Obligation Bond Anticipation Notes, Series 2006A/Taxable Series 2006B, of the City of Columbia, South Carolina". The proceeds of the Series 2006 Notes shall be applied for the purposes set forth in Section 2(e) hereof and other costs incidental thereto, including without limitation, engineering, architectural, financial and legal expenses.

The Series 2006 Notes shall be issued in fully registered form; shall be dated as of the date of their initial delivery or as otherwise determined by the Mayor; shall be in the denominations of \$5,000 or any integral multiple thereof; shall be numbered R-1 upward; shall be subject to redemption upon such terms as the Mayor determines; shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their date at such rates of interest approved by the Mayor or City Manager of the City; and shall mature not more than one year from their respective dates.

Both the principal of and interest on the Series 2006 Notes shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts.

**SECTION 5. Delegation of Authority to Determine Certain Matters Relating to the Series 2006 Notes.** The Council hereby delegates to the Mayor and City Manager the authority to offer the Series 2006 Notes for sale at such time or times as deemed to be in the best interest of the City. A Notice of Sale shall be distributed in the manner provided in Section 11 hereof. The Mayor or the City Manager of the City is hereby authorized and empowered to

determine the aggregate principal amount of each series of the Series 2006 Notes and to award the sale of the Series 2006 Notes to the respective lowest bidder therefor in accordance with the terms of the Notice of Sale for the Series 2006 Notes, provided the net interest cost of the 2006A Notes does not exceed 6% per annum and the net interest cost of the 2006B Notes does not exceed 8% per annum.

SECTION 6. [Reserved]

SECTION 7. Book-Entry System; Recording and Transfer of Ownership of the Series 2006 Notes. The Initial Notes will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Initial Notes shall be made only through the Depository and its participants in accordance with rules specified by the Depository. Such beneficial ownership must be of \$5,000 principal amount of the Series 2006 Notes or any integral multiple of \$5,000.

The Initial Notes will be issued in fully registered form, as a single note (representing the entire respective principal amounts of the 2006A Notes and the 2006B Notes), in the name of Cede & Co., as the nominee of the Depository. When the principal of and interest on the Initial Notes becomes due, the City shall transmit or cause the Paying Agent to transmit to the Depository an amount equal to such principal and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Initial Notes so registered for all purposes of this Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Owners of the Series 2006 Notes or their nominees in accordance with its rules and regulations.

The Depository is expected to maintain records of the positions of Participants in the Initial Notes, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the Initial Notes. The City, the Paying Agent and the Registrar make no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the City, the Paying Agent and the Registrar shall have no responsibility for any such maintenance of records or transfer of payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

The City, the Paying Agent and the Registrar may treat the Depository (or its nominee) as the sole and exclusive owner of the Series 2006 Notes registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the Series 2006 Notes, giving any notice permitted or required to be given to Holders under this Ordinance, registering the transfer of Series 2006 Notes, obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The City, the Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2006 Notes under or through the Depository or any Participant, or any other person which is not shown on the Books of Registry of the City maintained by the Registrar as being a Holder, with respect to: the accuracy of any records maintained by the Depository or any Participant or the maintenance of any records; the payment by the Depository or any Participant of any amount in respect of the principal of or interest, if any, on the Series 2006 Notes or the sending of any transaction statements; any notice which is permitted or

required to be given to Holders thereunder; the selection of Holders to receive payments upon any partial redemption of the Series 2006 Notes; or any consent given or other action taken by the Depository as a Holder.

**SECTION 8. Successor Depository.** If (a) the Depository determines not to continue to act as Depository for the Series 2006 Notes and gives reasonable notice to the Registrar or the City, or (b) the City has advised the Depository of the City's determination that the Depository is incapable of discharging its duties, the City shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the City or the Registrar of the Initial Notes together with an assignment duly executed by the Depository, the City shall execute and deliver to the successor Depository the Series 2006 Notes of the same principal amount, interest rate, redemption provisions, if any, and maturity. If the City is unable to retain a qualified successor to the Depository, or the City has determined that it is in its best interest not to continue the Book-Entry System of transfer or that interests of the Beneficial Owners of the Series 2006 Notes might be adversely affected if the Book-Entry System of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the Series 2006 Notes by mailing an appropriate notice to the Depository, upon receipt by the City of the Initial Series 2006 Notes together with an assignment duly executed by the Depository, the City shall execute, authenticate and deliver to the Depository Participants' Series 2006 Notes in fully-registered form, in substantially the form set forth in Exhibit A of this Ordinance in the denomination of \$5,000 or any integral multiple thereof.

