

REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: November 7, 2022

Agenda Item: 6A	Prepared by: Randy Wright, Finance Director
Agenda Section: Consent: Ordinance. Second Reading	Date: October 31, 2022
Subject: An ordinance regarding the Municipal Assessment Bonds, Series 2022 for the Cherry Grove Improvement District (a.k.a. Cherry Grove Dredging Project)	Division: Finance

Background:

The ordinance presented to City Council for consideration accomplishes several tasks. It confirms the selection of Conway National Bank as the lender for the upcoming financing for the Cherry Grove Improvement District, and also confirms that Conway National Bank will serve as Trustee under the Master Trust Indenture. It approves the forms of the 2022 Supplemental Trust Indenture, which contains certain terms relating only to the upcoming borrowing, as well as approves the latest form the Master Trust Indenture. Copies of both trust indenture documents are included. Finally, the ordinance authorizes officials of the City to sign the indentures and related documents in order to bring the financing to completion.

Recommended Action:

Adopt the proposed ordinance on second reading

Reviewed by Department Head	Reviewed by City Manager	Reviewed by City Attorney
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Council Action:
Motion By _____ 2nd By _____ To _____

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

AN ORDINANCE

AMENDING AN ORDINANCE ENTITLED “AN ORDINANCE APPROVING THE FORM OF A MASTER TRUST INDENTURE RELATING TO THE ISSUANCE AND SALE OF ASSESSMENT DISTRICT REVENUE BONDS OF THE CITY OF NORTH MYRTLE BEACH, PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA, CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT ASSESSMENT REVENUE BONDS, PURSUANT TO THE MASTER TRUST INDENTURE AS SUPPLEMENTED BY THE 2016 SUPPLEMENTAL TRUST INDENTURE FOR THE PURPOSE OF DEFRAYING THE COST OF PROVIDING IMPROVEMENTS WITHIN THE CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT; AND OTHER MATTERS RELATED THERETO” AS PREVIOUSLY AMENDED, SO AS TO APPROVE THE FORM OF THE RESTATED AND AMENDED MASTER TRUST INDENTURE, APPROVE THE FORM OF THE 2022 SUPPLEMENTAL TRUST INDENTURE, CONFIRM THE APPOINTMENT OF A TRUSTEE, TO PROVIDE FOR THE ISSUANCE OF A SERIES 2022 MUNICIPAL IMPROVEMENT DISTRICT ASSESSMENT BOND AND OTHER MATTERS RELATED THERETO.

ENACTED BY

**CITY COUNCIL
OF**

THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

November 7, 2022

AMENDING AN ORDINANCE ENTITLED “AN ORDINANCE APPROVING THE FORM OF A MASTER TRUST INDENTURE RELATING TO THE ISSUANCE AND SALE OF ASSESSMENT DISTRICT REVENUE BONDS OF THE CITY OF NORTH MYRTLE BEACH, PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA, CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT ASSESSMENT REVENUE BONDS, PURSUANT TO THE MASTER TRUST INDENTURE AS SUPPLEMENTED BY THE 2016 SUPPLEMENTAL TRUST INDENTURE FOR THE PURPOSE OF DEFRAYING THE COST OF PROVIDING IMPROVEMENTS WITHIN THE CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT; AND OTHER MATTERS RELATED THERETO” AS PREVIOUSLY AMENDED, SO AS TO APPROVE THE FORM OF THE RESTATED AND AMENDED MASTER TRUST INDENTURE, APPROVE THE FORM OF THE 2022 SUPPLEMENTAL TRUST INDENTURE, CONFIRM THE APPOINTMENT OF A TRUSTEE, TO PROVIDE FOR THE ISSUANCE OF A SERIES 2022 MUNICIPAL IMPROVEMENT DISTRICT ASSESSMENT BOND AND OTHER MATTERS RELATED THERETO.

The City Council (the “*City Council*”) of the City of North Myrtle Beach, South Carolina (the “*City*”), hereby finds and determines:

WHEREAS, pursuant to Title 5, Chapter 37, Code of Laws of South Carolina 1976, as amended (the “*Act*”), municipalities of the State of South Carolina are authorized to establish municipal improvement districts and thereafter to acquire, own, construct, establish, install, enlarge, improve, expand, operate, maintain, and repair, and sell, lease, and otherwise dispose of any improvements therein and to finance such acquisition, construction, establishment, installation, enlargement, improvement, expansion, operation, maintenance, and repair, in whole or in part, by the imposition of assessments in accordance with the Act, by special district bonds, by general obligation bonds of the municipality, by revenue bonds of the municipality, or from general revenues from any source not restricted from such use by law, or by any combination of such funding sources; and

WHEREAS, as set forth in a resolution adopted by the City Council on January 12, 2015 (the “*Resolution*”), the City approved an “improvement plan” (within the meaning of Section 5-37-20(4) of the Act) entitled “IMPROVEMENT PLAN--CHERRY GROVE IMPROVEMENT DISTRICT” (the “*Improvement Plan*”), which Improvement Plan contemplates the establishment of an “improvement district” (within the meaning of Section 5-37-20(3) of the Act) to be known as the Cherry Grove Municipal Improvement District (the “*District*”); and

WHEREAS, pursuant to the Resolution and Section 5-37-50 of the Act, a public hearing on the Improvement Plan was held before the Council on February 21, 2015; and

WHEREAS, the Improvement Plan contemplates the dredging of certain canals within the District as more particularly described therein (collectively, the “**Improvements**”) which constitute “improvements” within the meaning of Section 5-37-20(2) of the Act; and

WHEREAS, the Improvement Plan contemplates that the Improvements will consists of two separate dredging projects within the District; and

WHEREAS, the first dredging project (the “**2016 Project**”) was successfully undertaken by the City beginning in the autumn of 2016; and

WHEREAS, the City Council has determined that it is now appropriate and in the best interests of the City and the District to undertake the second dredging project, beginning in the autumn of 2022 (the “**2022 Project**”); and

WHEREAS, the District was established pursuant to an ordinance enacted by the Council on April 6, 2015 entitled “An Ordinance Of The City Of North Myrtle Beach, South Carolina, Authorizing The Establishment Of The Cherry Grove Improvement District; Providing For The Financing Of Improvements Within The Cherry Grove Improvement District By Assessments, Issuance Of Bonds, Or Other Revenues As Herein Described; Approving An Assessment Roll And The Sending Of A Notice Of The Assessment To Property Owners; Approving Certain Publications; And Other Matters Relating Thereto” (the “**Original District Ordinance**”), as amended by an ordinance enacted by the Council on May 18, 2015 entitled “An Ordinance Amending An Ordinance Of The City Of North Myrtle Beach, South Carolina Entitled ‘An Ordinance Of The City Of North Myrtle Beach, South Carolina Authorizing The Establishment Of The Cherry Grove Improvement District; Providing For The Financing Of Improvements Within The Cherry Grove Improvement District By Assessments, Issuance Of Bonds, Or Other Revenues As Herein Described; Approving An Assessment Roll And The Sending Of A Notice Of The Assessment To Property Owners; Approving Certain Publications; And Other Matters Relating Thereto’ To Approve An Amended Assessment Roll, Approve Changes In Certain Reports, Provide For The Publication Of Certain Notices, And Other Matters Related Thereto” (the “**First Amendatory District Ordinance**”); and

WHEREAS, the Original District Ordinance as amended by the First Amendatory District Ordinance provides for the imposition of assessments on real property located within the District to defray the costs of the Improvements (the “**Assessments**”), and sets forth a list of such parcels in an assessment roll appearing as an appendix to the District Ordinance (the “**Assessment Roll**”); and

WHEREAS, following the enactment of the First Amendatory District Ordinance and the provision of written notice to the record owners of all real property located within the District (“**Owners**”), the Council considered both written objections to Assessments filed with the City by certain Owners, and oral presentations in support of certain of such objections; and

WHEREAS, by ordinance enacted by the Council on December 14, 2015 entitled “An Ordinance Amending An Ordinance Of The City Of North Myrtle Beach, South Carolina Entitled ‘An Ordinance Of The City Of North Myrtle Beach, South Carolina Authorizing The Establishment Of The Cherry Grove Improvement District; Providing For The Financing Of Improvements Within The Cherry Grove Improvement District By Assessments, Issuance Of Bonds, Or Other Revenues As Herein Described; Approving An Assessment Roll And The Sending Of A Notice Of The Assessment To Property Owners; Approving Certain Publications; And Other Matters Relating Thereto’, As Previously Amended, To Reclassify Certain Assessments Imposed Within The Cherry Grove Improvement District, To Exclude Certain Parcels From The Assessment District, To Confirm All Remaining Assessments So Imposed, To Amend An Improvement Plan Related Thereto, To Provide For The Filing Of The Assessment Roll And

Notification Of Property Owners, And Other Matters Related Thereto” (the “**Second Amendatory District Ordinance**”), the Council excluded certain parcels from the District, adjusted the Assessments borne by certain other parcels, and confirmed all other Assessments imposed within the District; and

WHEREAS, pursuant to the Second Amendatory District Ordinance, the Assessment Roll has been filed pursuant to Section 5-37-130 of the Act in the office of the Clerk of Court of Horry County and has also been filed in the office of the Register of Deeds of Horry County, and the Assessments imposed thereby constitute liens against the property so assessed;

WHEREAS, the District was established by City Council so that the Improvements may be financed by the City through the issuance of bonds, secured by and to be serviced from the Assessments (the “**Bonds**”), so as to provide funds to defray the costs of the Improvements, interest coming due on the Bonds during the implementation periods of the Improvements, funding debt service reserves for the Bonds, and paying the costs incurred in connection with the authorization, issuance, and sale of the Bonds; and

WHEREAS, on March 21, 2016, the Council enacted an ordinance entitled “An Ordinance Approving The Form Of A Master Trust Indenture Relating To The Issuance And Sale Of Assessment District Revenue Bonds Of The City Of North Myrtle Beach, Providing For The Issuance And Sale Of The City Of North Myrtle Beach, South Carolina, Cherry Grove Municipal Improvement District Assessment Revenue Bonds, Pursuant To The Master Trust Indenture As Supplemented By The 2016 Supplemental Trust Indenture For The Purpose Of Defraying The Cost Of Providing Improvements Within The Cherry Grove Municipal Improvement District; And Other Matters Related Thereto” (the “**Master Bond Ordinance**”) and thereby approved a Master Trust Indenture (the “**Trust Indenture**”) in order to authorize the issuance of bonds secured by assessments imposed with the District (the “**Bonds**”); and

WHEREAS, on April 18, 2016, the Council enacted an amendment to the Master Bond Ordinance entitled “An Ordinance Amending an Ordinance Entitled ‘An Ordinance Approving The Form Of A Master Trust Indenture Relating To The Issuance And Sale Of Assessment District Revenue Bonds Of The City Of North Myrtle Beach, Providing For The Issuance And Sale Of The City Of North Myrtle Beach, South Carolina, Cherry Grove Municipal Improvement District Assessment Revenue Bonds, Pursuant To The Master Trust Indenture As Supplemented By The 2016 Supplemental Trust Indenture For The Purpose Of Defraying The Cost Of Providing Improvements Within The Cherry Grove Municipal Improvement District; And Other Matters Related Thereto’” (the “**First Amendatory Bond Ordinance**”) in order to provide that Bonds issued by the City pursuant to the Trust Indenture shall, in addition to the security provided by assessments imposed within the District, shall be additionally secured by the full faith, credit and taxing power of the City in accordance with Section 5-37-35, Code of Laws of South Carolina, 1976, as amended; and

WHEREAS, on June 29, 2016, the Council enacted a second amendment to the Master Bond Ordinance entitled “An Ordinance Amending An Ordinance Entitled “An Ordinance Approving The Form Of A Master Trust Indenture Relating To The Issuance And Sale Of Assessment District Revenue Bonds Of The City Of North Myrtle Beach, Providing For The Issuance And Sale Of The City Of North Myrtle Beach, South Carolina, Cherry Grove Municipal Improvement District Assessment Revenue Bonds, Pursuant To The Master Trust Indenture As Supplemented By The 2016 Supplemental Trust Indenture For The Purpose Of Defraying The Cost Of Providing Improvements Within The Cherry Grove Municipal Improvement District; And Other Matters Related Thereto” As Previously Amended, So As To Approve The Form Of The Master Trust Indenture, Approve The Form Of The 2016 Supplemental Trust Indenture, Approve The Appointment Of A Trustee, And Other Matters Related Thereto” (the “**Second Amendatory Bond Ordinance**”) in order to provide, *inter alia*, for the issuance of Bonds to finance the

2016 Project and approve the appointment of Branch Banking and Trust Company as Trustee under the Trust Indenture; and

WHEREAS, in order to defray the cost of the 2022 Project and costs associated therewith, the City has solicited proposals for the purchase of a Bond (the “*Series 2022 Bond*”) to provide funds with which to defray the cost of the 2022 Project, pay, unless paid from other available funds, a portion of the interest due on the Series 2022 Bond, and pay costs of issuance thereof; and

WHEREAS, the City Council has been advised that certain amendments to the Trust Indenture are appropriate for purposes of clarity ease of administration and has determined to amend and restate the same and to authorize a Supplemental Trust Indenture in respect of the Series 2022 Bond; and

WHEREAS, the City Council has determined that it is now appropriate to approve the form of an Amended and Restated Master Trust Indenture and a 2022 Supplemental Trust Indenture pursuant to which the Series 2022 Bond may be issued and to authorize the execution and delivery of the same;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA, THAT:

Section 1. Amended and Restated Master Trust Indenture. Pursuant to the authority of the Act and in accordance with the findings made herein, the City Council approves the Amended and Restated Master Trust Indenture in the form attached hereto as Exhibit A, and hereby authorizes and directs the Mayor and the City Manager to execute and deliver the same, with such deletions, additions and changes thereto, not contrary to the express terms of this ordinance, as may be necessary or useful to the carrying out of the Improvement Plan, the issuance of Bonds, and the collection and application of Assessments, all as shall be determined and approved by them in their sole discretion, their execution and delivery of the Amended and Restated Master Trust Indenture (hereafter, the "Master Trust Indenture") on behalf of the City to be conclusive evidence of such approvals.

Section 2. 2022 Supplemental Trust Indenture. Pursuant to the authority of the Act and the Master Trust Indenture, and in accordance with the findings made herein, the City Council approves the 2022 Supplemental Trust Indenture in the form attached hereto as Exhibit B, and hereby authorizes and directs the Mayor and the City Manager to execute and deliver the same, with such deletions, additions and changes thereto, not contrary to the express terms of this ordinance, as may be necessary or useful to the carrying out of the Improvement Plan, the issuance of Bonds, and the collection and application of Assessments, all as shall be determined and approved by them in their sole discretion, their execution and delivery of the 2022 Supplemental Trust Indenture on behalf of the City to be conclusive evidence of such approvals

Section 3. Authorization of Series 2022 Bond; Purpose; Application of Proceeds; Details of the Series 2022 Bonds.

(a) Pursuant to the authority of the Act and in accordance with the provisions of the Master Trust Indenture and the 2022 Supplemental Trust Indenture, there shall be and there is hereby authorized and directed the execution, issuance, sale and delivery of the Bonds in the form of a single instrument under the Master Trust Indenture and 2022 Supplemental Trust Indenture to be designated as the “City of North Myrtle Beach, South Carolina, Cherry Grove Municipal Improvement District Assessment Bond, Series 2022” in the principal of not exceeding \$4,606,000, (i) to defray the cost of the 2022 Project; (ii) to pay interest coming due on the Bond on April 1, 2023, unless an amount sufficient therefor is provided

from other sources as determined by the City Manager; and (iii) to provide for the payment of the costs of issuance of the Series 2022 Bond.

(b) The City Manager has heretofore requested proposals for the purchase of the Series 2022 Bond. Having received and reviewed the same, the City Manager has recommended that the proposal of Conway National Bank, at fixed interest rate of 3.40%, be accepted by the City. The City Council hereby concurs in and ratifies the solicitation of proposals for the purchase of the Series 2022 Bond and, as recommended by the City Manager, accepts the proposal of Conway National Bank.

Section 4. Further Action. The Mayor, the City Manager the City Clerk, the City Finance Director, the City Attorney, or anyone of them acting alone, is and are hereby authorized and directed to execute and deliver any and all consents, approvals and other documents and instruments and to do and cause to be done any and all acts and things necessary or proper to issue the Series 2022 Bond and to carry out the transactions contemplated by this Ordinance and the Improvement Plan.

Section 5. Tax Covenants and Representations. The City hereby represents and covenants that it will comply with all requirements of the Internal Revenue Code of 1986 and regulations promulgated thereunder (the “Code”), and that it will not take any action which will, or fail to take any action (including, without limitation, filing the required information report with the Internal Revenue Service and executing at the delivery of the Series 2022 Bond certification) which failure will, cause interest on the Series 2022 Bond to become includable in the gross income of the Holders thereof for federal income tax purposes. In this connection, the City covenants to execute any and all agreements, certificates and other documentation as it may be advised by Bond Counsel will enable it to comply with this Section, and such agreements, certificates and other documentation may be executed by the Mayor, the City Manager or the Finance Director of the City. Without limiting the generality of the foregoing, the City represents and covenants that:

(a) All property provided by the net proceeds of the Series 2022 Bond will be owned by the City for federal income tax purposes.

(b) The City does not reasonably expect that the proceeds of the Series 2022 Bond or any property financed with the proceeds of the Series 2022 Bond will be used in any manner that would cause the Series 2022 Bond to be a “private activity bond,” within the meaning of Section 141 of the Code.

(c) The City hereby covenants that no use of the proceeds of the Series 2022 Bond will be made which, if such use had been reasonably expected on the date of issue of the Series 2022 Bond would have caused the Series 2022 Bond to be an “arbitrage bond,” as defined in the Code, and that it will comply with the requirements of Section 148 of the Code and Regulations with respect to the Series 2022 Bond.

(d) The City is not a party to nor will it enter into any contracts with any entity for the use or management of any property financed with the proceeds of the Series 2022 Bond that do not conform to the guidelines set forth in Revenue Procedure 2017-13 and any successor regulations or pronouncements of the United States Treasury Department.

(e) The City will not sell, lease, or otherwise dispose of any property financed with the proceeds of the Series 2022 Bond to any person unless it obtains the opinion of nationally recognized bond counsel that such lease, sale, or other disposition will not adversely affect the tax exemption of the Series 2022 Bond.

(f) The Series 2022 Bond will not be federally guaranteed within the meaning of Section 149(b) of the Code. The City shall not enter into any leases or sales or service contracts with any federal government agency unless it obtains the opinion of nationally recognized bond counsel that such action will not adversely affect the tax exemption of the Series 2022 Bond.

Further, in accordance with the provisions of the Code, the City Council hereby represents that it and entities subordinate thereto have issued no tax-exempt indebtedness in calendar year 2022, and that it reasonably expects that the City and entities subordinate thereto will not issue additional tax-exempt obligations in the 2022 calendar year which, when added to the Series 2022 Bond, will total more than \$10,000,000. Accordingly, the City Council does hereby designate the Series 2022 Bond as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code.

Section 6. Post-Issuance Disclosure Covenant. The City covenants to file with a central repository for availability in the secondary bond market when requested:

- (i) An annual independent audit, within thirty (30) days of the City’s receipt of the audit; and
- (ii) Event specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of the Assessments or the City’s tax base.

The only remedy for failure by the City to comply with the covenants in this Section 8.01 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an “Event of Default” under the Indenture or this ordinance. The Trustee shall have no responsibility to monitor the City’s compliance with these covenants. The City specifically reserves the right to amend these covenants in order to reflect any change in Section 11-1-85 of the Code of Laws of South Carolina, 1976, as amended, without the consent of the Trustee or the Holders of any Bond.

Section 7. Severability. The provisions of this Ordinance are severable, and if any one or more of the provisions, sentences, clauses, sections or parts hereof shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because of conflict with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatsoever. It is hereby declared that this Ordinance would have been enacted if such inoperative or unenforceable or invalid provision, sentence, clause, section or part had not been included herein and such inoperative or unenforceable or invalid provisions, sentences, clauses or sections or parts (i) shall be deemed severable from the remaining covenants and agreements and portions thereof provided in this Ordinance, and (ii) shall in no way affect the validity of the other provisions of this Ordinance or of the Series 2022 Bond; however, the holder of the Series 2022 Bond shall retain all the rights and benefits accorded to under the Master Trust Indenture, the 2022 Supplemental Trust Indenture, and under any applicable provisions of law.

Section 8. Effective Date. This Ordinance shall become effective as of the date of enactment hereof.

[SIGNATURE PAGE FOLLOWS]

ENACTED THIS ___ DAY OF _____, 2022.

**CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA**

Mayor, City of North Myrtle Beach, South Carolina

ATTEST:

(SEAL)
City Clerk, City of North Myrtle Beach,
South Carolina

APPROVED AS TO FORM:

City Attorney

FIRST READING: 10.17.2022
SECOND READING: 11.07.2022

REVIEWED:

City Manager

ORDINANCE: 22-49

Exhibit A

Amended and Restated Master Trust Indenture

AMENDED AND RESTATED MASTER TRUST INDENTURE

between

THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

and

**TRUIST BANK, A NORTH CAROLINA BANKING CORPORATION
AND SUCCESSOR BY MERGER TO
BRANCH BANKING & TRUST COMPANY,
as Trustee**

**Dated as of July 29, 2016
Amended and Restated as of _____, 2022**

relating to the

CHERRY GROVE IMPROVEMENT DISTRICT

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This Table of Contents is incorporated herein for ease of reference only and shall not be deemed a part of this Master Trust Indenture.

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**AMENDED AND RESTATED
MASTER TRUST INDENTURE**

THIS TRUST INDENTURE, dated as of July 29, 2016 and amended and restated as of August __, 2022, by and between the **CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA**, a body politic and political subdivision organized and existing under the laws of the State of South Carolina (the “*City*”), and **TRUIST BANK, A NORTH CAROLINA BANKING CORPORATION AND SUCCESSOR BY MERGER TO BRANCH BANKING & TRUST COMPANY**, having the authority to exercise corporate trust powers, as trustee (the “*Trustee*”), is being executed to provide for the issuance by the City of certain obligations related to the **CHERRY GROVE MUNICIPAL IMPROVEMENT DISTRICT**, an improvement district established pursuant to the hereafter defined Act.

WHEREAS, pursuant to the “Municipal Improvements Act of 1999,” codified at Title 5, Chapter 37, Code of Laws of South Carolina 1976, as amended (the “*Act*”), governing bodies of the municipalities of the State of South Carolina are authorized to establish municipal improvement districts and thereafter to acquire, own, construct, establish, install, enlarge, improve, expand, operate, maintain, and repair, and sell, lease, and otherwise dispose of any improvements therein and to finance such acquisition, construction, establishment, installation, enlargement, improvement, expansion, operation, maintenance, and repair, in whole or in part, by the imposition of assessments in accordance with the Act, by special district bonds, by general obligation bonds of the municipality, by revenue bonds of the municipality, or from general revenues from any source not restricted from such use by law, or by any combination of such funding sources; and

WHEREAS, as set forth in a resolution adopted by the City Council of the City of North Myrtle Beach, South Carolina, the governing body of the City (the “*City Council*”) on January 12, 2015 (the “*Resolution*”), the City approved an “improvement plan” (within the meaning of Section 5-37-20(4) of the Act) entitled “IMPROVEMENT PLAN--CHERRY GROVE IMPROVEMENT DISTRICT” (the “*Improvement Plan*”), which Improvement Plan contemplates the establishment of an “improvement district” (within the meaning of Section 5-37-20(3) of the Act) to be known as the Cherry Grove Municipal Improvement District (the “*District*”); and

WHEREAS, pursuant to the Resolution and Section 5-37-50 of the Act, a public hearing on the Improvement Plan was held before the Council on February 21, 2015; and

WHEREAS, the Improvement Plan contemplates the dredging of certain canals within the District in two phases as more particularly described therein (collectively, the “*Improvements*”) which constitute “improvements” within the meaning of Section 5-37-20(2) of the Act; and

WHEREAS, the District was established pursuant to an ordinance enacted by the Council on April 6, 2015 entitled “An Ordinance Of The City Of North Myrtle Beach, South Carolina, Authorizing The Establishment Of The Cherry Grove Improvement District; Providing For The Financing Of Improvements Within The Cherry Grove Improvement District By Assessments, Issuance Of Bonds, Or Other Revenues As Herein Described; Approving An Assessment Roll And The Sending Of A Notice Of The Assessment To Property Owners; Approving Certain Publications; And Other Matters Relating Thereto” (the “*Original District Ordinance*”), as amended by an ordinance enacted by the Council on May 18, 2015 entitled “An Ordinance Amending An Ordinance Of The City Of North Myrtle Beach, South Carolina Entitled ‘An Ordinance Of The City Of North Myrtle Beach, South Carolina Authorizing The Establishment Of The Cherry Grove Improvement District; Providing For The Financing Of Improvements Within The Cherry Grove Improvement District By Assessments, Issuance Of Bonds, Or Other Revenues As Herein Described; Approving An Assessment Roll And The Sending Of A Notice Of The Assessment To Property Owners; Approving Certain Publications; And Other Matters Relating

Thereeto' To Approve An Amended Assessment Roll, Approve Changes In Certain Reports, Provide For The Publication Of Certain Notices, And Other Matters Related Thereto" (the "**First Amendatory District Ordinance**"); and

WHEREAS, the Original District Ordinance as amended by the First Amendatory District Ordinance, provides for the imposition of assessments on real property located within the District to defray the costs of the Improvements (the "**Assessments**"), and sets forth a list of such parcels in an assessment roll appearing as an appendix to the District Ordinance (the "**Assessment Roll**"); and

WHEREAS, following the enactment of the First Amendatory District Ordinance and the provision of written notice to the record owners of all real property located within the District ("**Owners**"), the Council considered both written objections to Assessments filed with the City by certain Owners, and oral presentations in support of certain of such objections; and

WHEREAS, by ordinance enacted by the Council on December 14, 2015 entitled "An Ordinance Amending An Ordinance Of The City Of North Myrtle Beach, South Carolina Entitled 'An Ordinance Of The City Of North Myrtle Beach, South Carolina Authorizing The Establishment Of The Cherry Grove Improvement District; Providing For The Financing Of Improvements Within The Cherry Grove Improvement District By Assessments, Issuance Of Bonds, Or Other Revenues As Herein Described; Approving An Assessment Roll And The Sending Of A Notice Of The Assessment To Property Owners; Approving Certain Publications; And Other Matters Relating Thereto', As Previously Amended, To Reclassify Certain Assessments Imposed Within The Cherry Grove Improvement District, To Exclude Certain Parcels From The Assessment District, To Confirm All Remaining Assessments So Imposed, To Amend An Improvement Plan Related Thereto, To Provide For The Filing Of The Assessment Roll And Notification Of Property Owners, And Other Matters Related Thereto" (the "**Second Amendatory District Ordinance**"), the Council excluded certain parcels from the District, adjusted the Assessments borne by certain other parcels, and confirmed all other Assessments imposed within the District; and

WHEREAS, pursuant to the Second Amendatory District Ordinance, the Assessment Roll has been filed pursuant to Section 5-37-130 of the Act in the office of the Clerk of Court of Horry County and has also been filed in the office of the Register of Deeds of Horry County, and the Assessments imposed thereby constitute liens against the property so assessed;

WHEREAS, on March 21, 2016, the Council enacted an ordinance entitled "An Ordinance Approving The Form Of A Master Trust Indenture Relating To The Issuance And Sale Of Assessment District Revenue Bonds Of The City Of North Myrtle Beach, Providing For The Issuance And Sale Of The City Of North Myrtle Beach, South Carolina, Cherry Grove Municipal Improvement District Assessment Revenue Bonds, Pursuant To The Master Trust Indenture As Supplemented By The 2016 Supplemental Trust Indenture For The Purpose Of Defraying The Cost Of Providing Improvements Within The Cherry Grove Municipal Improvement District; And Other Matters Related Thereto" (the "**Master Bond Ordinance**") and thereby approved a Master Trust Indenture (the "**Trust Indenture**") in order to authorize the issuance of bonds secured by assessments imposed with the District (the "**Bonds**"); and

WHEREAS, on April 18, 2016, the Council enacted an amendment to the Master Bond Ordinance entitled "An Ordinance Amending an Ordinance Entitled 'An Ordinance Approving The Form Of A Master Trust Indenture Relating To The Issuance And Sale Of Assessment District Revenue Bonds Of The City Of North Myrtle Beach, Providing For The Issuance And Sale Of The City Of North Myrtle Beach, South Carolina, Cherry Grove Municipal Improvement District Assessment Revenue Bonds, Pursuant To The Master Trust Indenture As Supplemented By The 2016 Supplemental Trust Indenture For The Purpose Of Defraying The Cost Of Providing Improvements Within The Cherry Grove

Municipal Improvement District; And Other Matters Related Thereto” (the “**First Amendatory Bond Ordinance**”) in order to provide that Bonds issued by the City pursuant to the Trust Indenture shall, in addition to the security provided by assessments imposed within the District, shall be additionally secured by the full faith, credit and taxing power of the City in accordance with Section 5-37-35, Code of Laws of South Carolina, 1976, as amended; and

WHEREAS, on June 29, 2016, the Council enacted a second amendment to the Master Bond Ordinance entitled “An Ordinance Amending An Ordinance Entitled “An Ordinance Approving The Form Of A Master Trust Indenture Relating To The Issuance And Sale Of Assessment District Revenue Bonds Of The City Of North Myrtle Beach, Providing For The Issuance And Sale Of The City Of North Myrtle Beach, South Carolina, Cherry Grove Municipal Improvement District Assessment Revenue Bonds, Pursuant To The Master Trust Indenture As Supplemented By The 2016 Supplemental Trust Indenture For The Purpose Of Defraying The Cost Of Providing Improvements Within The Cherry Grove Municipal Improvement District; And Other Matters Related Thereto” As Previously Amended, So As To Approve The Form Of The Master Trust Indenture, Approve The Form Of The 2016 Supplemental Trust Indenture, Approve The Appointment Of A Trustee, And Other Matters Related Thereto” (the “**Second Amendatory Bond Ordinance**”) in order to provide, *inter alia*, for the issuance of Bonds to finance the initial phase of the making of the Improvements and approve the appointment of Branch Banking and Trust Company as Trustee under the Trust Indenture; and

WHEREAS, on July 29, 2016, the City issued its Cherry Grove Improvement District Assessment Revenue Bond, Series 2016 (the “**Series 2016 Bond**”) pursuant to the Original Indenture to defray the cost of certain improvements in the District; and

WHEREAS, the Series 2016 Bond was paid in full as of April 1, 2021, and the City has presently determined to issue additional Bonds to defray the costs of making the second phase of the Improvements; and

WHEREAS, pursuant to an Ordinance enacted by the City Council on November __, 2022 (the “**Third Amendatory Bond Ordinance**”, and, together with the Master Bond Ordinance, the First Amendatory Bond Ordinance, the Second Amendatory Bond Ordinance, the “**Bond Ordinance**”), the City further amended the Master Bond Ordinance and authorized the amending and restating of the Original Indenture by way of the execution and delivery of this Amended and Restated Master Trust Indenture (as so amended and restated, the “**Master Trust Indenture**”) to facilitate the issuance of such additional Bonds;

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

In consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds by the Owners (as such term is defined herein), and of the sum of \$10.00, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Master Trust Indenture and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, and premium, if any, and interest on, the Bonds issued hereunder according to their tenor and effect and to secure the performance and observance by the City of all of the covenants expressed or implied herein, and in a Supplemental Indenture (as defined herein) authorizing the issuance of Bonds and in the Bonds, the City does hereby assign and pledge the following (the “**Trust Estate**”) to the Trustee and its successors in trust, and assigns and pledges forever: (i) the Pledged Revenues and Pledged Funds (as such terms are herein defined), and as further identified or established by the terms of a Supplemental Indenture for the Bonds

(defined herein) and pledged only to the payment of such Bonds; (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee as security for the Bonds (as defined herein) with written direction for the disposition thereof by the City or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of a Supplemental Indenture, if any, authorizing such Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of the principal of such Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that the Trust Estate established and held hereunder for the Bonds shall be held separate and in trust solely for the benefit of the Owners of the Bonds in accordance with the terms of this Master Trust Indenture;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or held or hereafter acquired, forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, except as otherwise expressly provided herein, (a) for the equal and proportionate benefit and security of all present and future Owners of the Bonds in accordance with the terms of this Master Trust Indenture, without preference of any Bond over any other Bond and (b) for enforcement of the payment of the Bonds, in accordance with their terms and the terms of this Master Trust Indenture and a Supplemental Indenture authorizing the issuance of such Bonds, and all other sums payable hereunder, and under a Supplemental Indenture authorizing Bonds, and (c) for the enforcement of and compliance with the obligations, covenants and conditions of this Master Trust Indenture except as otherwise expressly provided herein, as if all the Bonds, respectively, at any time Outstanding (as defined herein) had been authenticated, executed and delivered simultaneously with the execution and delivery of this Master Trust Indenture, all as herein set forth.

IT IS HEREBY COVENANTED, DECLARED AND AGREED (a) that this Master Trust Indenture creates a continuing pledge equally and ratably to secure the payment in full of the principal of, and premium, if any, and interest on all Bonds, respectively, which may from time to time be Outstanding hereunder, except as otherwise expressly provided herein, (b) that the Trust Estate shall immediately be subject to this pledge and assignment without any physical delivery thereof or further act, (c) that this pledge and assignment shall be valid and enforceable against all parties having any claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof, and (d) that the Bonds are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with, and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Master Trust Indenture and the City covenants and agrees with the Trustee, except as otherwise expressly provided herein, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds as follows:

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH, that to provide for the issuance of Bonds under this Master Trust Indenture, as supplemented from time to time by one or more Supplemental Indentures, the security and payment of the principal or redemption price thereof and interest to the Owners of the Bonds of a Series and the performance and observance of all of the covenants contained herein and in said Bonds for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Bonds of a Series by the Owners thereof, from time to time and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the City hereby assigns, transfers, sets over and pledges to the Trustee and grants a lien on all of the right, title and interest of the City in and to the Trust Estate as security for, the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Bonds issued

hereunder, all in the manner hereinafter provided, and the City further hereby agrees with and covenants unto the Trustee as follows:

ARTICLE I

DEFINITIONS

In this Master Trust Indenture and any indenture supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) terms defined in the recitals hereto shall have the same meaning throughout this Master Trust Indenture, and in addition, the following terms shall have the meanings specified below:

“**2022 Supplemental Indenture**” shall mean the Supplemental Indenture of even date herewith and authorizing the issuance of the Series 2022 Bond.

“**Accounts**” shall mean any accounts established pursuant to this Master Trust Indenture.

“**Act**” shall mean the “Municipal Improvements Act of 1999,” codified as Chapter 37 of Title 5 of the Code of Laws of South Carolina 1976, as it may be amended from time to time.

“**Additional Bonds**” shall mean Bonds issued on a parity with the Series 2022 Bonds and pursuant to the provisions of Article III hereof.

“**Administrative Expenses**” shall mean the following costs directly related to the administration of the District: the actual costs of computing the Annual Payments (as defined in the Assessment Roll); the actual costs of collecting the Annual Payments (whether by the City or otherwise); the actual costs of remitting the Annual Payments to the Trustee; the actual costs of the Assessment Consultant and Trustee (including legal counsel) in the discharge of their duties; actual personnel and materiel costs incurred by the City in administering the District, the administrative costs incurred by the City associated with its complying with arbitrage rebate requirements including all rebate payments to the extent, if any, the amount of such rebate payments are collected with the Assessments; the costs of the City of complying with securities disclosure requirements; and any other costs of the City in any way related to the administration and operation of the District, including, without limitation, the costs of legal counsel and other consultants and advisors, costs of acquiring fidelity bonds under Section 9.20 hereof, costs charged by the County to impose, bill and collection Assessments, and costs related to commencing enforced collection of Assessments and pursuing collection of delinquent Annual Payments, including contingencies and reserves for Administrative Expenses as deemed appropriate by the City Council.

“**Administrative Expenses Fund**” shall mean the fund so designated in and created pursuant to Section 6.08 hereof.

“**Assessment**” or “**Assessments**” shall mean special assessments imposed within the District imposed upon properties included in the Assessment Roll pursuant to the District Ordinance, including all Delinquent Assessments thereof, imposed and collected, including penalties, interest and expenses collected by the City, in connection with the District pursuant to the Act and the Assessment Proceedings.

“**Assessment Consultant**” shall mean MuniCap, Inc., or such other firm from time to time selected by the City and qualified to assist with the administration of the District.

“**Assessment Proceedings**” shall mean the proceedings of the City with respect to the establishment, imposition and collection of the Assessments, including the District Ordinance and all

documents approved thereby, including, but not limited to, the Improvement Plan, the Rate and Method of Apportionment of Special Assessment, and the Assessment Roll.

“Assessment Roll” shall mean the assessment roll, together with the Rate and Method of Apportionment of Assessments attached as Appendix A thereto, dated as of May 18, 2016, and filed in the offices of the Clerk of Court for Horry County and the Register of Deeds for Horry County on December 17, 2015, as amended from time to time, all as authorized by the Assessment Proceedings.

“Authorized Officer” shall mean the Mayor, the City Manager, the City Finance Director, and such other Person or Persons appointed by the City Council and designated by the City to act for the foregoing, either generally or with respect to the execution of any particular document or other specific matter, in a certificate filed with the Trustee and containing specimen signatures.

“Authorized Denomination” or **“Authorized Denominations”** shall mean such denomination as shall be specified in the Supplemental Indenture authorizing the issuance a Series.

“Authorized Investments” means any investments authorized under Sections 6-5-10 of the Code of Laws of South Carolina, as the same may be amended, restated or replaced and in effect from time to time.

“Bonds” shall mean the Cherry Grove Improvement District Assessment Bonds issued in one or more Series and delivered pursuant to the provisions of this Master Trust Indenture and the applicable Supplemental Indenture and Bonds subsequently issued to refund all or a portion of the Bonds or issued for the completion of a Project. The Series 2016 Bonds, having been fully paid and discharged, are not Bonds within the meaning of this Master Trust Indenture.

“Bond Counsel” shall mean counsel of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions.

“Bondholder,” “Holder” or **“Owner”** or any similar term shall mean any Person or Persons who shall be the registered owner of any Outstanding Bond or Bonds, as evidenced on the Bond Register of the City kept by the Trustee as Registrar.

“Bond Payment Date” shall mean those dates or any of them specified in the Supplemental Indenture on which principal of (whether by way of serial maturity or sinking fund redemption) and interest on a Series of Bonds is due.

“Bond Redemption Fund” shall mean the fund so designated which is established pursuant to Section 6.07 hereof.

“Bond Register” or **“Register”** shall mean the record of Owners of Bonds as described in Section 2.04 of this Master Trust Indenture.

“Business Day” shall mean any day other than a Saturday or Sunday or legal holiday or a day on which the principal office of the City or the Trustee is closed.

“Capitalized Interest” shall mean, with respect to the interest due or to become due on a Series of Bonds prior to, during and for a period not exceeding one year after the completion of the Project or portion thereof to be funded by such Series, all or part of such interest which will be paid, and is expected to be paid, from the proceeds of a Series of Bonds.

“Certified Public Accountant” shall mean a Person, who shall be Independent, appointed by the City Council, actively engaged in the business of public accounting and duly certified as a certified public accountant under the laws of the State.

“City” shall mean the City of North Myrtle Beach, South Carolina, or its successors.

“City Council” shall mean the City Council of the City.

“City Reimbursements” means Assessment revenues reimbursable to the City for advances made by the City from funds other than Assessment revenues to pay debt service on Bonds.

“Code” shall mean the Internal Revenue Code of 1986, as amended, or any successor provisions thereto and the regulations promulgated thereunder or under the Internal Revenue Code of 1954, as amended, if applicable, or any successor provisions thereto.

“Completion Date” shall mean the date on which the Project has been completed as evidenced by the delivery of a certificate of an Authorized Officer and the Consulting Engineer upon which the Trustee is entitled to conclusively rely.

“Consulting Engineer” shall mean a registered Professional Engineer having a favorable reputation for skill and experience in the design and implementation of improvements of similar nature to the Project and employed by or on behalf of the City.