**SECTION 9. Execution and Form of Series 2006 Notes.** The Series 2006 Notes shall be executed in the name of the City with the manual or facsimile signature of the Mayor of the City attested by the manual or facsimile signature of the City Clerk of the City with the seal of the City impressed or affixed thereon or a facsimile thereof. The Series 2006 Notes shall be issued in substantially the form attached hereto as Exhibit A. The Series 2006 Notes set forth shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each such Series 2006 Note shall bear a certificate of authentication manually executed by the Registrar in substantially the form set forth in Exhibit A.

**SECTION 10. Books of Registry.** The City shall cause the Books of Registry to be kept at the offices of the Registrar for the registration and transfer of the Series 2006 Notes. Upon presentation at its office for such purpose, the Registrar shall register or transfer, or cause to be registered or transferred, on such registry books, the Series 2006 Notes under such reasonable regulations as the Registrar may prescribe.

Each Series 2006 Note shall be transferable only upon the Books of Registry of the City, which shall be kept for such purpose at the office of the Registrar, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Series 2006 Note, the Registrar on behalf of the City shall issue in the name of the transferee a new fully registered Series 2006 Note or Series 2006 Note of the same aggregate principal amount, interest rate and maturity as

the surrendered Series 2006 Note. Any Series 2006 Note surrendered in exchange for a new registered Series 2006 Note pursuant to this Section 10 shall be canceled by the Registrar.

The City, the Registrar and the Paying Agent may deem or treat the person in whose name any fully registered Series 2006 Note shall be registered upon the registry books as the absolute owner of such Series 2006 Note, whether such Series 2006 Note shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Series 2006 Note 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 Series 2006 Note to the extent of the sum or sums so paid, and neither the City nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary.

**SECTION 11. Sale of Series 2006 Notes; Form of Notice of Sale.** The Series 2006 Notes shall be sold at public sale. A Notice of Sale for the Series 2006 Notes shall be provided to prospective purchasers of the Series 2006 Notes. In the Notice of Sale, the City may either fix the sale date or reserve the right to set the actual sale date by 48 hours notice disseminated by an electronic information service. If a fixed date is set, the City may reserve the right to modify such date by notice disseminated by an electronic information service at least 48 hours prior to the time set for receipt of proposals. The Notice of Sale shall be in substantially the form set forth in Exhibit B hereto. The Mayor or City Manager may provide for proposals to be received in electronic format.

**SECTION 12. Deposit and Use of Proceeds.** The proceeds derived from the sale of the Series 2006 Notes shall be deposited with the City in a special fund to the credit of the City, and shall be applied solely to the purposes set forth in this Ordinance.

**SECTION 13. Pledge of Bond Proceeds.** For the payment of the principal of and, if necessary, interest on the Series 2006 Notes as the same respectively mature, there are hereby pledged the proceeds of the Bonds. The City at its option may also utilize any other funds available therefor for the payment of the principal of and interest on the Series 2006 Notes. Upon the delivery of the Bonds in anticipation of which the Series 2006 Notes are issued, sufficient of the proceeds of the Bonds shall be applied by the City to meet the payment of the principal of and, if necessary, interest on the Series 2006 Notes.

**SECTION 14. Exemption from State Taxes.** Both the principal of and interest on the Series 2006 Notes shall in accordance with the provisions of Section 12-2-50 of the Code of Laws of South Carolina 1976, as amended, be exempt from all State, county, municipal, City, and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

**SECTION 15. Preliminary and Final Official Statements.** The Council hereby authorizes the Mayor and City Manager to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Series 2006 Notes together with a Notice of Sale. The City Manager is hereby authorized to deem "final" the Preliminary Official Statement for purposes of complying with the requirements set forth in Rule 15c2-12 of



the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

The Council hereby authorizes the Final Official Statement of the City, to be dated of even date of the sale date of the Series 2006 Notes, substantially in the form of the Preliminary Official Statement, with such modifications as the Mayor or City Manager of the City approves; the Mayor or City Manager of the City is hereby authorized and directed to execute copies of the Final Official Statement and deliver the same to the successful purchaser of the Series 2006 Notes, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the City hereby authorizes the use of the Preliminary Official Statement, the Final Official Statement, this Ordinance and the information contained herein and therein in connection with the public offering and sale of the Series 2006 Notes.