“Cost” or **“Costs,”** in connection with the Project or any portion thereof, shall mean all expenses which are properly chargeable thereto under Generally Accepted Accounting Principles or which are incidental to the planning, financing, acquisition, construction, reconstruction, equipping and installation thereof, including, without limiting the generality of the foregoing:

- (a) expenses of determining the feasibility or practicability of acquisition, construction, or reconstruction;
- (b) cost of surveys, estimates, plans, and specifications;
- (c) cost of improvements, including but not limited to, dredging of canals within the District, mobilization therefore, transportation, dewatering and disposal of dredged materials, and all environmental mitigation undertaken in connection therewith;
- (d) engineering, architectural, fiscal, legal, accounting and other professional and advisory expenses and charges;
- (e) cost of all labor, materials, machinery, and equipment (including, without limitation, (i) amounts payable to contractors, builders and materialmen and costs incident to the award of contracts and (ii) the cost of labor, facilities and services furnished by the City and its employees, materials and supplies purchased by the City, and permits and licenses obtained by the City);
- (f) cost of all lands, properties, rights, easements, and franchises acquired;
- (g) financing charges;
- (h) funding Capitalized Interest, if any, and the Debt Service Reserve Requirement, if any;

- (i) working capital;
- (j) interest charges incurred or estimated to be incurred on money borrowed prior to and during construction and acquisition and for such reasonable period of time after completion of construction or acquisition as the City Council may determine;
- (k) the cost of issuance of Bonds, including, without limitation, legal, accounting and all other professional fees, fees of the Assessment Consultant, advertisements and printing;
- (l) the discount, if any, on the sale or exchange of Bonds;
- (m) amounts required to repay temporary or bond anticipation loans made to finance any costs permitted under the Act;
- (n) costs of prior improvements performed by the City in anticipation of the Project;
- (o) costs incurred to enforce remedies against contractors, subcontractors, any provider of labor, material, services, or any other Person, for a default or breach under the corresponding contract, or in connection with any other dispute;
- (p) premiums for contract bonds and insurance during construction and costs on account of Personal injuries and property damage in the course of construction and insurance against the same;
- (q) payments, contributions, dedications, and any other exactions required as a condition to receive any government approval or permit necessary to accomplish any District purpose;
- (r) Administrative Expenses;
- (s) taxes, assessments and similar governmental charges during construction or reconstruction of the Project;
- (t) expenses of Project management and supervision;
- (u) costs of effecting compliance with any and all governmental permits relating to the Project;
- (v) such other expenses as may be necessary or incidental to the acquisition, construction, or reconstruction of the Project or to the financing thereof; and
- (w) any other "cost" or expense as provided by the Act.

In connection with the refunding or redeeming of any Bonds, "Cost" includes, without limiting the generality of the foregoing, the items listed in (d), (h), (k), and (l) above, and other expenses related to the redemption of the Bonds to be redeemed and the Redemption Price of such Bonds (and the accrued interest payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above. Whenever Costs are to be paid hereunder, such payment may be made by way of reimbursement to the City or any other Person who has paid the same in addition to direct payment of Costs.

“Costs of Issuance Sub-Account” shall mean that sub-account of the Project Fund established pursuant to Section 5.01 herein and from which may be paid costs of issuance of Bonds.

“Counsel” shall mean an attorney-at-law or law firm (who may be counsel for the City) satisfactory to the Trustee.

“Debt Service Fund” shall mean the fund so designated which is established pursuant to Section 6.05 hereof.

“Debt Service” or **“Debt Service Requirements,”** with reference to a specified period, shall mean:

(a) interest payable on the Bonds during such period, subject to reduction for amounts held in an Interest Account applicable to the Bonds, or as Capitalized Interest in a capitalized interest sub-account; and

(b) amounts required to be paid into any mandatory sinking fund account with respect to the Bonds during such period; and

(c) amounts required to pay the principal of the Bonds maturing during such period and not to be redeemed prior to or at maturity through any sinking fund account.

“Debt Service Reserve Fund” shall mean a fund, if any, so designated and established pursuant to Section 6.05 hereof.

“Debt Service Reserve Requirement” shall mean the Debt Service Reserve Requirement, if any, as to a particular Series of the Bonds as set forth in a Supplemental Trust Indenture applicable to such Series.

“Defeasance Securities” shall mean, to the extent permitted by law, (a) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (b) hereof), and (b) Government Obligations (including obligations issued or held in book entry form on the books of the United States Department of Treasury), which are non-callable and non-prepayable.

“Delinquent Assessments” shall mean any and all installments of any Assessments which are not paid on or before the date upon which real property taxes are payable without penalties or interest pursuant to the law of the State.

“Depository” shall mean any bank or trust company duly authorized by law to engage in the banking business and designated by the City as a depository of moneys subject to the provisions of this Master Trust Indenture.

“District” shall mean the Cherry Grove Municipal Improvement District, an improvement district created and established pursuant to the Act, as such premises may be further expanded or contracted pursuant to the Act.

“District Ordinance” means that Ordinance enacted by the City Council of the City on April 6, 2015, as amended by Ordinance enacted by the City Council on May 18, 2015, pursuant to which the City established the District.

“**Engineer’s Certificate**” shall mean a certificate or report of the Consulting Engineer or such other firm having a favorable reputation for skill and experience in the engineering matters with respect to which such certification is required.

“**Event of Default**” shall mean any of the events described in Section 10.01 hereof.

“**Fiscal Year**” shall mean the period of twelve (12) months beginning July 1 of each calendar year and ending on June 30 of the following calendar year, and also shall mean the period from actual execution hereof to and including the next succeeding June 30; or such other consecutive twelve-month period as may hereafter be established pursuant to an ordinance as the fiscal year of the City for budgeting and accounting purposes as authorized by law.

“**Fund**” or “**Funds**” shall mean any fund established pursuant to this Master Trust Indenture.

“**General Account**” shall mean the account related to the Bonds so designated, established as a separate account within the Bond Redemption Fund pursuant to Section 6.07 hereof.

“**Generally Accepted Accounting Principles**” shall mean those accounting principles applicable in the preparation of financial statements of municipalities.

“**Government Obligations**” means and includes non-callable direct general obligations of the United States of America or agencies thereof, the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America.

“**Improvement Plan**” means that improvement plan prepared by MuniCap LLC regarding the Project and presented to Council on January 12, 2015.

“**Indenture**” shall mean, with respect to any Series of Bonds, this Master Trust Indenture as supplemented by the Supplemental Indenture pursuant to which such Series of Bonds is issued.

“**Independent**” shall mean in reference to any Person, a Person who is not a member of the City Council, an officer or employee of the City or the Developer, or which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is a member of the City Council, or an officer or employee of the City; provided, however, that the fact that such Person is retained regularly by or regularly transacts business with the City or the Developer shall not make such Person an employee within the meaning of this definition.

“**Interest Account**” shall mean the account related to the Bonds so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.05 hereof.

“**Master Trust Indenture**” shall mean, that Master Trust Indenture dated as of July 29, 2016 by and between the City and the Trustee, as amended and restated hereby, and as hereafter amended and supplemented from time to time in accordance with the provisions of Article XIII hereof.

“**Mayor**” shall mean the Mayor of the City or, in his or her absence or unavailability, the Person succeeding to or performing his or her principal functions.

“**Outstanding**,” in connection with a Series of Bonds, shall mean, as of the time in question, all Bonds of such Series authenticated and delivered under this Master Trust Indenture, except:

- (a) Bonds theretofore cancelled or required to be cancelled under Section 2.07 hereof;

(b) Bonds for the payment, redemption or purchase of which moneys and/or Defeasance Securities, the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance with Article XIV hereof, shall have been or shall concurrently be deposited with the Trustee; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof;

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article II hereof; and

(d) the Series 2016 Bond.

In determining whether the Holders of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Master Trust Indenture, Bonds which are known by the Trustee to be held on behalf of the City shall be disregarded for the purpose of any such determination; provided, however, this provision does not affect the right of the Trustee to deal in Bonds as set forth in Section 11.09 hereof.

“**Paying Agent**” shall mean the Trustee and thereafter any successor Trustee appointed in accordance with Section 11.12 of this Master Trust Indenture.

“**Payment Period**” shall mean each twelve-month period commencing July 1 and ending June 30 of the succeeding year.

“**Person**” or “**Persons**” shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, governmental body, political subdivision, municipality, municipal authority or any other group or organization of individuals.

“**Pledged Funds**” shall mean, with respect to Bonds, the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Bond Redemption Fund, together with the Series Accounts and other Funds and Accounts therein, if any, established under the provisions of Articles V and VI hereof (excepting the Rebate Fund, the Administrative Expenses Fund and the Preissuance Payment Fund, if any) and in the applicable Supplemental Indenture in order to secure the payment of the Bonds.

“**Pledged Revenues**” shall mean, with respect to Bonds, the revenues from the Assessments and any other revenues designated as such by the City, excepting (i) revenues applied to budgeted Administrative Expenses, (ii) revenues deposited in the Rebate Fund, and (iii) revenues applied to City Reimbursements, and which shall constitute a portion of the security for and source of payment of such Bonds.

“**Preissuance Payment Fund**” shall mean a fund separate from all other funds and accounts created under Section 5.02 of this Master Trust Indenture, established by the City pursuant to a Supplemental Indenture and held by the Trustee and into which shall be deposited any amounts paid to the City prior to the issuance of a Series of Bonds by way of prepayment of Assessments. A Preissuance Payment Fund is not a Pledged Fund and amounts deposited into a Preissuance Payment Fund do not constitute Pledged Revenues.

“**Prepayment Account**” shall mean the account related to the Bonds so designated, established as a separate account within the Bond Redemption Fund pursuant to Section 6.07 hereof.

“Prepayment Amount” shall mean that amount determined by the Assessment Administrator in accordance with the Assessment Proceedings, this Master Trust Indenture, and the applicable Supplemental Trust Indenture to be sufficient without investment to discharge the entire outstanding principal of an Assessment levied against a parcel in the District, along with interest thereon to the date of redemption of the Bonds associated therewith and such other amounts provided in the Rate and Method.

“Prepayment Effective Date” means the date upon which the City receives good funds representing a Prepayment Amount. The date of receipt by the City of cash or a cashier’s check drawn on a bank located in the United States in an amount not less than the applicable Prepayment Amount shall be the Prepayment Effective Date therefor. In all other cases, the Prepayment Effective Date shall be the date the City collects good funds from any other instrument presented for payment of the Prepayment Amount.

“Principal Account” shall mean the account related to the Bonds so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.05 hereof.

“Project” shall mean those public infrastructure improvements as more particularly described in **Exhibit A**.

“Project Fund” shall mean the fund so designated in and created pursuant to Section 5.01 hereof.

“Rate and Method of Apportionment of Special Assessment” or **“Rate and Method”** means that the document by that name establishing the rate and method of the apportionment of the Assessment among parcels of real property within the District, which document was approved by City Council in the enactment of the District Ordinance.

“Rebate Fund” shall mean the fund, if any, so designated, which is established pursuant to a Supplemental Indenture, into which shall be deposited certain moneys for payment of arbitrage rebate on Bonds.

“Record Date” shall mean, as the case may be, the applicable Regular Record Date or Special Record Date.

“Redemption Price” shall mean the principal amount of any Bond, including Sinking Fund Installments, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Master Trust Indenture.

“Register” shall have the meaning set forth in Section 2.04 of this Master Trust Indenture.

“Registrar” shall mean the Trustee, which, as Registrar shall have the responsibilities set forth in Section 2.04 of this Master Trust Indenture, and thereafter any successor thereto appointed in accordance with Section 11.12 of this Master Trust Indenture.

“Regular Record Date” shall mean the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

“Regulatory Body” shall mean and include (a) the United States of America and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America, (b) the State, any political subdivision thereof and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the State, (c) the City and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the City, and (d) any other public body, whether federal, state or local or otherwise having regulatory jurisdiction and authority over the City.

“**Revenue Fund**” shall mean the fund so designated and which is established pursuant to Section 6.04 hereof.

“**Series**” shall mean all Bonds, as applicable, authenticated and delivered at one time on original issuance and pursuant to any Supplemental Indenture of the City authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof and the applicable Supplemental Indenture, regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds issued at one time but bearing different letter and/or year designations or other distinguishing notations are considered separate Series for purposes of this Master Trust Indenture.

“**Series 2016 Bond**” shall mean the \$6,342,000 City of North Myrtle Beach, South Carolina, Cherry Grove Improvement District Assessment Revenue Bond, Series 2016.

“**Series 2022 Bond**” shall mean the \$_____ City of North Myrtle Beach, South Carolina, Cherry Grove Improvement District Assessment Bond, Series 2022.

“**Series Account**” or “**Series Accounts**” shall mean all accounts created in the Debt Service Fund, Debt Service Reserve Fund and the Bond Redemption Fund pursuant to this Master Trust Indenture which relate exclusively to a Series of Bonds, as may be further provided by the provisions of a Supplemental Indenture.

“**Sinking Fund Account**” shall mean the account related to the Bonds and established as a separate account within the Debt Service Fund pursuant to Section 6.05 hereof.

“**Sinking Fund Installment**” shall mean those payments made pursuant to Section 8.01(c) hereof and the applicable Supplemental Indenture.

“**Special Record Date**” shall mean such date as shall be fixed for the payment of defaulted interest on the Bonds in accordance with Section 2.01 hereof.

“**State**” shall mean the State of South Carolina.

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

“**Supplemental Indenture**” and “indenture supplemental hereto” shall mean any indenture amending or supplementing this Master Trust Indenture which may be entered into in accordance with the provisions of this Master Trust Indenture.

“**Verification Agent**” means a firm recognized in the field of verifying the sufficiency of defeasance escrows for tax-exempt bonds.

The words “hereof”, “herein”, “hereto”, “hereby”, and “hereunder” (except in the form of Bond), refer to the entire Master Trust Indenture.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa.

ARTICLE II

THE BONDS

Section 2.01. Amounts and Terms of Bonds; Details of Bonds. The City is hereby authorized to issue the Bonds in one or more Series pursuant to the terms and conditions of this Master Trust Indenture and the applicable Supplemental Indenture. The Bonds shall be issued in Authorized Denominations in substantially the form attached to the Supplemental Indenture under which they are authorized, with such appropriate variations, omissions and insertions as are permitted or required thereby or as otherwise provided therein. All Bonds shall be issued only upon satisfaction of the conditions set forth in Article III hereof; and the Trustee shall, at the City's request, authenticate such Bonds and deliver them as specified in such request.

Each Bond shall be dated, shall have such Interest Payment Dates, shall bear interest from such date or dates and at such rate or rates until the maturity thereof, payable on such Interest Payment Dates, and shall be stated to mature (subject to the right of prior redemption), all as provided in, or pursuant to, a Supplemental Indenture.

The Trustee is hereby constituted and appointed as the Paying Agent for the Bonds. Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender on the respective dates of payment thereof for the payment of public and private debts. Unless otherwise provided in a Supplemental Indenture, the principal of all Bonds shall be payable at a corporate trust office of the Paying Agent, and, unless presentation be waived in a Supplemental Indenture, upon the presentation and surrender of such Bonds as the same shall become due and payable.

The Bonds shall be secured by the Trust Estate, and, in addition, by the full faith, credit and taxing power of the City.

Except to the extent otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, interest on any Bond is payable on any Interest Payment Date by check or draft mailed on the Interest Payment Date to the Person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date, at his address as it appears on the Bond Register. The Bonds shall bear interest from the Interest Payment Date next preceding the date on which they are authenticated unless authenticated on an Interest Payment Date in which event they shall bear interest from such Interest Payment Date, or unless authenticated before the first Interest Payment Date in which event they shall bear interest from their date; provided, however, that if a Bond is authenticated between a Record Date and the next succeeding Interest Payment Date, such Bond shall bear interest from such succeeding Interest Payment Date; provided further, however, that if at the time of authentication of any Bond interest thereon is in default, such Bond shall bear interest from the date to which interest has been paid. Any interest on any Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "**Defaulted Interest**") shall be paid to the Owner in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Bonds of a Series in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Record Date, which

writing shall specify the bank, which shall be a bank within the United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Record Date. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by such Bonds on the day before the default occurred.

Section 2.02. Execution. The Bonds shall be executed by the manual or facsimile signature of the Mayor of the City, and the seal of the City shall appear thereon (which may be in facsimile) and shall be attested by the manual or facsimile signature of the Clerk to City Council. Bonds executed as above provided may be issued and shall, upon request of the City, be authenticated by the Trustee, notwithstanding that one or both of the officers of the City whose signatures appear on such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds.

Section 2.03. Authentication. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created.

Section 2.04. Registration and Registrar. The Trustee is hereby constituted and appointed as the Registrar for the Bonds, and, as such shall act as registrar and transfer agent for the Bonds. The City shall cause the Trustee, as Registrar, to establish and keep the Bond Register, in which, subject to the provisions set forth in Sections 2.07 and 2.08 below and such other regulations as the City and Registrar may prescribe, the City shall provide for the registration of the Bonds and for the registration of transfers and exchanges of such Bonds.

Section 2.05. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond shall become mutilated, the City shall execute and the Trustee shall thereupon authenticate and deliver a new Bond of like Series, tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of such mutilated Bond for cancellation, and the City and the Trustee may require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the City and the Trustee; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the City shall execute, and thereupon the Trustee shall authenticate and deliver a new Bond of like Series, tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the City may, with the consent of the Trustee pay to the Owner the principal amount of and accrued interest on such Bond upon the maturity thereof and compliance with the aforesaid conditions by such Owner, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this Section 2.05 shall constitute an additional contractual obligation of the City, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Master Trust Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

Section 2.06. Cancellation and Destruction of Surrendered Bonds. All Bonds surrendered for payment or redemption and all Bonds surrendered for exchange shall, at the time of such payment, redemption or exchange, be promptly and cancelled and destroyed by the Trustee. The Trustee shall deliver to the City a certificate of destruction in respect of all Bonds destroyed in accordance with this Section.

Section 2.07. Registration, Transfer and Exchange. Upon surrender for registration of transfer of any Bond at the office of the Registrar, and upon compliance with the conditions for the transfer of Bonds set forth in this Section 2.08, the City shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferees, one or more new Bonds of a like aggregate principal amount and of the same Series and maturity. Upon authentication and delivery of Bonds issued pursuant to this Section 2.07, Bonds surrendered in exchange therefore shall be promptly cancelled by the Trustee and shall be no longer Outstanding.

At the option of the Bondholder, Bonds may be exchanged for other Bonds in Authorized Denominations of a like aggregate principal amount and of the same Series and maturity, upon surrender of the Bonds to be exchanged at any such office or agency. Whenever any Bonds are so surrendered for exchange, the City shall execute and the Trustee shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange of Bonds shall be valid obligations of the City, evidencing the same debt and entitled to the same benefits under this Master Trust Indenture as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing.

Transfers and exchanges shall be made without charge to the Bondholder, except that the City or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the City nor the Registrar shall be required (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

Section 2.08. Persons Deemed Owners. The City and the Trustee shall deem and treat the Person in whose name any Bond is registered as the absolute Owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the City or the Trustee) for the purpose of receiving payment of or on account of the principal or Redemption Price of and interest on such Bond, and for all other purposes, and the City and the Trustee shall not be affected by any notice to the contrary. All such payments so made to any such Owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bond.

Section 2.09. Limitation on Incurrence of Certain Indebtedness. The City will not issue Bonds, except upon the conditions and in the manner provided or as otherwise permitted in this Master Trust Indenture.

[END OF ARTICLE II]

ARTICLE III

ISSUANCE OF BONDS

Section 3.01. Issuance of Bonds.

(a) Subject to the provisions of Section 2.01 hereof, the City may issue one or more Series of Bonds hereunder, pursuant to Supplemental Indentures, from time to time for the purpose of financing the Costs of the Project or a portion thereof, to refund all or a portion of a Series of Bonds or for the completion of the Project, to pay the costs of the issuance of such Bonds, to pay the amounts required to be deposited with respect to such Bonds in the Funds and Accounts established under this Master Trust Indenture and to pay Capitalized Interest, if any on a Series of Bonds.

(b) In connection with the issuance of the Series 2022 Bonds, the Trustee shall, at the request of the City, authenticate the Series 2022 Bonds and deliver or cause them to be authenticated and delivered, as specified in the request, but only upon receipt of:

(1) certified copies of the Assessment Proceedings, and the Bond Ordinance.

(2) one or more written opinion or opinions of Bond Counsel, addressed to the Trustee, (a) that all conditions prescribed herein and in the 2022 Supplemental Indenture precedent to the issuance of the Series 2022 Bonds have been fulfilled; (b) that the Series 2022 Bonds have been validly authorized and executed and when authenticated and delivered pursuant to the request of the City will be valid obligations of the City entitled to the benefit of the trust created hereby and by the 2022 Supplemental Indenture and will be enforceable in accordance with their terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity; and (c) as to the tax-exempt status of the Series 2022 Bonds;

(3) an opinion of Counsel for the City, (which opinion may be stated in reliance upon the opinion or certificate of the Consulting Engineer and Assessment Consultant and opinions of other Counsel satisfactory to the signer and which opinion may be provided by one or more Counsel in separate firms or other organizations) which shall be addressed to the Trustee, to the effect that: (a) the City has full legal authority under the Act to undertake the Project or portion thereof to be undertaken with the proceeds of the Series 2022 Bonds, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or Regulatory Body; (b) the Assessment Proceedings have been taken in accordance with South Carolina law and that the City has taken all action necessary to levy and impose the Assessments; (c) the Assessments are legal, valid, and binding liens upon the property against which the Assessments are made, superior to all other liens except property taxes, to which liens the liens of the Assessments are subordinate; (d) the issuance of the Series 2022 Bonds has been duly authorized and approved by the City Council; (e) each of this Master Trust Indenture and the 2022 Supplemental Indenture has been duly and validly authorized, approved, and executed by the City; (f) all public bidding requirements applicable to the Project have been followed in accordance with law; and (g) each of this Master Trust Indenture and the 2022 Supplemental Indenture (assuming due authorization, execution and delivery by the Trustee) constitutes a binding obligation of the City, enforceable against the City in accordance with its terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity;

(4) an Engineer's Certificate addressed to the City and the Trustee setting forth the estimated Costs of the Project or portion thereof to be financed with the proceeds of such Series 2022 Bonds, and certifying that the plans and specifications for the Project have been approved by all Regulatory Bodies required to approve them (specifying such Regulatory Bodies) or that such approval can reasonably be expected to be obtained and that all required consents of any other governmental body or authority relating to the undertaking of the Project have been obtained;

(5) a certificate of an Authorized Officer to the effect that the City has legally available funds in such amount as will be required to defray that portion, if any, of the estimated Cost of the Project in excess of available proceeds of the Series 2022 Bonds;

(6) a certificate of the Assessment Consultant to the effect that: (i) the amount of the maximum Assessments which may be collected in each Payment Period (including any prepaid Assessments held by the City or on deposit in the Preissuance Payment Fund as of the date of certification) are at least equal to one hundred percent (100%) of the total Debt Service Requirements for each such Payment Period on the Series 2022 Bonds plus estimated Administrative Expenses as the same shall become due;

(7) executed original or certified copies of this Master Trust Indenture and the 2022 Supplemental Indenture;

(8) a certificate of an Authorized Officer to the effect that the City is then in compliance with each of the covenants set forth in Article IX hereof;

(9) such other documents, certifications and opinions as shall be required by the 2022 Supplemental Indenture or by the City or the Trustee upon advice of Counsel.

(c) In connection with the issuance of Additional Bonds, the Trustee shall, at the request of the City, authenticate the Bonds and deliver or cause them to be authenticated and delivered, as specified in the request, but only upon receipt of:

(1) Certified copies of the Assessment Proceedings and the ordinance authorizing this Master Trust Indenture and a certified copy of an ordinance of the City (a) approving a Supplemental Indenture under which the Series of Additional Bonds are to be issued; (b) providing the terms of the Bonds and directing the payments to be made into the Funds and Accounts in respect thereof as provided in Article VI hereof; (c) authorizing the execution and delivery of the Series of Bonds to be issued; and (d) if the purpose is to effectuate a refunding, authorizing the redemption, if any, of the Bonds to be refunded or the defeasance thereof, and the execution and delivery of an escrow agreement, if applicable, or other matters contained in Article XIV hereof;

(2) one or more written opinion or opinions of Bond Counsel, addressed to the Trustee, (a) that all conditions prescribed herein and in the 2022 Supplemental Indenture related to such Series of Bonds as precedent to the issuance of the Bonds have been fulfilled; (b) the Bonds have been validly authorized and executed and when authenticated and delivered pursuant to the request of the City will be valid obligations of the City entitled to the benefit of the trust created hereby and the related Supplemental Indenture and will be enforceable in accordance with their terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity; and (c) as to the tax-exempt status of the Bonds;

(3) an opinion of Counsel for the City, (which opinion may be provided by one or more Counsels in different organizations and may be stated in reliance upon the opinion or certificate of the Consulting Engineer, Assessment Consultant and opinions of other Counsel satisfactory to the signer) which shall be addressed to the Trustee, to the effect that: (a) the City has full legal authority under the Act to undertake the Project, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or Regulatory Body; (b) the Assessment Proceedings have been taken in accordance with South Carolina law, have not been amended or repealed, and that the City has taken all action necessary to levy and impose the Assessments; (c) the ordinance authorizing this Master Trust Indenture has been duly adopted, has not been amended or repealed, and is enforceable according to its terms, (d) the Assessments are legal, valid, and binding liens upon the property against which the Assessments are made, superior to all other liens except the lien for county and state taxes, to which liens the liens of the Assessments are subordinate; (e) the issuance of the Series of Additional Bonds has been duly authorized and approved by the City Council; (f) except in the case of Additional Bonds issued to refund Bonds, all public bidding requirements applicable to the Project have been followed in accordance with law; (g) each of this Master Trust Indenture and the Supplemental Indenture has been duly and validly authorized, approved, and executed by the City; and (h) each of this Master Trust Indenture and the Supplemental Indenture (assuming due authorization, execution and delivery by the Trustee) constitutes a binding obligation of the City, enforceable against the City in accordance with its terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity;

(4) except in the case of Additional Bonds issued to refund Bonds, an Engineer's Certificate addressed to the City, Assessment Consultant and the Trustee setting forth the estimated Costs of the Project and the portion thereof to be financed with the proceeds of such Additional Bonds, taking into account any funds to be contributed by the City and certified to pursuant to Section 3.01(c)(5), that the plans and specifications for the Project have been approved by all Regulatory Bodies required to approve them (specifying such Regulatory Bodies) or such approval can reasonably be expected to be obtained, and that all required consents of any other governmental body or authority relating to the undertaking of the Project have been obtained;

(5) a certificate of an Authorized Officer setting forth the amount and source of City funds, if any, to be applied to the defray Costs of the Project.

(6) an executed original or certified copy of this Master Trust Indenture and the Supplemental Indenture for such Additional Bonds;

(7) in the case of a Series of Additional Bonds to be issued for the purpose of completing the Project or portion thereof, a certificate of the Consulting Engineer stating the original estimated Cost of the Project or portion thereof; that such estimated Cost of the Project thereof will be exceeded; the Cost of completing such Project or portion thereof; and that other funds available or reasonably expected to become available for such Cost of completion, together with the proceeds of such Series of Bonds, will be sufficient to pay such Cost of completion;

(8) a certificate of an Authorized Officer that the Assessments as imposed are sufficient as to both amount and duration to pay all debt service on the Additional Bonds and any other Bonds then Outstanding;

(9) in the case of the issuance of a refunding Series of Additional Bonds, a certificate of an Authorized Officer stating (a) the intended use of the proceeds of such Series; (b) any other amounts available for the purpose; (c) that, based upon a report delivered by a Verification Agent, the proceeds of the issue plus the other amounts, if any, stated to be available for the purpose will be sufficient to refund the Bonds to be refunded in accordance with the refunding plan and in compliance with Article XVI of this Master Trust Indenture, including, without limitation, to pay the costs of issuance of such Bonds; and (d) that notice of redemption, if applicable, of the Bonds to be refunded has been duly given or that provision has been made therefor, as applicable; and a written opinion of Bond Counsel to the effect that the issuance of such Series of Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds issued pursuant to this Master Trust Indenture (to the extent that upon original issuance thereof such Bonds were issued as Bonds the interest on which is excludable from gross income for federal income tax purposes);

(10) a certificate of an Authorized Officer to the effect that the City is then in compliance with each of the covenants set forth in Article IX hereof;

(11) a certificate of the Assessment Consultant to the effect that: (i) the amount of the maximum Assessments that may be collected in each Payment Period (hereinafter defined) shall be at least equal to one hundred percent (100%) of the total Debt Service Requirements for each such Payment Period on the Outstanding Bonds and the proposed Additional Bonds, along with Administrative Expenses; and

(12) such other documents, certifications and opinions as shall be required by the Supplemental Indenture or by the City or the Trustee upon advice of Counsel.

[END OF ARTICLE III]

ARTICLE IV

UNDERTAKING OF PROJECT

Section 4.01. Project to Conform to Plans and Specifications; Changes. The City will proceed to complete or cause the completion of the Project or portion thereof for which any Series of Bonds is being issued in accordance with the plans and specifications therefor, as such plans and specifications may be amended from time to time, and subject to the specific requirements of the Supplemental Indenture for such Series of Bonds.

Section 4.02. Compliance Requirements. The City will comply or cause the compliance with all present and future laws, acts, rules, regulations, orders and requirements lawfully made and applicable in fact to any acquisition or construction hereby undertaken and shall obtain all necessary approvals under federal, State and local laws, acts, rules and regulations necessary for the completion and operation of the Project or portion thereof for which any Series of Bonds is being issued and shall complete the Project or portion thereof in conformity with such approvals, laws, rules and regulations, so long as funds are available from Bond proceeds or from a property owner or other third party.

[END OF ARTICLE IV]

ARTICLE V

PROJECT FUND AND PREISSUANCE PAYMENT FUND

Section 5.01. Project Fund. The Trustee shall establish the Project Fund. In the Project Fund there shall be deposited the proceeds from each Series of Bonds (unless otherwise specified herein or in the applicable Supplemental Indenture for a Series of Bonds) to be used to pay such Costs of the Project as set forth herein and in the applicable Supplemental Indenture. There shall be established in the Project Fund as to a Series of Bonds a Costs of Issuance Sub-Account from which issuance costs, including, without limitation, legal, engineering, and consultants' fees as to such Series, shall be paid. The amounts in the Project Fund, until applied as hereinafter provided, shall be held for the security of the Holders of the Bonds. Separate accounts within the Project Fund shall be maintained by the Trustee in respect of each Series of Bonds upon written request of the City whenever, in the opinion of the City, it is appropriate to have a separate accounting in respect of the Costs of any designated portion of the Project.

(a) *Application of Project Fund.* Amounts in the Project Fund shall be applied to pay the Costs of the Project or any portion thereof; provided, however, that if (1) any amounts remain in the Project Fund after the Completion Date of the Project or portion thereof pertaining to the particular Series of Bonds in question, (2) such amounts are not reserved or required for payment of any remaining part of the Costs of the Project or any remaining portion thereof, and (3) an Event of Default described in Article X hereof has not occurred and is continuing, then such amounts, upon written direction of an Authorized Officer, shall be transferred to the General Account of the Bond Redemption Fund, to the Rebate Fund, or applied to defeasance of Bonds in accordance with Section 6.10 herein.

(b) *Disbursements.* All payments from the Project Fund shall be paid in accordance with the provisions of this subsection. Moneys in the Project Fund shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Trustee legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth in this subsection (b) and in the applicable Supplemental Indenture for each Series of Bonds. Before any such payment shall be made, the City shall file with the Trustee a fully executed requisition in the form of **Exhibit B** attached hereto. Upon receipt of each such requisition and accompanying certificate, the Trustee shall promptly withdraw from the Project Fund and pay to the Person, firm or corporation named in such requisition the amount designated in such requisition. All requisitions and certificates received by the Trustee pursuant to this Section 5.01 shall be retained in the possession of the Trustee, subject at all reasonable times to the inspection of the City, the Consulting Engineer, the Owner of any Bonds, and the agents and representatives thereof.

Section 5.02. Preissuance Payment Fund. The Trustee shall establish the Preissuance Payment Fund if so specified by a Supplemental Resolution. Amounts, if any, deposited into the Preissuance Payment Fund shall be transferred to an Interest Account, the Administrative Expenses Fund, the Costs of Issuance Sub-Account, and the Project Fund when and as directed by the City in writing. Upon completion of that portion of the Project for which one or more Series of Bonds was issued, any amounts remaining in the Preissuance Payment Fund shall be disbursed as directed by the City, provided, however, that prior to such disbursement, the City shall certify in writing that no further Administrative Expenses, costs of issuance, or other Costs of the Project relative to such portion of the Project remain unpaid. At such time as no Bonds otherwise Outstanding, any amounts remaining in the Preissuance Payment Fund shall be disbursed as directed by the City in writing.

[END OF ARTICLE V]

ARTICLE VI

ASSESSMENTS; APPLICATION THEREOF TO FUNDS AND ACCOUNTS

Section 6.01. Assessments; Lien of Master Trust Indenture on Trust Estate. The City hereby represents that it has filed a certified copy of the Assessment Roll with the Horry County Clerk of Court, as well as the County Treasurer of Horry County. The City covenants that it shall levy the Assessments, and evidence the Assessment Roll to the Horry County Auditor in order that the Assessments shall appear on the annual real property tax notices issued by Horry County for collection by the Horry County Treasurer all as provided in and pursuant to the Act or any successor statutes, as applicable and all other laws of the State. The Assessment Roll shall be updated at least annually by the Assessment Consultant. All penalties and interest attributable to the payment of Delinquent Assessments shall be paid over to the City in the same manner as Assessments. The provisions of the Rate and Method of Apportionment of Special Assessments are incorporated herein by reference and shall be deemed controlling as to the matters set forth therein, except as specifically provided by this Master Trust Indenture and any Supplemental Indenture. Should the aforementioned officials of Horry County in any year fail to provide for the inclusion of the Assessments on annual real property tax notices and the collection of such Assessments, the City shall directly undertake the billing of the Assessments made due in such year so that the same shall be available at the next Interest Payment Date.

Section 6.02. Deposit of Assessments With Trustee. The City shall, within twenty (20) Business Days of receipt of the payment of Assessments, after deducting City Reimbursements arising in any prior Fiscal Year to the extent, if any, as determined by the City, pay to the Trustee for deposit in the Revenue Fund established under Section 6.04 hereof all payments of Assessments received by the City from the levy thereof within the District; provided, however, that prepayments of Assessments received by the City as described in Section 9.08(b) herein shall be deposited directly into the Prepayment Account of the Bond Redemption Fund established hereunder and amounts equal to the annual budgeted Administrative Expenses shall be deposited directly into the Administrative Expenses Fund. The City shall instruct the Trustee in writing at the time of each deposit (1) as to amounts received as prepayments of Assessments to be deposited into the Bond Redemption Fund, and (2) as to amounts received to be utilized for annual budgeted Administrative Expenses, which amounts shall be deposited into the Administrative Expenses Fund prior to the deposit of any Assessment revenues into the Revenue Fund. The City shall at the time of each such deposit identify in writing to the Trustee the amount of any City Reimbursements retained, as well as the parcel and the year to which such amount retained pertains.

The Pledged Revenues and Pledged Funds identified or established by the terms hereof or a Supplemental Indenture are hereby pledged only for the payment of the principal or Redemption Price of and interest on all Bonds issued and Outstanding under this Master Trust Indenture and replenishment of any Debt Service Reserve Fund; and shall not be pledged for the payment of any other bonds or any other obligation of the City. The Trust Estate shall immediately be subject to the lien and pledge of this Master Trust Indenture without any physical delivery hereof or further act; provided, however, that the lien and pledge of this Master Trust Indenture shall not apply to (1) any moneys transferred by the Trustee to the Rebate Fund or (2) any moneys transferred by the Trustee to the Administrative Expenses Fund.

Section 6.03. Funds and Accounts Relating to the Bonds. The Funds and Accounts specified in this Article VI shall be established under this Master Trust Indenture and continued under each Supplemental Indenture pursuant to which a Series of Bonds is issued for the benefit of the specific Series of Bonds issued pursuant to such Supplemental Indenture.

Section 6.04. Revenue Fund.

(a) The Trustee is hereby authorized and directed to establish the Revenue Fund into which the Trustee shall immediately deposit Assessment revenues (other than prepayments of the Assessments, City Reimbursements, and Assessment revenues budgeted for Administrative Expenses) for payment of the Bonds. All amounts so received, whether when due or as the result of any enforced collection or other remedial action for nonpayment of Assessments and any other payments required hereunder or under the applicable Supplemental Indenture (unless such Assessments and/or other payments are specifically designated by the City pursuant to a Supplemental Indenture for deposit into the Rebate Fund or any other Fund or Account established hereunder or under a Supplemental Indenture) shall, subject to retention by the City as City Reimbursements in the manner provided in Section 6.02, be deposited into the appropriate Fund or Account, all as identified in writing by an Authorized Officer, and each Fund and Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under this Master Trust Indenture and from all other moneys of the Trustee.

During each Payment Period, the Trustee shall transfer from amounts on deposit in the Revenue Fund and the General Account to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, on the fifth Business Day preceding each Interest Payment Date, from the Revenue Fund to the Interest Account of the Debt Service Fund, an amount equal to the interest on the Bonds becoming due on such Interest Payment Date;

SECOND, on the fifth Business Day preceding a principal payment date or a date on which a Sinking Fund Installment is due, commencing on the dates set forth in the related Supplemental Indenture, to the Principal Account or Sinking Fund Account of the Debt Service Fund from the General Account, to the extent of any funds previously deposited therein in accordance with Section 5.01(a), and thereafter from the Revenue Fund, an amount equal to the principal amount of or Sinking Fund Installment for the Bonds maturing on such principal payment date or subject to mandatory sinking fund redemption on such date;

THIRD, on the fifth Business Day preceding each Interest Payment Date while Bonds remain Outstanding, to the Debt Service Reserve Fund, if any, an amount equal to the amount, if any, which is necessary to make the amount on deposit in each Series Account therein equal to the Debt Service Reserve Requirement of each Series Account; and

FOURTH, on the fifth Business Day and also on the final Business Day preceding each Interest Payment Date while Bonds remain Outstanding, and if the Trustee has notified the City of any deficiency in any of the Interest Account, the Principal Account, and the Sinking Fund Account of the Debt Service Fund, such amounts, if any, on deposit in the General Account of the Redemption Fund to the extent necessary to remedy such deficiency or deficiencies shall be transferred to such deficient Account.

FIFTH, subject to Section 6.04(b) the balance of any moneys remaining after making the foregoing deposits shall remain therein.

(b) The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any Payment Period, at the written direction of the City, withdraw any moneys held in the Revenue Fund which are not otherwise required to be deposited pursuant to this Section and deposit such moneys as directed to the credit of the General Account of the Bond Redemption Fund in accordance with the provisions hereof.

Section 6.05. Debt Service Fund. The Trustee is hereby authorized and directed to establish a Debt Service Fund which shall consist of amounts deposited therein by the Trustee and any other amounts the City may pay to the Trustee for deposit therein with respect to the Bonds. The Debt Service Fund shall be held by the Trustee separate and apart from all other Funds and Accounts held under this Master Trust Indenture and from all other moneys of the Trustee. The Trustee shall establish within the Debt Service Fund an Interest Account, a Principal Account and a Sinking Fund Account, which accounts shall be separate and apart from all other Funds and Accounts established under this Master Trust Indenture and from all other moneys of the Trustee. The Interest Account is intended to provide for the ratable payment of the interest due on the Bonds. Moneys from a Preissuance Payment Fund may be transferred to the Interest Account as directed by the City in writing. The Principal Account and the Sinking Fund Account are intended to provide for the ratable payment of the principal of and Sinking Fund Installments on the Bonds. The Trustee shall establish in the Debt Service Fund separate Capitalized Interest Subaccounts as to each Series of Bonds the proceeds of which will be applied to payment of Capitalized Interest.

In the event Additional Bonds are issued at such time as any previously issued Bonds remain Outstanding, the Supplemental Indenture authorizing the issuance of such Additional Bonds shall require separate Series Accounts within the Interest Account, the Principal Account, and the Sinking Fund Account for each Series of Bonds which may thereafter be Outstanding. If established, a Series Account shall bear a number designation to distinguish it from other Series Accounts. Each Series Account shall be held by the Trustee for the equal and ratable benefit only of the Holders of the particular Series of Bonds, respectively, secured by such Series Account as provided in the applicable Supplemental Indenture.