**SECTION 16. Defeasance.** The obligations of the City under this Ordinance and the pledges, covenants and agreements of the City herein made or provided for shall be fully discharged and satisfied as to any portion of the Series 2006 Notes, and such Series 2006 Notes shall no longer be deemed to be outstanding hereunder when:

(a) such Series 2006 Notes shall have been purchased by the City and surrendered to the City for cancellation or otherwise surrendered to the City or the Paying Agent and are canceled or subject to cancellation by the City or the Paying Agent; or

(b) payment of the principal of and interest on such Series 2006 Notes either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Paying Agent in trust and irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment, or (2) Government Obligations (hereinafter defined) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the Paying Agent. At such time as the Series 2006 Notes shall no longer be deemed to be outstanding hereunder, such Series 2006 Notes shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government Obligations as set forth in (ii) above, shall no longer be secured by or entitled to the benefits of this Ordinance.

"Government Obligations" shall mean any of the following:

- (i) non-callable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States; and
- (ii) non-callable U. S. Treasury Securities - State and local Government Series ("SLGS").

**SECTION 17. Federal Tax Covenants.** The City hereby covenants and agrees with the Holders of the 2006A Notes that it will not take any action which will, or fail to take any action which failure will, cause interest on the 2006A Notes to become includable in the

gross income of the owners thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the 2006A Notes; and that use of the proceeds of the 2006A Notes shall be made which, if such use had been reasonably expected on the date of issue of the 2006A Notes would have caused the 2006A Notes to be "arbitrage bonds", as defined in Section 148 of the Code, and to that end the City hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the 2006A Notes are outstanding;

(b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and

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

**SECTION 18. Filings with Central Repository.** In compliance with Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the City covenants that it will file or cause to be filed with a central repository for further availability in the secondary bond market when requested: (a) a copy of the annual audit of the City within thirty (30) days of the City's receipt thereof; and (b) within thirty days of the occurrence thereof, relevant information of an event which, in the opinion of the City, adversely affects more than five percent (5%) of the City's revenue or its tax base.

**SECTION 19. Authority to Execute Documents.** The Council hereby authorizes the Mayor of the City, City Manager, Finance Director, City Clerk and City Attorney to execute such documents and instruments as may be necessary to effect the issuance of the Series 2006 Notes. The Council hereby retains the McNair Law Firm, P.A., and Benjamin Law Firm, LLC, respectively, as Bond Counsel with regard to the issuance of the Series 2006 Notes and the Bonds.

**SECTION 20. Effective Date.**

This Ordinance shall become effective upon its enactment.

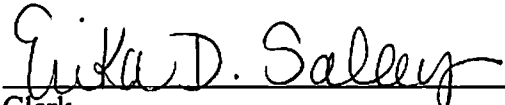
Enacted by the City Council of the City of Columbia, South Carolina, this 30th day of November, 2005.

CITY COUNCIL OF THE CITY OF COLUMBIA,  
SOUTH CAROLINA

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

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Clerk

Date of First Reading: November 16, 2005  
Date of Second Reading: November 30, 2005

[FORM OF SERIES 2006 NOTES]  
UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CITY OF COLUMBIA  
GENERAL OBLIGATION BOND ANTICIPATION NOTE, SERIES 2006A/TAXABLE SERIES  
2006B

No. R-\_\_

INTEREST  
RATE

MATURITY  
DATE

ORIGINAL  
ISSUE DATE

CUSIP

REGISTERED HOLDER: Cede & Co.

PRINCIPAL AMOUNT: \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars

FOR VALUE RECEIVED, City of Columbia, South Carolina (the "City"), hereby promises to pay to the registered holder named above, or registered assigns, the principal amount shown above on the maturity date shown above, upon presentation and surrender of this Note at the principal office of \_\_\_\_\_ (the "Paying Agent"), in \_\_\_\_\_, to pay interest at the rate per annum shown above (based on 30-day month, 360-day year). Both principal of and interest on this Note are payable by check or draft mailed to the person in whose name this Note is registered on the registration books of the City maintained by the registrar, presently \_\_\_\_\_ (the "Registrar"), in \_\_\_\_\_, \_\_\_\_\_. The principal and interest on this Note are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts.