Except to the extent otherwise provided in a Supplemental Indenture, redemptions out of the Sinking Fund Account shall be made as follows:

(a) The Trustee shall apply the amounts required to be transferred to the Sinking Fund Account on the principal payment date in each of the years set forth in a Supplemental Indenture to the redemption of Bonds in the amounts, manner and maturities and on the dates set forth in a Supplemental Indenture, at a Redemption Price of 100% of the principal amount thereof.

Section 6.06. Debt Service Reserve Fund. The Trustee is hereby authorized and directed to establish a Debt Service Reserve Fund if so provided by an Supplemental Indenture. Pursuant to the provisions of a Supplemental Indenture, separate Series Accounts for each Series of Bonds may be established. If established, a Series Account shall bear a number designation to distinguish it from other Series Accounts. Each Series Account shall be held by the Trustee for the equal and ratable benefit only of the Holders of the particular Series of Bonds, respectively, secured by such Series Account as provided in the applicable Supplemental Indenture. The Debt Service Reserve Fund and each Series Account therein shall constitute an irrevocable trust fund to be applied solely as set forth herein and in the applicable Supplemental Indenture and shall be held by the Trustee separate and apart from all other Funds and Accounts held under this Master Trust Indenture and from all other moneys of the Trustee. The amount required to be maintained within a Series Account as well as the direction for use of such sums shall be provided in the applicable Supplemental Indenture.

Section 6.07. Bond Redemption Fund. The Trustee is hereby authorized and directed to establish a Bond Redemption Fund and a separate General Account and Prepayment Account therein for the Bonds. The Accounts of the Bond Redemption Fund shall constitute irrevocable trust funds to be applied solely as set forth in this Master Trust Indenture and shall be held by the Trustee separate and apart from all other Funds and Accounts held under this Master Trust Indenture and from all other

moneys of the Trustee. All earnings on investments held in the Accounts of the Bond Redemption Fund shall be retained therein and applied as set forth below.

Amounts shall be deposited into the General Account of the Bond Redemption Fund at the times provided in Sections 5.01 and 6.04(b) of this Master Trust Indenture. Amounts shall be deposited into the Prepayment Account of the Bond Redemption Fund at the times provided in Sections 6.02 and 9.08(b) of this Master Trust Indenture. Such amounts (including all earnings on investments held therein shall be accumulated therein) shall be used for the purposes and in the order of priority set forth in this Master Trust Indenture and any Supplemental Indenture.

Section 6.08. Administrative Expenses Fund. The Trustee is hereby authorized and directed to establish an Administrative Expenses Fund into which shall be deposited, moneys in the amounts and at the times provided in Section 6.02 of this Master Trust Indenture. Moneys in the Administrative Expenses Fund shall be used only for the purpose of paying Administrative Expenses relating to the Bonds and upon the written requisition of an Authorized Officer and are not subject to the lien of the Trust Estate.

Section 6.09. Rebate Fund. The Trustee is hereby authorized and directed to establish a Rebate Fund if so provided by a Supplemental Indenture. Moneys in the Rebate Fund shall be used only for the purpose of paying such amounts as the City owes in connection with complying with arbitrage rebate requirements under the Code. The Rebate Fund is not subject to the lien of the Trust Estate.

Section 6.10. Procedure When Funds Are Sufficient to Defeas All Bonds of a Series. If at any time the moneys held by the Trustee in the Funds and Accounts hereunder and available therefor are sufficient, net of all budgeted and unpaid Administrative Expenses, to pay the principal or Redemption Price of, as the case may be, and interest on all Bonds of a Series, to maturity or prior redemption in accordance with the provisions of Article XIV of this Master Trust Indenture, together with any amounts due the City and the Trustee, the Trustee, at the written direction of the City, shall apply the amounts in the applicable Funds and Accounts to the defeasance of the applicable obligations and the City shall not be required to pay over any further Assessment revenues with respect to such Series of Bonds unless and until it shall appear that there is a deficiency in the Funds and Accounts applicable to such Bonds held by the Trustee. Moneys held in the Project Fund shall not be deemed available for defeasance except as provided in Section 5.01(a) herein.

Section 6.11. Unclaimed Moneys. In the event that amounts sufficient to pay the principal, Redemption Price, or interest on a Bond have been deposited with the Trustee for the benefit of the Owner thereof and have remained unclaimed for three (3) years after the date payment thereof becomes due the Trustee shall, upon written request of the City, if the City is not at the time to the knowledge of the Trustee in default with respect to any covenant in this Master Trust Indenture or the applicable Supplemental Indenture, such amounts shall be paid to the City; and the Owners of the Bond for which the deposit was made shall thereafter be limited to a claim against the City; provided, however, that the Trustee, before making payment to the City, may, at the expense of the City, cause a notice to be published in an authorized newspaper, stating that the money remaining unclaimed will be returned to the City after a specified date.

[END OF ARTICLE VI]

ARTICLE VII

SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS

Section 7.01. Deposits and Security Therefor. All moneys received by the Trustee under this Master Trust Indenture for deposit in any Fund or Account established under this Master Trust Indenture shall be considered trust funds, shall not be subject to lien or attachment, except for the lien created by this Master Trust Indenture, and shall be deposited in the trust department of the Trustee, until or unless invested or deposited as provided in Section 7.02 hereof.

Section 7.02. Investment or Deposit of Funds. The Trustee shall, as directed by an Authorized Officer in writing, invest moneys held in any Fund or Account created under this Master Trust Indenture, but only in Authorized Investments and subject to the provisions of Section 9.23 of this Master Trust Indenture. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption or withdrawal by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth herein. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that to the extent that the amount in any Fund or Account (or applicable sub-account therein) exceeds the amount required to be on deposit therein, then subject to Section 6.06 of this Master Trust Indenture and any written direction by an Authorized Officer to the Trustee to the contrary, such excess shall be transferred to the Revenue Fund. Upon request of an Authorized Officer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities (or make such withdrawals) as may be required to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as a result of the Trustee's negligence or willful misconduct or as provided hereinafter. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred in accordance with the provisions of Section 6.04 hereof, to such Fund or Account from the Revenue Fund.

Notwithstanding anything contained herein to the contrary, the Trustee shall have no obligation to enter into any investment contract, forward delivery investment agreement, repurchase agreement or any similar agreements with respect to the investment of any monies held under this Master Trust Indenture unless (i) such agreement is in form and content acceptable to the Trustee in its reasonable discretion, (ii) any liability of the Trustee under such agreement is limited to loss occasioned by the gross negligence or willful misconduct of the Trustee, (iii) the Trustee is not liable under any circumstances for any termination or similar amount under such agreement, and (iv) the City shall pay to the Trustee an additional fee established by the Trustee in accordance with customary practices.

Section 7.03. Valuation of Funds. The Trustee shall value the assets in each of the Funds and Accounts established hereunder or under any Supplemental Indenture on June 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the City a report of the status of each Fund and Account as of the valuation date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof, subject to Section 7.02 hereof. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder or under any Supplemental Indenture, (i) (except as provided in (ii) and (iii) below) obligations in which money in such Fund or Account shall

have been invested shall be valued at the market value thereof, or at the Redemption Price thereof to the extent that any such obligation is then redeemable at the option of the holder, (ii) obligations purchased for the Debt Service Reserve Fund or a Series Account thereof shall be valued at par, if purchased at par, or at market value, if purchased at other than par, and (iii) notwithstanding any of the foregoing, obligations purchased pursuant to an investment, repurchase, forward delivery or other contract or arrangement, shall be valued in accordance with the provisions of such contract or arrangement.

[END OF ARTICLE VII]

ARTICLE VIII

REDEMPTION AND PURCHASE OF BONDS

Section 8.01. Redemption Dates and Prices. The Bonds may be made subject to optional, mandatory and extraordinary redemption and purchase, either in whole or in part, by the City, prior to maturity in the amounts, at the times and in the manner provided in this Article VIII and in a Supplemental Indenture.

(a) *Optional Redemption.* Bonds shall be subject to optional redemption at the direction of the City, at the times and upon payment of the Redemption Price if and as so provided in a Supplemental Indenture. The City may apply thereto moneys in the General Account of the Bond Redemption Fund.

(b) *Mandatory Sinking Fund Redemption.* Bonds shall be subject to mandatory sinking fund redemption in installments ("***Sinking Fund Installments***") at a Redemption Price of 100% of the principal amount of such Sinking Fund Installment plus accrued interest to the redemption date, in the years and amounts set forth in a Supplemental Indenture.

(i) In connection with such mandatory sinking fund redemption of Bonds, amounts shall be transferred from the Revenue Fund and the General Account to the Sinking Fund Account of the Debt Service Fund, all as more particularly described in Section 6.04 hereof.

(ii) The principal amounts of scheduled Sinking Fund Installments shall be reduced as specified in writing by the City or as provided in Section 8.04 hereof by any principal amounts of the Bonds of the applicable Series redeemed pursuant to Section 8.01(a) hereof.

(c) *Extraordinary Mandatory Redemption.* Prepayments of Assessments received by the City pursuant to Section 9.08(b) herein shall be applied to extraordinary mandatory redemption at the direction of the City at the times and upon payment of the Redemption Price and as provided in a Supplemental Indenture.

(d) *Special Optional Redemption.* The City may, at its option, if so provided in a Supplemental Indenture, redeem Bonds in full at par plus accrued interest to the date of redemption upon 30 days' written notice to the holder thereof in the event any injunction against the implementation of the Project is issued by a court of competent jurisdiction.

Upon any redemption of Bonds of a Series other than in accordance with scheduled Sinking Fund Installments, the City shall cause the Assessment Consultant to deliver to the Trustee a schedule of revised Sinking Fund Installments, recalculated so as to amortize the Bonds of such Series remaining Outstanding in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Bonds of such Series. The Trustee shall provide such schedule of revised Sinking Fund Installments to the Owners of Series of Bonds so affected. The Sinking Fund Installments as so recalculated shall not result in an increase in the aggregate of the Sinking Fund Installments for all Bonds of such Series in any year. In the event of a redemption occurring less than 45 days prior to a date on which a Sinking Fund Installment is due, the foregoing recalculation shall not be made to Sinking Fund Installments due in the year in which such redemption occurs, but shall be made to Sinking Fund Installments for the immediately succeeding and subsequent years.

Section 8.02. Notice of Redemption. Except where otherwise provided by a Supplemental Indenture, when required to redeem Bonds of a Series under any provision of this Master Trust Indenture, [except in the case of Mandatory Sinking Fund Redemption pursuant to Section 8.01(b) for which the

notice required by this Section 8.02 shall not be required] or directed to do so by the City, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed first-class at least thirty (30) but not more than sixty (60) days prior to the redemption date to all Owners of Bonds to be redeemed (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption of the Bonds of such Series for which notice was duly mailed in accordance with this Section 8.02 or as to which the Owner of such Bonds has by written instrument waived compliance with this Section 8.02. Such notice shall be given in the name of the City, shall be dated, shall set forth the Bonds of such Series Outstanding which shall be called for redemption and shall include, without limitation, the following additional information:

- (a) the redemption date;
- (b) the redemption price;
- (c) if less than all Outstanding Bonds of a Series to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be;
- (d) that on the redemption date the redemption price will become due and payable upon surrender of each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and
- (e) unless presentment be waived by a Supplemental Indenture, the place where such Bonds are to be surrendered for payment of the redemption, which place of payment shall be a corporate trust office of the Trustee.

If at the time of mailing of notice of an optional redemption , the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Paying Agent, as the case may be, not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

If the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the redemption price and accrued interest on the Bonds so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and among different maturities of Bonds in the same manner as the initial selection of Bonds to be redeemed, and from and after such redemption date, interest on the Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Bonds not been called for redemption.

Section 8.03. Payment of Redemption Price. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Paying Agent, then in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by this Master Trust Indenture and shall not be deemed to be Outstanding under the provisions of this Master Trust Indenture.

Payment of the Redemption Price, together with accrued interest, shall be made by the Paying Agent to or upon the order of the Owners of the Bonds called for redemption upon surrender of such Bonds, unless presentment has been waived by a Supplemental Indenture. The Redemption Price of the Bonds to be redeemed, the expenses of giving notice and any other expenses of redemption, shall be paid out of the Fund from which redemption is to be made or by the City, or as specified in a Supplemental Indenture.

[END OF ARTICLE VIII]

ARTICLE IX

COVENANTS OF THE CITY

Section 9.01. Power to Issue Bonds and Create Lien. The City is duly authorized under the Act and all applicable laws of the State to issue the Bonds, to adopt and execute this Master Trust Indenture and to pledge the Trust Estate for the benefit of the Bonds as further provided in this Master Trust Indenture. Except for state, county and municipal taxes described in Section 5-7-300 of the State Code, the Trust Estate is not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Bonds. The Bonds and the provisions of this Master Trust Indenture are and will be valid and legally enforceable obligations of the City in accordance with their respective terms. The City shall, at all times, to the extent permitted by law, defend, preserve and protect the pledges created by this Master Trust Indenture and all the rights of the Bondholders under this Master Trust Indenture against all claims and demands of all other Persons whomsoever.

Section 9.02. Payment of Principal and Interest on Bonds. The payment of the principal or Redemption Price of and interest on all of the Bonds issued under this Master Trust Indenture shall be secured forthwith equally and ratably by a first lien on and pledge of the Pledged Revenues, and an amount therein sufficient to pay the principal or Redemption Price of and interest on the Bonds authorized by this Master Trust Indenture is hereby irrevocably pledged to the payment of the principal or Redemption Price of and interest on the Bonds authorized under this Master Trust Indenture, as the same become due and payable. The City shall promptly pay the interest on and the principal or Redemption Price of every Bond issued hereunder according to the terms hereof and thereof, but shall be required to make such payment only out of the Trust Estate, except as to any Series of Bonds for which the full faith, credit and taxing power of the City are pledged, as provided in the March 28, 2016 Ordinance and the applicable Supplemental Resolution.

Section 9.03. Enforcement of Payment of Assessments. The City will assess, impose, collect or cause to be collected and enforce the payment of Assessments for the payment of the Bonds in the manner prescribed by the Assessment Proceedings, this Master Trust Indenture, any Supplemental Indenture and all resolutions, ordinances or laws thereunto, and will pay or cause to be paid the proceeds of such Assessments as received to the Trustee in accordance with the provisions hereof.

Section 9.04. Delinquent Assessments. The City covenants to furnish to the Trustee and any Owner of Bonds of the related Series so requesting, within thirty (30) days of March 18 of each year, a list of all Delinquent Assessments and all enforced collection proceedings in progress as of such March 18.

Section 9.05. Sale of Tax Deed or Enforced Collection of Assessment. Collection of Delinquent Assessments shall be accomplished by the City under the authority of the Act, Section 5-7-300 of the State Code and in accordance with the terms of Sections 12-45-180 and 12-51-40, *et seq.* of the State Code (or successor provisions thereof). The City shall cause written notice of the proposed sale of the property subject to the Delinquent Assessment to be mailed to the Trustee and any designated agents of the Owners of the Bonds or as provided in the Supplemental Indenture relating to such Series of Bonds in the same manner and time as provided under the State Code for notice to mortgage holders. If any property shall be purchased by the Horry County Forfeited Land Commission in accordance with Section 12-51-55 of the State Code (or successor provisions thereof), and the Horry County Forfeited Land Commission subsequently sells such property and remits the proceeds thereof to the City, the City shall deposit any legally available net proceeds of such sale, in accordance with Sections 12-51-55 and 12-51-90 of the State Code, into the Revenue Fund, less any City Reimbursements applicable to such parcel not previously retained by the City. The City shall give or cause to be given written notice of (1) the

approaching end of the redemption period for properties sold at tax sale and (2) in the same manner and time as provided under State law for notice to mortgage holders, to the Trustee and any designated agent of the Owners of the Bonds. The City agrees that it will diligently pursue the measures provided by law for sale of property pursuant to this Section 9.05.

Section 9.06. Other Obligations Payable from Assessments. The City will not issue or incur any obligations payable from the proceeds of Assessments other than Bonds issued pursuant to the terms of this Master Trust Indenture, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments other than the pledge of the Trust Estate.

Section 9.07. Books and Records with Respect to Assessments. At the request of any Owner, the City Manager or the City Manager's designee, at the end of each Fiscal Year, shall prepare a written report setting forth the collections received, the number and amount of delinquencies, the proceedings taken to enforce collections and cure delinquencies and an estimate of time for the conclusion of such legal proceedings. A signed copy of such report, when prepared, shall be furnished to the Trustee (solely as a repository of such information) as soon as practicable after such report shall become available and shall be mailed to any requesting Owner.

Section 9.08. Prepayment of Assessments and Removal of Assessment Liens.

(a) Prepayments of Assessments received by the City prior to such date preceding the issuance of a Series of Bonds and as further specified in the applicable Supplemental Trust Indenture, each of which prepayments must be in an amount sufficient to discharge the remaining principal portion of the Assessment on a parcel, shall be expeditiously paid by the the City to the Trustee for deposit into the Preissuance Payment Fund. The City shall take such action as is necessary to record in the official records of Horry County and the City an affidavit or affidavits, as the case may be, executed by an Authorized Officer of the City, to the effect that the Assessment as to such parcel has been paid and that such Assessment lien is has been released and extinguished as of the date of the receipt of such payment by the City.

(b) Except as to prepayments subject to Section 9.08(a) herein, any owner of property subject to the Assessments may, at its option, require the City to release and extinguish the lien upon its property by virtue of the levy of the Assessments by paying to the City the Prepayment Amount. Upon receipt of a prepayment as described in the preceding sentence, the City shall take such action as is necessary to record in the official records of Horry County and the City an affidavit or affidavits, as the case may be, executed by an Authorized Officer of the City, to the effect that the Assessment has been paid and that such Assessment lien is has been released and extinguished as of the applicable Prepayment Effective Date. A portion of the Prepayment Amount so paid to the City in amount sufficient without investment to discharge the entire outstanding principal of an Assessment levied against such property, along with interest thereon to the date of redemption of the Bonds associated therewith, shall be deposited into the applicable Prepayment Account of the Bond Redemption Fund and applied to Extraordinary Mandatory Redemption of such Bond in accordance with Section 8.01(b) of this Master Trust Indenture and the applicable Supplemental Indenture.

Section 9.09. Deposit of Assessments. As provided in Article VI hereof, the City covenants to cause any Assessments collected or otherwise received by it (except as to prepayments subject to Sections 9.08(a) and 9.08(b)), less any City Reimbursements, to be deposited with the Trustee within twenty (20) Business Days after receipt thereof for deposit into the Revenue Fund, and amounts identified as estimated Administrative Expenses shall be deposited in the Administrative Expenses Fund. Notwithstanding the preceding sentence,

Section 9.10. Implementation of the Project. The City covenants that no part of the Project as described in **Exhibit A** attached hereto will be constructed on, over or under lands other than (i) lands title to which is or shall be owned by the City, the State of South Carolina, or other public entity in fee simple, (ii) lands on, over or under which the City or other appropriate public entity shall acquire perpetual easements for the purposes of the Project, or (iii) lands, including public streets and highways, the right to the use and occupancy of which for such purposes shall be vested in the City or other appropriate entity by law or by valid franchises, licenses, easements or rights of way or other legally effective permissions or approval.

Section 9.11. Public Liability and Property Damage Insurance. The City will carry or cause to be carried, until the completion of the Project, comprehensive general liability insurance (covering bodily injury and property damage) issued by one or more insurance companies authorized or eligible to do business under the laws of the State, in such amounts as is customary for similar operations.

Section 9.12. Use of Pledged Revenues for Authorized Purposes Only. None of the Pledged Revenues shall be used for any purpose other than as provided in this Master Trust Indenture and no contract or contracts shall be entered into or any action taken by the City or the Trustee which will be inconsistent with the provisions of this Master Trust Indenture.

Section 9.13. Books, Records and Annual Reports. (a) The City shall keep proper books of record and account in accordance with Generally Accepted Accounting Principles (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project, and which, together with all other books and records of the City, including, without limitation, insurance policies, relating to the Project, shall at all times be subject during regular business hours to the inspection of the Trustee.

(b) The City shall annually, within 240 days after the close of each Fiscal Year, file with the Trustee, any rating agency that shall have then in effect a rating on any of the Bonds, any Bondholder that shall have, in writing, requested a copy thereof, and otherwise as provided by law, a copy of its audited financial statements for such year, prepared in accordance with Generally Accepted Accounting Principles by a Certified Public Accountant, relating to its operations and including, without limitation, statements in reasonable detail of financial condition as of the end of such Fiscal Year.

(c) The City shall file with the Trustee annually within 180 days after the close of each Fiscal Year a certificate of an Authorized Officer setting forth (i) whether or not to the knowledge of the signatory, the City is in default with respect to any of the covenants, agreements or conditions on its part contained in this Master Trust Indenture, and if so, the nature of such default, and (ii) income and expenses for such Fiscal Year relating to the Project, and a summary, with respect to each Fund and Account established under this Master Trust Indenture, of the receipts therein and disbursements therefrom during such Fiscal Year, and the amounts held therein at the end of such Fiscal Year.

The report, statements and other documents required to be furnished by the City to the Trustee pursuant to any provisions of this Master Trust Indenture shall be available for the inspection of Bondholders at the office of the Trustee.

Section 9.14. Observance of Accounting Standards. The City covenants that all the accounts and records of the City relating to the Project will be kept according to Generally Accepted Accounting Principles consistently applied and consistent with the provisions of this Master Trust Indenture. The preceding sentence shall not be understood to apply to the Assessment Roll and updates thereto made by the Assessment Consultant, nor to any certificate delivered in accordance with Section 9.13(c) of this Master Trust Indenture.

Section 9.15. Establishment of Fiscal Year, Annual Budget. The City has established a Fiscal Year beginning July 1 of each year and ending June 30 of the following year. The reports and budget of the City shall relate to such Fiscal Year unless and until, in accordance with applicable law, a different Fiscal Year is established by the City.

Section 9.16. Employment of Consulting Engineer. The City shall, for the purpose of performing and carrying out the duties imposed on the Consulting Engineer by this Master Trust Indenture, employ directly or through an intermediary one or more Independent engineers or engineering firms or corporations having a statewide and favorable reputation for skill and experience in such work.

Section 9.17. Information. The City shall keep accurate records and books of account with respect to the Project and the Assessments.

Section 9.18. Fidelity Bonds. Every officer, agent or employee of the City having custody or control of any of the Trust Estate shall be bonded by a responsible corporate surety in an amount not less than the greatest amount reasonably anticipated to be within the custody or control of such officer, agent or employee at one time.

Section 9.19. No Loss of Lien on Pledged Revenues. Except as ordered by a court of competent jurisdiction in a final unappealable order, the City shall not do or omit to do, or suffer to be done or omit to be done, any matter or thing whatsoever whereby the lien of the Bonds on the Trust Estate or any part thereof, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to the Rebate Fund held by the Trustee.

Section 9.20. Issuance of Additional Obligations. The City shall not issue any obligations payable from the Pledged Revenues of the Pledged Funds other than the Bonds, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, payable from the Pledged Revenues and the Pledged Funds except in accordance with this Master Trust Indenture.

Section 9.21. Extension of Time for Payment of Interest Prohibited. Except as in the opinion of Counsel to the City that such action does not affect the security of the Bonds, the City shall not directly or indirectly extend or assent to an extension of time for payment of any claim for interest on any of the Bonds and shall not directly or indirectly be a party to or approve any arrangement therefor by purchasing or funding or in any manner keeping alive any such claim for interest; no claim for interest which in any way, at or after maturity, shall have been transferred or pledged apart from the Bonds to which it relates or which shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the City, shall be entitled, in case of a default hereunder, to any benefit or security under this Master Trust Indenture except after the prior payment in full of the principal of all Bonds and claims for interest appertaining thereto not so transferred, pledged, kept alive or extended.

Section 9.22. Further Assurances. The City shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Master Trust Indenture.

Section 9.23. Use of Bond Proceeds to Comply with Internal Revenue Code. The City covenants to the Holders of the Bonds that it will not make or direct the making of any investment or other use of the proceeds of any Bonds issued hereunder which would cause such Bonds to be “arbitrage bonds” as that term is defined in Section 148 (or any successor provision thereto) of the Code and or “private activity bonds” as that term is defined in Section 141 (or any successor provision thereto) of the Code, and that it will comply with the requirements of such Code section and related regulations throughout the term of such Bonds. The City hereby further covenants and agrees to comply with the

procedures and covenants contained in any arbitrage rebate agreement executed in connection with the issuance of each Series of Bonds for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on each Series of Bonds. Notwithstanding the foregoing provisions of this Section 9.23, the City may, if so determined by the City Council, issue any Series of Bonds hereunder as taxable obligations.

Section 9.24. Continuing Disclosure. In accordance with Act No. 142 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1994, the District hereby covenants to file with a central repository for availability in the secondary bond market when requested (1) an annual independent audit, within thirty days of the District's receipt of the audit; and (2) event specific information, within thirty days of an event adversely affecting more than five percent of the District's revenue or tax base. The only remedy for failure by the District to comply with the covenant in this Section 9.24 shall be an action for specific performance of this covenant. The Board specifically reserves the right to amend this covenant to reflect any change in Act 442, without the consent of any Bondholder.

[END OF ARTICLE IX]

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Events of Default and Remedies. Events of default and remedies with respect to the Bonds shall be as set forth in this Master Trust Indenture.

Section 10.02. Events of Default Defined. Each of the following shall be an “Event of Default” under this Master Trust Indenture, with respect to Bonds:

(a) if payment of any installment of interest on any Bond is not made when it becomes due and payable; or

(b) if payment of the principal or Redemption Price of any Bond is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or

(c) if the City, for any reason, is rendered incapable of fulfilling its obligations under this Master Trust Indenture or under the Act; or

(d) if the City proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the City or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the City and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or

(e) if the City defaults in the due and punctual performance of any other covenant in this Master Trust Indenture or in any Bond issued pursuant to this Master Trust Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds of such Series; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the City shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion.

Section 10.03. No Acceleration. No Bonds issued under this Master Trust Indenture shall be subject to acceleration.

Section 10.04. Legal Proceedings by Trustee. If any Event of Default with respect to Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Holders of not less than a majority of the aggregate principal amount of the Outstanding Bonds of such Series and receipt of indemnity to its satisfaction shall, in its own name:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Bonds of such Series, including, without limitation, the right to require the City to carry out any agreements with, or for the benefit of, the Bondholders of the Bonds and to perform its or their duties under the Act;

(b) bring suit upon the Bonds for all interest, principal and Redemption price then due and unpaid;

(c) by action or suit in equity require the City to account as if it were the trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; and

(e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing such Bonds.

Section 10.05. Discontinuance of Proceedings by Trustee. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, the City, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder as though no such proceeding had been taken.

Section 10.06. Bondholders May Direct Proceedings. The Holders of a majority in aggregate principal amount of the Outstanding Bonds then subject to remedial proceedings under this Article X shall have the right to direct the time, method and place of conducting all remedial proceedings by the Trustee under this Master Trust Indenture, provided that such directions shall not be otherwise than in accordance with law or the provisions of this Master Trust Indenture.

Section 10.07. Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

Section 10.08. Trustee May Enforce Rights Without Possession of Bonds. All rights under this Master Trust Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Bonds.

Section 10.09. Remedies Not Exclusive. Except as limited under Section 15.01 of this Master Trust Indenture, no remedy contained in this Master Trust Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 10.10. Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given by this Article X may be exercised from time to time and as often as may be deemed expedient.

Section 10.11. Application of Moneys in Event of Default.

(a) Except as provided in paragraph (b) below, any moneys received by the Trustee in connection with any proceedings brought under this Article X with respect to Bonds shall be applied in the following priority:

FIRST: to the payment of Administrative Expenses, the costs of the Trustee and the City incurred in connection with actions taken under this Article X with respect to such Bonds, including Counsel fees and any disbursements of the Trustee and the City and payment of unpaid fees owed to the Trustee;

SECOND: to the payment of the Persons entitled thereto of all installments of interest then due on the Bonds in the order of maturity of such installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment or installments maturing on the same date, then to the payment ratably, according to the amounts due, to the Persons entitled thereto, without any preference or priority of one Bond over another; and

THIRD: to the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any of the Bonds which shall have become due whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal or Redemption Price coming due on such Bonds on any particular date then to the payment ratably, according to the amounts of principal (plus redemption premium, if any) due on such date, to the Persons entitled thereto without any preference or priority of one such Bond over another.

(b) Moneys remaining in the Project Fund shall only be used as provided in (a) above upon the Trustee's receipt of a certificate of an Authorized Officer to the effect that although the Completion Date of the Project or portion thereof pertaining to the particular Series of Bonds has not occurred, such moneys are not necessary therefor; in such event, such remaining moneys shall be used as provided in paragraph (a) of this section and allocated ratably to Bonds, based upon the then Outstanding principal amounts thereof.

(c) Any surplus remaining after the payments described above shall be paid to the City or to the Person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Section 10.12. Trustee's Right to Receiver; Compliance with Act. The Trustee shall be entitled as of right to the appointment of a receiver and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act and other applicable law of the State.

Section 10.13. Trustee and Bondholders Entitled to all Remedies Under Act. It is the purpose of this Article to provide such remedies to the Trustee and Bondholders as may be lawfully granted under the provisions of the Act and other applicable laws of the State; if any remedy herein granted shall be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act and other applicable laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article X shall apply to and be binding upon any receiver appointed in accordance with Section 10.12 hereof.

[END OF ARTICLE X]

ARTICLE XI

THE TRUSTEE; PAYING AGENT AND REGISTRAR

Section 11.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts created by this Master Trust Indenture, and to act as Paying Agent and Registrar as provided herein, but only upon the additional terms set forth in this Article XI, the provisions of which the parties hereto and the Bondholders agree. The Trustee shall act as Trustee for the Bonds. Subject to the provisions of Section 11.03 hereof, the Trustee shall have only such duties as are expressly set forth herein, and no duties shall be implied on the part of the Trustee. The Trustee further agrees to comply with the procedures and covenants contained in any arbitrage rebate agreement to which it is a party for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, to the extent applicable. Prior to the occurrence of an Event of Default of which it has or is deemed to have notice hereunder, and after the curing or waiver of any Event of Default which may have occurred: (1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Trust Indenture, and no implied covenants or obligations shall be read into this Master Trust Indenture against the Trustee; and (2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee that conform to the requirements of this Master Trust Indenture. In case an Event of Default of which the Trustee has or is deemed to have notice hereunder has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Master Trust Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use in the conduct of such Person's own affairs. The Trustee is not liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it is proven that the Trustee was negligent in ascertaining the pertinent facts. The Trustee is not liable with respect to any action it takes or omits to be taken by it in good faith in accordance with the direction of the Bondholders under any provision of this Master Trust Indenture 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 this Master Trust Indenture. No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any 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. Whether or not expressly so provided, every provision of this Master Trust Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section.

Section 11.02. No Responsibility for Recitals; Additional Rights. The recitals, statements and representations in this Master Trust Indenture or in the Bonds, save only the Trustee's Certificate of Authentication, if any, upon the Bonds, have been made by the City and not by the Trustee and the Trustee shall be under no responsibility for the correctness thereof. The Trustee may rely and is protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Any request, direction, order or demand of the City under this Master Trust Indenture shall be sufficiently evidenced by a certificate of an Authorized Officer (unless other evidence thereof is specifically prescribed). Whenever in the administration of this Master Trust Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence thereof is specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an Authorized Officer. The Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Trustee,

in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the City and the Borrower, in Person or by agent or attorney. The Trustee is not required to take notice or deemed to have notice of any default or Event of Default hereunder, except Events of Default under Section 10.02(a) and (b), unless a responsible officer of the Trustee has received written notice in writing of such default or Event of Default from the City, or the Holders of at least 25% in aggregate principal amount of the Outstanding Bonds of a Series, and in the absence of any such notice, the Trustee may conclusively assume that no such default or Event of Default exists. The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Master Trust Indenture. In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken. The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Master Trust Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Master Trust Indenture and final payment of the Bonds. The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so. The Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Section 11.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder; the Trustee shall not be answerable for the default or misconduct of any attorney or agent selected and supervised by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Master Trust Indenture nor for anything whatsoever in connection with the trust hereunder, except only its own negligence or willful misconduct.

Section 11.04. Compensation. The City shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements. If the City defaults in respect of the foregoing obligation, the Trustee may deduct the amount owing to it from any moneys coming into its hands and payable to the City but exclusive of the Rebate Fund. This provision shall survive the termination of this Master Trust Indenture and, as to any Trustee, its removal or resignation as Trustee.

Section 11.05. No Duty to Enforce Collection. The Trustee shall have no duty or obligation whatsoever to enforce the collection of Assessments or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability is limited to the proper accounting for such funds as it shall actually receive. No provision in this Master Trust 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 its rights or powers.

Section 11.06. Notice of Default; Right to Investigate. The Trustee shall give written notice by first-class mail to registered Holders of a Series of Bonds of all defaults known to the Trustee, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 11.07 being defined to include the events specified as "Events of Default" in Article X hereof); provided that, except in the case of a default in payment of principal or interest or Redemption Price, the Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the

Bondholders. The Trustee may, however, at any time require of the City full information as to the performance of any covenant hereunder, and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the City, an investigation into the affairs of the City.

Section 11.07. Obligation to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, unless it is requested in writing to do so by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of a Series which are or would be, upon the taking of such action, subject to remedial proceedings under Article X of this Master Trust Indenture if in its opinion such action may tend to involve expense or liability, and unless it is also furnished with indemnity satisfactory to it.

Section 11.08. Reliance by Trustee. The Trustee may act on any requisition, resolution, notice, telegram, facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed, signed or given by the Persons purporting to be authorized (which in the case of the City shall be an Authorized Officer) or to have been prepared and furnished pursuant to any of the provisions of this Master Trust Indenture; the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

Section 11.09. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to this Master Trust Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the City; provided, however, that if the Trustee determines that any such relation is in conflict with its duties under this Master Trust Indenture, it shall eliminate the conflict or resign as Trustee.

Section 11.10. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Master Trust Indenture by written resignation filed with the City Manager of the City not less than sixty (60) days before the date when such resignation is to take effect; provided, however, that notice of such resignation shall be sent by first-class mail to each Bondholder as its name and address appears on the Bond Register at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing, such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within ninety (90) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed. Notice of such resignation shall also be given to any rating agency that shall then have in effect a rating on any of the Bonds.

Section 11.11. Removal of Trustee. The Trustee may be removed at any time by either (a) the City, if no default exists under this Master Trust Indenture, or (b) an instrument or concurrent instruments in writing, executed by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding and filed with the City. A photographic copy of any instrument or instruments filed with the City under the provisions of this paragraph, duly certified by an Authorized Officer, shall be delivered promptly by the City to the Trustee.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Master Trust Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction

upon the application of the City or the Holders of not less than a majority of the aggregate principal amount of the Bonds then Outstanding.

Section 11.12. Appointment of Successor Trustee. If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the City shall appoint a successor and shall mail notice of such appointment by first-class mail to each Bondholder as its name and address appear on the Bond Register. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Master Trust Indenture prior to the date specified in the notice of resignation or removal as the date when such resignation or removal was to take effect, the Holders of a majority in aggregate principal amount of all Bonds then Outstanding may appoint a successor Trustee.

Section 11.13. Qualification of Successor. A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000, and shall also serve as Registrar and Paying Agent in accordance with the terms of this Master Trust Indenture.

Section 11.14. Instruments of Succession. Any successor Trustee shall execute, acknowledge and deliver to the City an instrument accepting such appointment hereunder and thereupon, such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder, after deducting all amounts owed to the Trustee, shall pay over to the successor Trustee all moneys held by it hereunder and, upon request of the successor Trustee, the Trustee ceasing to act and the City shall execute and deliver an instrument or instruments prepared by the City transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the predecessor Trustee, except for its rights under Section 11.04 hereof.

Section 11.15. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee or its corporate trust department shall be a party, or any entity which purchases substantially all of the trust business of the Trustee, shall be the successor Trustee under this Master Trust Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 11.13 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article XI.

[END OF ARTICLE XI]

ARTICLE XII

ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS

Section 12.01. Acts of Bondholders; Evidence of Ownership of Bonds. Any action to be taken by Bondholders may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Bondholders in Person or by an agent appointed in writing. The fact and date of the execution by any Person of any such instrument may be provided by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution. Any action by the Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered by the City or the Trustee in pursuance thereof.

[END OF ARTICLE XII]

ARTICLE XIII

AMENDMENTS AND SUPPLEMENTS

Section 13.01. Amendments and Supplements Without Bondholders' Consent. This Master Trust Indenture and any Supplemental Indenture may be amended or supplemented, from time to time, without the consent of the Bondholders, by a Supplemental Indenture authorized by an ordinance of the City filed with the Trustee, for one or more of the following purposes:

(a) to add additional covenants of the City or to surrender any right or power herein conferred upon the City;

(b) for any purpose not inconsistent with the terms of this Master Trust Indenture, or to cure any ambiguity or to cure, correct or supplement any defective provision (whether because of any inconsistency with any other provision hereof or otherwise) of this Master Trust Indenture, in such manner as shall not impair the security hereof or thereof or adversely affect the rights and remedies of the Bondholders;

(c) to provide for the execution of any and all contracts and other documents as may be required in order to effectuate the conveyance of any Project to the State, the City, or any department, agency or branch thereof; provided, however, that the City shall have caused to be delivered to the Trustee an opinion of Bond Counsel stating that such conveyance shall not impair the security hereof or adversely affect the rights and remedies of the Bondholders; and

(d) to make such changes as may be necessary in order to reflect amendments to the Act so long as, in the opinion of Counsel to the City, such changes either: (i) do not have an adverse effect on the Holders of the Bonds; or (ii) if such changes do have an adverse effect, that they nevertheless are required to be made as a result of such amendments.

Section 13.02. Amendments With Bondholders' Consent. Subject to the provisions of Section 13.03 hereof, this Master Trust Indenture may be amended from time to time by a Supplemental Indenture approved by the Owners of at least a majority in aggregate principal amount of (1) all Bonds then Outstanding in the case of an amendment to this Master Trust Indenture and (2) the Series of Bonds then Outstanding issued under such Supplemental Indenture in the case of any amendment to a Supplemental Indenture; provided that with respect to (a) the interest payable upon any Bonds, (b) the dates of maturity or redemption provisions of any Bonds, (c) this Article XIII and (d) the security provisions hereunder or under any Supplemental Indenture, such provision only be amended by approval of the Owners of all Bonds to be so amended.

Section 13.03. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join in the execution and delivery of any Supplemental Indenture or amendment permitted by this Article XIII and in so doing shall rely on a written opinion of Counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the City and that all things necessary to make it a valid and binding agreement have been done.

[END OF ARTICLE XIII]

ARTICLE XIV

DEFEASANCE

Section 14.01. Defeasance. When interest on, and principal or Redemption Price (as the case may be) of, the Bonds of a Series or any portion thereof to be defeased have been paid, or there shall have been deposited with the Trustee or such other escrow agent designated in an ordinance of the City (the “*Escrow Agent*”) moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys, remaining uninvested, will provide sufficient moneys to fully pay (i) such Bonds of a Series or portion thereof to be defeased, and (ii) any other sums payable hereunder by the City, the right, title and interest of the Trustee with respect to such Bonds of a Series or portion thereof to be defeased shall thereupon cease, the lien of this Master Trust Indenture on the Trust Estate shall be defeased and discharged, and the Trustee, on demand of the City, shall release this Master Trust Indenture as to such Bonds of a Series or portion thereof to be so defeased and shall execute such documents to evidence such release as may be reasonably required by the City and shall turn over to the City or to such Person, body or authority as may be entitled to receive the same all balances remaining in any Series Accounts upon the defeasance in whole of all of the Bonds of a Series.

Section 14.02. Deposit of Funds for Payment of Bonds.