This Note shall not be entitled to any benefit under the Ordinance of the City authorizing the Notes, nor become valid or obligatory for any purpose, until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

This Note is one of an issue of general obligation bond anticipation notes of like date, interest rate, maturity, tenor and effect, except as to number aggregating \$ \_\_\_\_\_ issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended; Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended; and Ordinance No. 2005-125 duly enacted by the City Council of the City on November 30, 2005 (the "Ordinance"), in anticipation of the issuance of general obligation bonds (the "Bonds") to be issued by the City pursuant to the Ordinance and an ordinance providing for the form and details of the Bonds to be enacted by the City Council.

This Note is issued in anticipation of the issuance of general obligation bonds to be issued by the City and is payable, both as to principal and, if necessary, interest from the proceeds thereof.

This Note is a general obligation of the City and there is hereby pledged to the payment of the principal hereof and interest hereon, the full faith, credit and taxing power of the City. The City at its option may also utilize any other funds available therefor for the payment of the principal of and interest on this Note.

This Note is not subject to redemption prior to maturity.

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

Under the laws of the State of South Carolina, this Note and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Note exist, have happened and have been performed in regular and due time, form and manner as required by law; that the City has irrevocably obligated itself to issue and sell, prior to the stated maturity hereof, the general obligation bonds in anticipation of which this Note is issued; and that the amount of this Note, together with all other indebtedness of the City, does not exceed the applicable limitation of indebtedness under the laws of the State of South Carolina.

IN WITNESS WHEREOF, CITY OF COLUMBIA, SOUTH CAROLINA, has caused this Note to be signed with the facsimile signature of the Mayor of the City, attested by the facsimile signature of the Clerk of the City with the seal of the City impressed or affixed hereon.

CITY OF COLUMBIA, SOUTH CAROLINA

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Mayor

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Note is one of the notes described in the within mentioned Ordinance of City of Columbia, South Carolina.

\_\_\_\_\_, as Registrar

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

By: \_\_\_\_\_  
Authorized Officer

CERTIFICATE

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the respective complete final approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and Benjamin Law Firm, LLC, Columbia, South Carolina, approving the issue of bond anticipation notes of which the within bond anticipation note is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the bond anticipation notes, and a copy of which is on file with City of Columbia, South Carolina.

CITY OF COLUMBIA, SOUTH CAROLINA

\_\_\_\_\_  
Clerk

NOTICE OF SALE

**\$ \_\_\_\_\_ GENERAL OBLIGATION BOND ANTICIPATION NOTES,  
SERIES 2006A/TAXABLE SERIES 2006B, OF THE CITY OF COLUMBIA, SOUTH CAROLINA**

**Bid Date: \_\_\_\_\_, 2006; 12:00 Noon**

**Time and Place of Sale:** NOTICE IS HEREBY GIVEN that bids for the purchase of \$ \_\_\_\_\_ General Obligation Bond Anticipation Notes, Series 2006A/Taxable Series 2006B (the "Notes"), of the City of Columbia, South Carolina (the "City"), will be received by the Mayor of the City until 12:00 Noon (South Carolina time) on \_\_\_\_\_, 2006, in the office of the City, \_\_\_\_\_ Columbia, South Carolina.

**Sealed Bids:** Each hand-delivered proposal shall be enclosed in a sealed envelope marked "Proposal for \$ \_\_\_\_\_ General Obligation Bond Anticipation Notes, Series 2006A/Series 2006B, of the City of Columbia, South Carolina" and should be directed to the Mayor of the City at the address in the first paragraph hereof.

**Facsimile Bids:** The City will accept the facsimile transmission of a manually signed Official Bid Form at the risk of the bidder. The City shall not be responsible for any failure, misdirection, delay or error resulting from the selection by any bidder of any particular means of delivery of bids. The City will take reasonable steps to ensure the confidentiality of all bids transmitted to it by facsimile transmission, but cannot guarantee the confidentiality of information transmitted by such means. Bids by facsimile should be transmitted to the attention of \_\_\_\_\_, (803) \_\_\_\_\_.

**Electronic Bids:** Electronic proposals must be submitted through i-Deal's Parity Electronic Bid Submission System ("Parity"). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity may be obtained from i-Deal, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone (212) 849-5000.

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY ELECTRONIC BID, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE CITY AT THE PLACE, DATE AND TIME APPOINTED, AND THE CITY SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MIDSIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

**Good Faith Deposit:** No good faith deposit will be required.

**Notes:** The Notes will be issued in book-entry form in the denomination of [\$100,000] or any integral multiple thereof. The Notes will be dated as of \_\_\_\_\_, 2006, the expected date of delivery, and will mature on \_\_\_\_\_, 200\_\_\_. Interest shall be computed on a 360-day year, 30-day month basis.