(a) If the City deposits with the Escrow Agent moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys remaining uninvested, will provide sufficient moneys to pay the principal or Redemption Price of any Bonds of a Series becoming due, either at maturity or by redemption or otherwise, together with all interest accruing thereon to the date of maturity or such prior redemption, and reimburses or causes to be reimbursed or pays or causes to be paid the other amounts required to be reimbursed or paid under Section 14.01 hereof, interest on such Bonds of a Series shall cease to accrue on such date of maturity or prior redemption and all liability of the City with respect to such Bonds of a Series shall likewise cease, except as hereinafter provided; provided, however, that (a) if any Bonds are to be redeemed prior to the maturity thereof, notice of the redemption thereof shall have been duly given or waived in accordance with the provisions of Section 8.02 hereof, or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice, and (b) in the event that any Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days following a deposit of moneys with the Escrow Agent, in accordance with this Section, the City shall have given the Escrow Agent, in form satisfactory to the Escrow Agent, irrevocable instructions to mail to the Owners of such Bonds at their addresses as they appear on the Bond Register, a notice stating that a deposit in accordance with this Section has been made with the Escrow Agent and that the Bonds to which such notice relates are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price (as the case may be) of, and interest on, said Bonds of a Series. Thereafter such Bonds shall be deemed not to be Outstanding hereunder and the Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Escrow Agent shall hold such funds in trust for such Owners. At the time of the deposit referred to above, there shall be delivered to the Escrow Agent a report from a Verification Agent stating that the principal of and interest on the Defeasance Securities, together with the stated amount of any cash remaining on deposit with the Escrow Agent, will be sufficient without reinvestment to pay the remaining principal of, redemption premium, if any, and interest on such defeased Bonds.

(b) If moneys or Defeasance Securities have been deposited with the Trustee pursuant to this Section for payment of less than all Bonds of a Series and of a particular maturity, the Bonds of such Series and maturity to be so paid from such deposit shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in Authorized Denominations) of the principal of Bonds of

such Series and maturity of a denomination larger than the smallest Authorized Denomination. Such selection shall be made within 7 days after the moneys or Defeasance Securities have been deposited with the Trustee. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Bonds in this Master Trust Indenture. After such selection is made, Bonds that are to be paid from such deposit (including Bonds issued in exchange for such Bonds pursuant to the transfer or exchange provisions of this Indenture) shall be identified by designation satisfactory to the Trustee. The Trustee shall notify Bondholders whose Bonds (or portions thereof) have been selected for payment from the moneys or Defeasance Securities on deposit and shall direct such Bondholders to surrender their Bonds to the Trustee in exchange for Bonds with the appropriate designation. The selection of Bonds for payment from such deposit pursuant to this subsection shall be conclusive and binding on the City. The City shall give to the Trustee in form satisfactory to it irrevocable instructions to give notice of the deposit of moneys or Defeasance Securities, the selection of Bonds to be redeemed and the anticipated date of redemption. In the event a Series of Bonds is issued as a single instrument to one Owner, the provisions of the final paragraph of Section 8.01 shall apply in lieu of the foregoing provisions of Section 14.02(b).

Money so deposited with the Escrow Agent which remains unclaimed three (3) years after the date payment thereof becomes due shall, upon request of the City, if the City is not at the time to the knowledge of the Escrow Agent in default with respect to any covenant in this Master Trust Indenture or the Bonds contained, be paid to the City; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the City; provided, however, that the Escrow Agent, before making payment to the City, may, at the expense of the City, cause a notice to be published in an authorized newspaper, stating that the money remaining unclaimed will be returned to the City after a specified date.

[END OF ARTICLE XIV]

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 15.01. Limitations on Recourse. No personal recourse shall be had for any claim based on this Master Trust Indenture or the Bonds against any member of the City Council, or any officer, employee or agent, past, present or future, of the City or of any successor body as such, either directly or through the City or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 15.02. Payment Dates. In any case where an Interest Payment Date or the maturity date of the Bonds or the date fixed for the redemption of any Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

Section 15.03. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Bonds.

Section 15.04. Invalid Provisions Disregarded. If any term of this Master Trust Indenture or the Bonds or the application thereof for any reason or circumstances shall to any extent be held invalid or unenforceable, the remaining provisions or the application of such terms or provisions to Persons and situations other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision hereof and thereof shall be valid and enforced to the fullest extent permitted by law.

Section 15.05. Substitute Notice. If for any reason it shall be impossible to make duplication of any notice required hereby in a newspaper or newspapers, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Section 15.06. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Master Trust Indenture to be given to or filed with the City or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Master Trust Indenture if and when Personally delivered and receipted for, or sent by registered United States mail, return receipt requested, addressed as follows:

(a) As to the City –

Mike Mahaney, City Manager
City of North Myrtle Beach
1018 2nd Ave. South
North Myrtle Beach, SC 29582

Chris Noury, City Attorney
City of North Myrtle Beach
1018 2nd Ave. South
North Myrtle Beach, SC 29582

(b) As to the Trustee -

Truist Bank
Corporate Trust and Escrow Services
2713 Forest Hills Rd. SW
Wilson, NC 27893
Phone: (252) 246-2127
Fax: (252) 246-4303

Any of the foregoing may, by notice sent to each of the others, designate a different or additional address to which notices under this Master Trust Indenture are to be sent.

All documents received by the Trustee under the provisions of this Master Trust Indenture and not required to be redelivered shall be retained in its possession, subject at all reasonable times to the inspection of the City, any Bondholder and the agents and representatives thereof as evidence in writing.

Section 15.07. Controlling Law. This Master Trust Indenture shall be governed by and construed in accordance with the laws of the State or South Carolina.

Section 15.08. Successors and Assigns. All the covenants, promises and agreements in this Master Trust Indenture contained by or on behalf of the City or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 15.09. Headings for Convenience Only. The table of contents and descriptive headings in this Master Trust Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 15.10. Counterparts. This Master Trust 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 instrument.

Section 15.11. Appendices and Exhibits. Any and all appendices or exhibits referred to in and attached to this Master Trust Indenture are hereby incorporated herein and made a part hereof for all purposes.

(Signature page to follow)

IN WITNESS WHEREOF, City of North Myrtle Beach, South Carolina has caused this Master Trust Indenture to be executed by the Mayor of the City and its seal to be hereunto affixed and attested by the Clerk to City Council and Truist Bank, a North Carolina Banking Corporation, has caused this Master Trust Indenture to be executed by one of its Authorized Officers, all as of the day and year first above written.

**CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA**

By: _____
Mayor, City of North Myrtle Beach,
South Carolina

By: _____
City Manager, City of North Myrtle Beach,
South Carolina

(SEAL)

ATTEST

Clerk to City Council

**TRUIST BANK,
A NORTH CAROLINA BANKING CORPORATION,
AS TRUSTEE**

By: _____

Its: _____

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project consists of the following elements:

- a. Dredging of canals within the District,
- b. Environmental mitigation (marsh and oyster), if any required in connection with dredging of canals,
- c. Removal of dredged materials to tidewater basin, drying of and ultimate disposal of dredged materials, and improvements to tidewater basin to allow for temporary deposit of dredged materials,

along with all associated engineering, design, permitting, monitoring, and other activities required to carry out the items listed in a, b, and c above.

EXHIBIT B

FORM OF REQUISITION

The undersigned, an Authorized Officer of City of North Myrtle Beach, South Carolina (the “City”) hereby submits the following requisition for disbursement under and pursuant to the terms of the Amended and Restated Master Trust Indenture dated as of _____, 2022 (the “*Master Trust Indenture*”) between the City and Truist Bank, a North Carolina Banking Corporation, as trustee (the “*Trustee*”):

A. Requisition Number:

B. Name of Payee:

C. Amount Payable:

D. Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments, or, state costs of issuance, if applicable):

E. The undersigned hereby certifies that **[the amounts set forth above have been incurred by the City, that each disbursement set forth above is a proper charge against the Project Fund related to the [name of bonds] (the “Bonds”)) that each disbursement set forth above was incurred in connection with the Project and each represents a Cost of the Project, and has not previously been paid] OR [certain costs of issuance related to the Bonds that has not previously been paid].**

The undersigned hereby further certifies that there has not been filed with or served upon the City notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to the Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the City is at the date of such certificate entitled to retain.

Attached hereto are originals of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested.

**CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA**

By: _____
Authorized Officer

**[CONSULTING ENGINEER’S APPROVAL FOR REQUEST OTHER THAN
FOR COSTS OF ISSUANCE]**

The undersigned _____ (the “*Consulting Engineer*”) hereby certifies that this disbursement is for a Cost of the Project and is consistent with: (i) the applicable acquisition or construction contract and (ii) the plans and specifications for the portion of the Project with respect to which such disbursement is being made.

Consulting Engineer

Exhibit B

2022 Supplemental Trust Indenture

2022 SUPPLEMENTAL

TRUST INDENTURE

BETWEEN

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

AND

TRUIST BANK, A NORTH CAROLINA BANKING CORPORATION

as Trustee

Dated as of November __, 2022

Authorizing and Securing

**SPAR
CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
CHERRY GROVE IMPROVEMENT DISTRICT
ASSESSMENT BONDS
SERIES 2022**

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2022 SUPPLEMENTAL TRUST INDENTURE

THIS 2022 SUPPLEMENTAL TRUST INDENTURE (the “**2022 Supplemental Indenture**”), dated as of November __, 2022 between the CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA (the “**City**”) a body politic and political subdivision organized and existing under the laws of the State of South Carolina, and TRUIST BANK, A NORTH CAROLINA BANKING CORPORATION, duly organized and existing under the laws of the State of North Carolina and having a corporate trust office in _____, North Carolina (said banking corporation and any bank or trust company becoming successor trustee under this 2022 Supplemental Indenture being hereinafter referred to as the “**Trustee**”);

W I T N E S S E T H:

WHEREAS, the City is a body politic and political subdivision organized and existing under the laws of the State of South Carolina and is governed by the City Council of the City (the “**City Council**”); and

WHEREAS, the City has established the Cherry Grove Improvement District (the “**District**”) pursuant to the provisions of an ordinance duly enacted by the City Council on April 6, 2015, as amended by ordinances enacted by City Council on May 18, 2015 and on December 14, 2015 (the “**District Ordinance**”). In order to raise a portion of the moneys necessary to defray the costs of certain improvements within the District (the “**Improvements**”), and pursuant to an ordinance enacted by the City Council on March 28, 2016, as amended by ordinances enacted the City Council on April 18, 2016, June 29, 2016, and November __, 2022, the City Council has determined to issue a Cherry Grove Improvement District Assessment Bond pursuant to the provisions of a Master Trust Indenture dated as of July 28, 2016, as amended and restated and dated as of November __, 2022 between the City and the Trustee (as so amended and restated, the “**Master Trust Indenture**”), as supplemented by this 2022 Supplemental Indenture (hereinafter sometimes together referred to as the “**Indenture**”); and

WHEREAS, the City determined pursuant to the District Ordinance to undertake the Improvements in two phases, and the first phase thereof was undertaken beginning in 2016 and is now complete; and

WHEREAS, the City has determined to proceed with the second phase of the Improvements, with such second phase described in **Exhibit A** attached hereto and hereinafter referred to as the “**2022 Project**”; and

WHEREAS, the City has determined that the Improvements constituting the 2022 Project will benefit all parcels of real property in the District subject to Assessments (as defined in the Master Trust Indenture); and

WHEREAS, pursuant to the Master Trust Indenture, the City has determined to issue its \$PAR principal amount City of North Myrtle Beach, South Carolina, Cherry Grove Improvement District Assessment Revenue Bond, Series 2022 (the “**Series 2022 Bond**”); and

WHEREAS, the proceeds of the Series 2022 Bond, along with available funds of the City and prepaid Assessments in the aggregate approximate amount of \$_____, will be used to provide funds for (i) the payment of the costs of the 2022 Project, (ii) the payment of interest due on the Series 2022 Bond on April 1, 2023, and (iii) the payment of the costs of issuance of the Series 2022 Bond; and

WHEREAS, the Series 2022 Bond will be secured by a pledge of the applicable portion of the Trust Estate (as defined in the Master Trust Indenture), including particularly the Pledged Revenues and Pledged Funds (as such terms are defined in the Master Trust Indenture), and additionally secured by the full faith, credit and taxing power of the City, all to the extent provided herein;

NOW THEREFORE, the parties agree as follows:

ARTICLE I

DEFINITIONS

In this 2022 Supplemental Indenture capitalized terms used without definition shall have the meanings ascribed thereto in the Master Trust Indenture and, in addition, the following terms shall have the meanings specified below, unless otherwise expressly provided or unless the context otherwise requires:

“Arbitrage Certificate” shall mean that certain Federal Tax Certificate, including arbitrage rebate covenants, of the City, dated the date of closing, relating to certain restrictions on arbitrage under the Code.

“Costs of the 2022 Project” shall mean all Costs of the Project arising from the 2022 Project.

“Indenture” shall mean, together, the Master Trust Indenture as restated and amended as of November __, 2022, and this 2022 Supplemental Indenture.

“Interest Payment Date” shall mean April 1 of each year, commencing April 1, 2023.

“Master Trust Indenture” shall mean the Master Trust Indenture, dated July 29, 2016, as amended and restated of even date herewith, and as may be hereafter supplemented and amended with respect to matters pertaining solely to the Master Trust Indenture or the Series 2022 Bond (as opposed to supplements or amendments relating to Series of Bonds other than the Series 2022 Bond).

“Ordinance” shall mean Ordinance No. _____ of the City enacted November __, 2022, pursuant to which the City authorized the delivery of the Master Trust Indenture as amended and restated, this 2022 Supplemental Indenture and the issuance of the Series 2022 Bond.

“Paying Agent” shall mean Truist Bank, a North Carolina Banking Corporation, and its successors and assigns as Paying Agent hereunder.

“Prepayment” shall mean the payment by any owner of property of the amount of the Assessment encumbering its property, in whole but not in part, prior to its scheduled due date to the extent provided in the Master Trust Indenture, including, without limitation, the Prepayment Principal.

“Prepayment Principal” shall mean that portion of a Prepayment corresponding to the principal amount of the Assessment being prepaid as further provided in “Section I—Voluntary Prepayment of Special Assessments” of the Rate and Method.

“Principal Payment Date” shall mean April 1 of each year, commencing on the dates set forth in Section 4.01(b).

“Purchaser” shall mean Conway National Bank.

“Redemption Price” means, as to the redemption in whole or in part of the Series 2022 Bond pursuant to Article III of this 2022 Supplemental Indenture, an amount equal to 100% of the principal amount of Series 2022 Bond to be so redeemed, without penalty.

“Registrar” shall mean Truist Bank, a North Carolina Banking Corporation, and its successors and assigns as Registrar hereunder

“Series 2022 Bond” shall mean the \$PAR principal amount City of North Myrtle Beach, South Carolina, Cherry Grove Improvement District Assessment Revenue Bond, Series 2022.

“Series 2022 Capitalized Interest Sub-account” shall have the meaning given such term in Section 4.01(d) of this 2022 Supplemental Indenture.

“Series 2022 Costs of Issuance Sub-Account” shall mean the sub-account so designated, established as a separate sub-account within the Project Fund.

“Series 2022 Sinking Fund Account” shall have the meaning given such term in Section 4.01(c) of this 2022 Supplemental Indenture.

“2022 Project” shall mean those improvements described on **Exhibit A** attached hereto.

“2022 Assessments” shall mean that portion of the Assessments that are applied to defray the Debt Service on the Series 2022 Bond and Administrative Expenses.

“2022 Rebate Fund” shall mean that fund established by the Trustee in accordance with Section 6.09 of the Master Trust Indenture.

“2022 Supplemental Indenture” shall mean this 2022 Supplemental Trust Indenture, dated as of November __, 2022, by and between the City and the Trustee, as supplemented or amended.

The words “hereof”, “herein”, “hereto”, “hereby”, and “hereunder” (except in the form of Series 2022 Bond), refer to the entire Indenture.

Every “request”, “requisition”, “order”, “demand”, “application”, “notice”, “statement”, “certificate”, “consent”, or similar action hereunder by the City shall, unless the form or execution thereof is otherwise specifically provided, be in writing signed by the Authorized Officer of the City.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa.

[END OF ARTICLE I]

ARTICLE II

THE SERIES 2022 BOND

Section 2.01. Amounts and Terms of Series 2022 Bond. The Series 2022 Bond may be issued under this 2022 Supplemental Indenture only in accordance with the provisions of this Article II and Articles II and III of the Master Trust Indenture.

(a) There is hereby authorized to be issued pursuant to this 2022 Supplemental Indenture the Series 2022 Bond in the initial principal amount and in the denomination of \$PAR. The Series 2022 Bond shall be numbered R-1. The Series 2022 Bond is issued in the form of a single term bond.

(b) The Series 2022 Bond shall be issued substantially in the form attached hereto as **Exhibit B** with such appropriate variations, omissions and insertions as are permitted or required by the Indenture and with such additional changes as may be necessary or appropriate to conform to the provisions of the Ordinance. The City shall issue the Series 2022 Bond upon execution of this 2022 Supplemental Indenture and satisfaction of the requirements of Section 3.01 of the Master Trust Indenture; and the Registrar shall, at the City's request, authenticate such Series 2022 Bond and deliver it as specified in the request.

Section 2.02. Execution. The Series 2022 Bond shall be executed by the City as set forth in the Master Trust Indenture.

Section 2.03. Authentication. The Series 2022 Bond shall be authenticated as set forth in the Master Trust Indenture. The Series 2022 Bond shall not be valid until the certificate of authentication thereon shall have been duly executed by the Trustee, as provided in the Master Trust Indenture.

Section 2.04. Purpose, Designation and Denominations of, and Interest Accruals on, the Series 2022 Bond.

(a) The Series 2022 Bond is being issued hereunder in order to provide funds for (i) the payment of a portion of the costs of the 2022 Project (ii) *the payment of interest due on the Series 2022 Bond on April 1, 2023*, and (iii) the payment of the costs of issuance of the Series 2022 Bond. The Series 2022 Bond shall be designated "City of North Myrtle Beach, South Carolina, Cherry Grove Improvement District Assessment Revenue Bond, Series 2022," and shall be issued as a fully registered bond without coupons in the denomination of \$PAR.

(b) The Series 2022 Bond shall be dated its date of delivery. Interest on the Series 2022 Bond shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2022 Bond shall be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is an April 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to April 1, 2023, in which case from the date of delivery of the Series 2022 Bond, or unless the date of authentication thereof is between a Regular Record Date and the next succeeding Interest Payment Date, in which case from such succeeding Interest Payment Date.

(c) The payment of the principal or Redemption Price of the Series 2022 Bond and interest on the Series 2022 Bond shall be made shall be payable in lawful money of the United States of America on each Interest Payment Date to the Owners of the Series 2022 Bond by check or draft drawn

on the Paying Agent and mailed on the applicable Interest Payment Date to the Owner as such Owner appears on the Bond Register maintained by the Registrar as of the close of business on the Regular Record Date, at his address as it appears on the Bond Register. Any interest on the Series 2022 Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called “*Defaulted Interest*”) shall be paid to the Owner in whose name the Series 2022 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such Special Record Date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment in the manner provided in the Master Trust Indenture.

Section 2.05. Debt Service of the Series 2022 Bond; Computation of Interest.

(a) The Series 2022 Bond will bear interest at the rate of 3.40% per annum, subject to the right of prior redemption in accordance with its terms, shall be payable by way of annual mandatory sinking fund and interest payments, with final maturity on April 1, 2028.

(b) Interest on the Series 2022 Bond will be computed in all cases on the basis of a 360-day year of twelve 30 day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by the Series 2022 Bond on the day before the default occurred.

Section 2.06. Disposition of Series 2022 Bond Proceeds.

The proceeds of sale of the Series 2022 Bond of \$PAR, less fees of bank counsel in the amount of \$_____, shall as soon as practicable upon the delivery thereof to the Trustee by the City be applied as follows:

(a) \$_____ shall be deposited in the Project Fund to be applied in accordance with Article V of the Master Trust Indenture and Section 4.01 herein;

(b) \$_____, constituting the costs of issuance of the Series 2022 Bond, other than fees of bank counsel deducted at closing from the purchase price of the Series 2022 Bond, shall be deposited in the Series 2022 Costs of Issuance Sub-Account of the Project Fund to be disbursed for costs of issuance in accordance with Article II of the Master Trust Indenture and as set forth in Section 4.01(a) herein; and

(c) \$_____ shall be deposited into the Series 2022 Capitalized Interest Sub-account of the Debt Service Fund and applied to the payment of interest on the Series 2022 Bond on April 1, 2023.

(d) There shall be no Debt Service Reserve Fund established to secure the Series 2022 Bond.

Section 2.07. Assessments; Pledge of Credit.

(a) The Series 2022 Bond and the interest thereon shall be initially payable from Assessments and shall be secured by the Trust Estate, all as provided in the Master Trust Indenture. Notwithstanding the foregoing sentence, the full faith, credit and taxing power of the City are pledged to the payment of any portion of Debt Service not timely paid to the Owner in accordance with the Indenture.

(b) Pursuant to the Master Trust Indenture, the Pledged Revenues and Pledged Funds are hereby identified as part of the Trust Estate for the Series 2022 Bond.

ARTICLE III

REDEMPTION OF SERIES 2022 BOND

Section 3.01. Redemption Dates and Prices. The Series 2022 Bond shall be subject to redemption at the times and in the manner provided in Article VIII of the Master Trust Indenture and in this Article III. All payments of the Redemption Price of the Series 2022 Bond shall be made on the dates hereinafter required.

(a) Mandatory Sinking Fund Redemption. The Series 2022 Bond is subject to annual mandatory sinking fund redemption in part by the City from moneys in the 2022 Sinking Fund Account established under the Master Trust Indenture in satisfaction of applicable Sinking Fund Installments at the Redemption Price, together with accrued interest to the date of redemption of April 1 in the years and principal amounts set forth below:

<u>Year</u> <u>(April 1)</u>	<u>Sinking Fund</u> <u>Installment</u>
2024	
2025	
2026	
2027	
2028*	

*Final Maturity

(b) Extraordinary Mandatory Redemption. The Series 2022 Bond is subject to Extraordinary Mandatory Redemption prior to maturity in whole or in part on any Interest Payment Date, at the Redemption Price, plus interest accrued to the redemption date, from the Prepayment Principal together with the accrued interest to the redemption date, deposited into the Prepayment Account following the payment in whole of Assessments on a parcel situated within the District in accordance with the provisions of Section 4.04(a) of this 2022 Supplemental Indenture on, subject to the provisions of Section 3.01(b)(ii) herein, the next following Interest Payment Date and used for the extraordinary mandatory redemption of the Series 2022 Bond. Additionally, moneys transferred from the Revenue Fund upon order of the City to the General Account in accordance with Section 6.04(b) of the Master Trust Indenture shall be applied to the Mandatory Sinking Fund Redemption of the Series 2022 Bond on the next following Bond Payment Date.

(1) If the Series 2022 Bond is to be redeemed in part subject to this Section 3.01(a), the principal amount of such redemption shall be applied pro rata in the manner provided in Section 8.04 of the Master Trust Indenture to the principal amounts subject to mandatory sinking refund redemption as shown in the Section 3.01(b) of this 2022 Supplemental Indenture. The Assessment Consultant, in accordance with the provisions of Section 8.01 of the Master Trust Indenture, shall furnish the Trustee and the City with a schedule of the then resulting remaining Sinking Fund Installments which shall be conclusive and binding upon the City, the Trustee and any Bondholder. In such event, the interest on the Series 2022 Bond shall continue to be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

(2) Any prepayment of Assessments delivered to the City after 12 o'clock noon on February 14 of a year (or if such date is a Saturday, Sunday, or legal holiday, on the next

preceding business day) shall not be applied by way of Extraordinary Mandatory Sinking Fund Redemption on the next following April 1, and shall only be applied on the next occurring April 1 if all accrued interest to the date of such redemption has been timely paid to the City by noon of the February 14 (or next preceding business day, as the case may be) immediately preceding the next occurring April 1.

(c) Special Optional Redemption. The City, may, at its option, redeem the Series 2022 Bond in full at par plus accrued interest to the date of redemption upon 30 days' written notice to the Owner thereof in the event any injunction against the implementation of the 2022 Project is issued by a court of competent jurisdiction.

Section 3.02. Notice of Redemption. When required to redeem Series 2022 Bond under any provision of this 2022 Supplemental Indenture or directed to redeem Series 2022 Bond by the City, the Trustee shall give or cause to be given to Owner of the Series 2022 Bond to be redeemed notice of the redemption, as set forth in Section 8.02 of the Master Trust Indenture. A Bondholder may by written instrument waive any requirement of notice of redemption set forth in the Indenture.

[END OF ARTICLE III]

ARTICLE IV

ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS; ADDITIONAL COVENANTS OF THE CITY; PREPAYMENTS; REMOVAL OF SPECIAL ASSESSMENT LIENS

Section 4.01. Establishment of Certain Accounts.

(a) The Trustee shall establish (i) the Project Fund and (ii) a separate sub-account within the Project Fund designated as the “Series 2022 Costs of Issuance Sub-Account” in accordance with Section 5.01 of the Master Trust Indenture. Proceeds of the Series 2022 Bond shall be deposited into the Project Fund and Series 2022 Costs of Issuance Sub-Account in the respective amounts set forth in Section 2.06 of this 2022 Supplemental Indenture, and shall be used to pay Costs of the Project and costs of issuance upon requisition to the Trustee in substantially the form attached to the Master Trust Indenture. Amounts in the Series 2022 Costs of Issuance Sub-Account not required to pay costs of issuance shall, upon the written request of an Authorized Officer, be transferred into the Project Fund.

(b) The City shall from available funds deposit into the Project Fund the sum of \$_____ upon the delivery of the Series 2022 Bond, which sum shall be applied to the Costs of the Project. Amounts disbursed from the Project Fund to pay Costs of the Project shall be deemed to first be derived from proceeds of the Series 2022 Bond and, upon exhaustion of the same, from amounts deposited therein by the City pursuant to this Section 4.01(b), unless the Trustee is notified otherwise by an Authorized Officer.

(c) Pursuant to Section 6.05 of the Master Trust Indenture, the Trustee has established a separate account within the Debt Service Fund designated as the Interest Account. Moneys shall be deposited into the Interest Account as provided in Article VI of the Master Trust Indenture and applied for the purposes provided therein. The first Interest Payment Date for the Series 2022 Bond shall be April 1, 2023.

(d) Pursuant to Section 6.05 of the Master Trust Indenture, the Trustee shall establish a separate account within the Debt Service Fund designated as the “Series 2022 Sinking Fund Account.” Moneys shall be deposited into the Series 2022 Sinking Fund Account as provided in Article VI of the Master Trust Indenture and applied for the purposes provided therein and in Section 3.01(d) hereof.

(e) *Pursuant to Section 6.05 of the Master Trust Indenture, the Trustee shall establish a separate sub-account within the Debt Service Fund designated as the “Series 2022 Capitalized Interest Sub-Account.” Moneys shall be deposited into the Series 2022 Capitalized Interest Sub-Account as provided in 6.05 of the Master Trust Indenture and applied for the purposes provided therein and in Section 2.06(c) hereof.*

(f) The Trustee shall establish the Bond Redemption Fund pursuant to Section 6.07 of the Master Trust Indenture, and shall establish the General Account and the Prepayment Account therein. Moneys in the General Account (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, to make such deposits into the 2022 Rebate Fund as the City may direct the Trustee in writing in accordance with the Arbitrage Certificate, such moneys thereupon to be used solely for the purposes specified in such written direction of the City. Any moneys so transferred from the General Account to the 2022 Rebate Fund shall thereupon be free from the lien and pledge of the Indenture;

SECOND, to be applied towards mandatory sinking redemption pursuant to Section 3.01(b); and

THIRD, to be applied towards the defeasance of the Series 2022 Bond pursuant to Article XIV of the Master Trust Indenture.

Amounts in the Prepayment Account shall be applied as provided in 8.01(b) the Master Trust Indenture and Section 3.01(b) of this 2022 Supplemental Trust Indenture.

(g) The Trustee shall establish a 2022 Rebate Fund in accordance with Section 6.09 of the Master Trust Indenture.

Section 4.02. Power to Issue Series 2022 Bond and Create Lien. The City is duly authorized under the Act and all applicable laws of the State to issue the Series 2022 Bond, to execute and deliver the Indenture and to pledge the Trust Estate for the benefit of the Series 2022 Bond to the extent set forth in the Indenture. The Trust Estate is not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Series 2022 Bond, except as otherwise permitted under the Master Trust Indenture. The Series 2022 Bond and the provisions of the Indenture are and will be valid and legally enforceable obligations of the City in accordance with their respective terms. The City shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Owner of the Series 2022 Bond under the Indenture against all claims and demands of all persons whomsoever. Pursuant to S.C. Code Ann Sec. 5-37-35, the City Council finds that the Assessments as imposed are sufficient as to both amount and duration to pay the principal of and interest on the Series 2022 Bonds and pledges as additional security for the Series 2022 Bond the full faith, credit and taxing power of the City. The Mayor is authorized on behalf of the City Council to certify such sufficiency on the date of delivery of the Series 2022 Bond.

Section 4.03. 2022 Project to Conform to Plans and Specifications; Changes. The City will proceed to complete the 2022 Project, as described in **Exhibit A** hereto, in accordance with the plans and specifications therefor, as such plans and specifications may be amended by the City from time to time; provided that prior to any such amendment of the plans and specifications for the 2022 Project, the Consulting Engineer shall have delivered its certificate approving the proposed amendment to such plans and specifications.

Section 4.04. Prepayments; Removal of Special Assessment Liens.

(a) As further provided in “Section I—Voluntary Prepayment of Special Assessments” of the Rate and Method, any owner of a parcel of land subject to the Assessment may, at its option and on a per parcel basis require the City to release and extinguish the lien upon such parcel(s) by virtue of the levy of the Assessment by paying to the City (i) at any time, all of the unpaid principal portion of the Assessment levied on such parcel(s), along with accrued interest to the next succeeding Interest Payment Date and expenses required to effectuate the same.

(b) Upon receipt of Prepayment Principal as described in paragraph (a) above, subject to satisfaction of the conditions set forth therein, the City shall in each year update the Assessment Roll to the effect that the Assessment, as to a parcel for which Prepayment Principal has been paid and

that the lien of Assessment is thereby released and extinguished. Upon receipt of any such moneys from the City, the Trustee shall immediately deposit the same into the Prepayment Account to be applied in accordance with Section 3.01(b) of this 2022 Supplemental Indenture. Upon request from the owner of a parcel within the District for which Prepayment Principal has been paid, the City shall certify to such owner of parcel that the City has received such Prepayment Principal and that the lien of Assessment has been released and extinguished.

Section 4.05. Preissuance Payment Fund. The Trustee shall establish pursuant to Section 5.02 of the Master Trust Indenture the Preissuance Payment Fund, into which the City shall deposit Assessments prepaid prior to November ____, 2022 in the amount of \$_____. The sums therein shall be transferred by the Trustee into the Interest Account, the Administrative Expenses Fund, the Costs of Issuance Account, and the Project Fund when and as directed by the City in writing.

[END OF ARTICLE IV]

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.01. Interpretation of Supplemental Indenture. This 2022 Supplemental Indenture amends and supplements the Master Trust Indenture with respect to the Series 2022 Bond, and all of the provisions of the Master Trust Indenture, to the extent not inconsistent herewith, are incorporated in this 2022 Supplemental Indenture by reference. To the maximum extent possible, the Master Trust Indenture and this 2022 Supplemental Indenture shall be read and construed as one document.

Section 5.02. Amendments. Any amendments to this 2022 Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Trust Indenture.

Section 5.03. Counterparts. This 2022 Supplemental 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 instrument.

Section 5.04. Appendices and Exhibits. Any and all schedules, appendices or exhibits referred to in and attached to this 2022 Supplemental Indenture are hereby incorporated herein and made a part of this 2022 Supplemental Indenture for all purposes.

Section 5.05. Payment Dates. In any case in which an Interest Payment Date or the maturity date of the Series 2022 Bond or the date fixed for the redemption of the Series 2022 Bond shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

Section 5.06. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Series 2022 Bond.

[END OF ARTICLE V]

(SIGNATURE PAGE(S) TO FOLLOW)

IN WITNESS WHEREOF, City of North Myrtle Beach, South Carolina has caused this 2022 Supplemental Trust Indenture to be executed by the Mayor of the City and its seal to be hereunto affixed and attested by the Clerk to Council and Truist Bank, a North Carolina Banking Corporation has caused this 2022 Supplemental Trust Indenture to be executed by one of its authorized officers, all as of the day and year first above written.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

By: _____
Mayor, City of North Myrtle Beach, South Carolina

By: _____
Manager, City of North Myrtle Beach, South Carolina

(SEAL)

ATTEST

Clerk to City Council

TRUIST BANK, A NORTH CAROLINA BANKING CORPORATION, AS TRUSTEE

By: _____
Its: _____

EXHIBIT A

DESCRIPTION OF 2022 PROJECT

The Improvements to be constructed within the District include the 2022 Project, which consists of the following elements:

- a. Dredging of canals within the Cherry Grove Improvement District,
- b. Environmental mitigation (marsh and oyster) required in connection with dredging of canals, if any, and
- c. Removal of dredged materials to tidewater basin, drying of and ultimate disposal of dredged materials, and improvements to tidewater basin to allow for temporary deposit of dredged materials,

along with all associated engineering, design, permitting, monitoring, and other activities required to carry out the items listed in a, b, and c above.

EXHIBIT B

FORM OF SERIES 2022 BOND

TRANSFER RESTRICTED.

This Series 2022 Bond is transferable only to an entity (a) that is an affiliate of Conway National Bank or (b) that executes an investor letter substantially in the form executed by Conway National Bank upon the original issuance of this Series 2022 Bond.

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
CHERRY GROVE IMPROVEMENT DISTRICT
ASSESSMENT BOND, SERIES 2022**

No. R-1

\$PAR

Interest Rate
3.40%

Final Maturity Date
April 1, 2028

Issue Date
November __, 2022

Registered Holder: CONWAY NATIONAL BANK

Principal Amount:

THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA (the “City”), acknowledges itself indebted and for value received hereby promises to pay to the Registered Holder named above or registered assigns, the principal amount set forth above in accordance with the terms hereof, unless this Series 2022 Bond shall have been redeemed prior thereto as hereinafter provided, at the corporate trust office of Truist Bank, a North Carolina Banking Corporation in Columbia, South Carolina (the “Registrar/Paying Agent”), and to pay interest on such principal amount at the Interest Rate stated above (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the City with respect to the payment of such principal amount shall be discharged. Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture (as defined below). A certified copy of the Indenture is on file in the office of the Trustee.

The principal of this Series 2022 Bond is payable to the Registered Holder hereof (as of the close of business on the March 15 immediately preceding such April 1 (the “Record Date”)) by way of mandatory sinking fund redemption payments as set forth in the following table:

<u>April 1 of the Year</u>	<u>Sinking Fund Payment Due</u>
2024	
2025	
2026	
2027	
2028*	

*Final Maturity

This Series 2022 Bond is issued pursuant to and in accordance with (i) the Constitution and laws of the State of South Carolina, including Chapter 37, Title 5, Code of Laws of South Carolina 1976, as

amended, (ii) an ordinance enacted by the City Council of the City of North Myrtle Beach, the governing body of the City (the "City Council") on April 6, 2015, as amended by ordinances enacted by the City Council on May 18, 2015 and on December 14, 2015, (iii) an ordinance enacted by the City Council on March 28, 2016, as amended by ordinances enacted the City Council on April 18, 2016, June 29, 2016, and November __, 2022, (iv) a Master Trust Indenture dated as of July 29, 2016, as amended and restated as of November __, 2022 (the "Master Trust Indenture") and (v) a 2022 Supplemental Trust Indenture dated November __, 2022 (the "Supplemental Indenture", and, with the Master Trust Indenture, the "Indenture") for the purposes of paying (a) Costs of the 2022 Project (as defined in the 2022 Supplemental Indenture), (b) interest due on this Series 2022 Bond on April 1, 2023, and (c) costs of issuance of this Series 2022 Bond.

Interest on this Series 2022 Bond is payable on April 1 each year beginning April 1, 2023. The interest so payable on any April 1 will be paid to the person in whose name this Series 2022 Bond is registered at the close of business on the March 15 immediately preceding such April 1 (the "Record Date").

Interest hereon and principal hereof shall be payable by check or draft mailed at the times provided herein, or by wire transfer, from the office of the Registrar/Paying Agent to the person in whose name this Series 2022 Bond is registered on the Record Date at the address shown on the registration books. Notwithstanding the preceding sentence, principal, when due at final maturity or upon redemption in whole, shall be paid upon surrender of this Series 2022 Bond at the corporate trust office of the Registrar/Paying Agent in _____, North Carolina.

The principal of and interest on this Series 2022 Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Both the principal of and interest on this Series 2022 Bond, as the same shall become due, are payable from Pledged Revenues and Pledged Funds, as such terms are defined in the Master Trust Indenture. The Pledged Revenues and Pledged Funds are chiefly derived from assessments imposed on real property located within the Cherry Grove Improvement District in accordance with Chapter 37, Title 5, of the Code of Laws of South Carolina, 1976, as amended. [This Series 2022 Bond is additionally secured by the full faith, credit and taxing power of the City, in accordance with Section 5-37-35, Code of Laws of South Carolina, 1976, as amended.]

For the payment of the principal of and interest on this Series 2022 Bond, there are hereby irrevocably pledged the Pledged Revenues and Pledged Funds. Such pledges securing this Series 2022 Bond and all Bonds hereafter issued on parity herewith shall have priority over all other pledges thereof.

This Series 2022 Bond is subject to extraordinary mandatory redemption prior to maturity in whole or in part on any Interest Payment Date, at a Redemption Price equal to 100% of the principal amount of the Series 2022 Bond to be redeemed, without penalty, plus interest accrued to the redemption date, following the payment in whole or in part of the Assessments and otherwise in accordance with the provisions of the Indenture.

If the Series 2022 Bond is to be redeemed in part in accordance with the next preceding paragraph, the principal amount of such redemption shall be applied pro rata in the manner provided in the Master Trust Indenture to the principal amounts subject to mandatory sinking refund redemption as shown above in this Series 2022 Bond. In such event, the interest on this Series 2022 Bond shall continue to be calculated on the basis of a 360-day year consisting of twelve months of 30 days each.

This Series 2022 Bond is also subject to special optional redemption at the option of the City in full at par plus accrued interest to the date of redemption upon 30 days' written notice to the Owner hereof in the event any injunction against the implementation of the 2022 Project is issued by a court of competent jurisdiction.

Except in the case of mandatory sinking fund redemptions, if this Series 2022 Bond shall be called for redemption, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed first-class at least thirty (30) but not more than sixty (60) days prior to the redemption date to the Holder hereof to be redeemed (as such Holder appears on the Bond Register on the fifth (5th) day prior to such mailing), at its registered address. Such notice shall be given in the name of the City, shall be dated, and shall set forth such particulars as required by the Master Trust Indenture. Any such notice may be waived in writing by the Owner hereof.

If this Series 2022 Bond is redeemable and shall have been duly called for redemption and notice of the redemption hereof provided as aforesaid, and if on or before the date fixed for such redemption, payment hereof shall be duly made or provided for, interest hereon or against so much of the principal amount of this Series 2022 Bond so redeemed, as the case may be, shall cease to accrue from and after the redemption date hereof.

This Series 2022 Bond is transferable, as provided in the Master Trust Indenture. When presented or surrendered for transfer or exchange, this Series 2022 Bond shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing.

Transfers and exchanges shall be made without charge to the Bondholder, except that the City or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the City nor the Trustee acting as Registrar on behalf of the City shall be required (i) to issue, transfer or exchange this Series 2022 Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption hereof and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange this Series 2022 Bond to the extent selected for redemption in whole or in part.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution and statutes of the State to exist, be performed, or happen precedent to or in the issuance of the Series 2022 Bond, exist, have been performed, and have happened, that the amount of the Series 2022 Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by such Constitution or statutes.

This Series 2022 Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

[Signatures Appear on Next Page]

IN WITNESS WHEREOF, THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA, has caused this Series 2022 Bond to be signed by the signature of its Mayor, its corporate seal to be reproduced hereon, and the same to be attested by the signature of the City Clerk.

CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA

(SEAL)

Mayor, City of North Myrtle Beach,
South Carolina

Attest:

City Clerk, City of North Myrtle Beach,
South Carolina

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond of the issue described in the within mentioned Indenture.

TRUIST BANK, A NORTH CAROLINA BANKING
CORPORATION,
as Registrar

By: _____
Authorized Officer

Authentication Date: November __, 2022

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the entireties

_____ Custodian _____
(Cust) (Minor)

JT TEN - as joint tenants with right of survivorship and not as tenants in common

under Uniform Gifts to Minors Act _____
(state)

Additional abbreviations may also be used though not in above list.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(please print or type name and address of Transferee and Social Security or other identifying number of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

(Signature must be guaranteed by a participant in the Securities Transfer Agents Medallion Program (STAMP))

Notice: The signature to the assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.