**Redemption Provisions:** The Notes are not subject to optional redemption prior to maturity.

**Legal Authority and Security:** The Notes are issued pursuant to the Constitution and laws of the State of South Carolina. The Notes are issued in anticipation of the receipt of proceeds of general obligation bonds to be issued by the City and are payable from the proceeds thereof. In addition, the full faith, credit and taxing power of the City will be pledged for the payment of the Notes.

**Bid Requirements:** Bidders must specify a single, fixed rate of interest per annum which the Notes shall bear according to the following restrictions: (a) the interest rate may not exceed five percent (5%); and (b) the interest rate specified must be a multiple of 1/100<sup>th</sup> of one percent. NO PROPOSAL FOR THE PURCHASE OF LESS THAN ALL THE NOTES OR AT A PRICE LESS THAN \_\_\_% OF THEIR PAR VALUE WILL BE CONSIDERED. Such premium shall be paid in cash as part of the purchase price. For purposes of bid computations, it is assumed the Notes will be dated \_\_\_\_\_, 2006. The Notes are being sold at par.

The Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost to the City. Such interest cost will be determined by computing the total dollar interest cost from the date of the Notes to maturity and deducting therefrom the premium offered over and above the principal amount. Any fees or costs to be paid by the City to the bidder will be treated as additional interest cost. In the event two or more bids have the same net interest cost, the Notes will be awarded jointly to such bidders submitting the same bid.

The Mayor of the City reserves the right to reject any and all bids or waive irregularities in any bid. A bid for less than the face amount of the Notes will not be considered. Bids will be accepted or rejected by 3:00 p.m. on the day of sale.

**Bid Form:** No good faith check is required. It is requested, but not required, that your bid be submitted on the attached bid form. Each proposal should be enclosed in a sealed envelope marked "Proposal for \$ \_\_\_\_\_ General Obligation Bond Anticipation Notes, Series 2006, of the City of Columbia, South Carolina" and should be directed to the Mayor at the address in the first paragraph hereof.

**Interest and Principal Payments:** Payment of principal of and interest on the Notes will be made directly by the City to Cede & Co., as the registered owner of the Notes and nominee for The Depository Trust Company ("DTC"), on \_\_\_\_\_, 2006, in immediately available funds.

**CUSIP Numbers:** It is anticipated that CUSIP numbers will be printed on the Notes, but neither the failure to print such numbers on the Notes nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Notes.

**Delivery and Payment:** Delivery of the properly executed Notes is expected to be made through DTC on \_\_\_\_\_, 2006. Payment for the Notes shall be made in immediately available funds.

**Official Statement:** The Preliminary Official Statement dated \_\_\_\_\_, 2006, has been deemed final by the City for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") but is subject to revision, amendment and completion in a final Official Statement as provided in the Rule. Within seven (7) business days of the bid opening date, the City will deliver the final Official Statement to the successful bidder in sufficient quantity to comply with the Rule.

**Legal Opinion:** The final approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and Benjamin Law Firm, LLC, Columbia, South Carolina, will be furnished without charge to the purchaser of the Notes at the time of their delivery.

**Miscellaneous:** Bidders are also requested to indicate whether any commitment fee will be required or whether the City will be requested to reimburse the successful bidder for out-of-pocket expenses and counsel fees.



**Financial Advisor:** The City has employed Merchant Capital, L.L.C., Atlanta, Georgia, as its Financial Advisor in connection with the issuance of the Notes.

**Additional Information:** The Preliminary Official Statement of the City with respect to the Notes is available and will be furnished to any person interested in bidding for the Notes upon request to the Financial Advisor. The Preliminary Official Statement shall be reviewed by bidders prior to submitting a bid. Bidders may not rely on this Notice of Sale as to the complete information concerning the Notes. Persons seeking information should communicate with:

Brenton J. Robertson, Esq.  
Vice President  
Merchant Capital L.L.C.  
One Buckhead Plaza  
3060 Peachtree Road, N.W.  
Suite 950  
Atlanta, GA 30305  
Direct dial: 404.504.2762  
email: brent@merchantcapital.com

s/Robert D. Coble  
Mayor, City of Columbia, South Carolina

\_\_\_\_\_, 2006