CITY OF SPARTANBURG

SOUTH CAROLINA

CITY COUNCIL AGENDA

City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC 29306
Monday, August 27, 2018
5:30 p.m.

I. Moment of Silence

II. Pledge of Allegiance

III. Approval of the Minutes of the August 13, 2018 City Council Meeting

IV. Approval of the Agenda of the August 27, 2018 City Council Meeting

V. Public Comment
*****Citizen Appearance forms are available at the door and should be submitted to the City Clerk

VI. Resolution Designating the Week of September 9-15, 2018 as Arts in Education Week
Presenter: Councilmember Erica Brown

VII. Consent Agenda

A. Ordinance to Amend the City of Spartanburg, South Carolina Zoning Ordinance and Comprehensive Plan Land Use Element, by Amending Section 206, Changes to District Boundaries, Specifically Parcel # 7-12-08-045.00; 046.00; 047.00; 048.00; 049.00; 050.00; 051.00; 061.00; 062.00; 063.00 and 064.00; Located on 169 Avant Street; 121 Garrett; 125 Garrett Street; 156 Oakwood Avenue; 154 Oakwood Avenue; 137 Avant Street; 155 Avant Street; 157 Avant Street; and 161 Avant Street; Which are Zoned R-8 or LOD, with a Land Use Designation of General Residential District or Limited Office District to Zone R-6 PDD, with a Land Use Designation of General Residential Planned Development District and Providing for Severability and an Effective Date (Second Reading)
Presenter: Natalia Rosario, Planner III

As required by the Americans with Disabilities Act, the City of Spartanburg will provide interpretive services for the City Council Meetings. Requests must be made to the Communications & Marketing Office (596-2020) 24 hours in advance of the meeting. This is a Public Meeting and notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act.

B. Authorizing the City Manager to Assist in Accepting a Donation and Transfer Property Located at 110 Gibson Street, Block Map Number 7-16-05, Parcel 055.00 and Property Located at 122 Gibson Street, Block Map Number 7-16-05, Parcel 052.00 (Second Reading)
Presenter: Martin Livingston, Neighborhood Services Director

VIII. Ordinance – Second Reading

A. Approving an Amendment to the Development Agreement Between the City of Spartanburg and Forge Capital Partners, LLC (Second Reading)
Presenter: Ed Memmott, City Manager

IX. Other Business

A. Southside Community Development Initiatives
Presenter: Ed Memmott, City Manager
Martin Livingston, Neighborhood Services Director

B. Discussion of the Potential Development of a Solar Energy Farm at the Arkwright Dump Site
Presenters: Ed Memmott, City Manager
Mike Garrett, Arkwright Consultant
Jay Squires, Streets and Stormwater Manager

C. Review of Proposed Financing Plan for the Dr. T.K. Gregg Community Center
Presenters: Ed Memmott, City Manager
Mitch Kennedy, Community Development Director

D. Ordinance Providing for the Issuance and Sale of a City of Spartanburg, South Carolina, Special Obligation Bond (Hospitality Fee Pledge – Junior Lien), in the Principal Amount of Not Exceeding $12,500,000; Authorizing the Mayor or the City Manager to Determine Certain Matters with Respect to the Bond; Prescribing the Form and Details of Such Bond; and Other Matters Relating Thereto (First Reading)
Presenter: Dennis Locke, Finance Director

X. City Council Updates

XI. Executive Sessions

A. Executive Session Pursuant to Section 3-4-40 (2) Concerning a Personnel Matter Related to the City Manager position

XII. Adjournment

III.

City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC 29306
Monday, August 13, 2018
5:30 p.m.

(These minutes are subject to approval at the August 27, 2018 City Council meeting.)

City Council met this date with the following Councilmembers present: Mayor Junie White, Mayor pro tem Jerome Rice, Councilmembers Erica Brown, Sterling Anderson, Alan Jenkins, Max Hyde, and Ruth Littlejohn. City Manager Ed Memmott and Attorney Gary Pope were also in attendance. Notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act. All City Council meetings are recorded for a complete transcript.

I. Moment of Silence – observed.

II. Pledge of Allegiance – recited.

III. Approval of the Minutes of the July 23, 2018 City Council Meeting –
Mayor pro tem Rice *made a motion to approve the minutes as received. Councilmember Brown seconded the motion, which carried unanimously 7 to 0.*

IV. Approval of the Agenda of the August 13, 2018 City Council Meeting –
Councilmember Littlejohn *made a motion to approve the agenda as received. Councilmember Jenkins seconded the motion, which carried unanimously 7 to 0.*

V. Public Comment
*****Citizen Appearance forms are available at the door and should be submitted to the City Clerk

VI. Presentation of Proclamation Recognizing 2018 National Health Center Week
Presenter: Mayor Junie White –
Mayor White presented the proclamation to Marlon Hunter, new CEO of ReGenesis.

VII. Public Hearing

A. Ordinance to Amend the City of Spartanburg, South Carolina Zoning Ordinance and Comprehensive Plan Land Use Element, by Amending Section 206, Changes to District Boundaries, Specifically Parcel # 7-12-08-045.00; 046.00; 047.00; 048.00; 049.00; 050.00; 051.00; 061.00; 062.00; 063.00 and 064.00; Located on 169 Avant Street; 121 Garrett; 125 Garrett Street; 156 Oakwood Avenue; 154 Oakwood Avenue; 137 Avant Street; 155 Avant

Street; 157 Avant Street; and 161 Avant Street; Which are Zoned R-8 or LOD, with a Land Use Designation of General Residential District or Limited Office District to Zone R-6 PDD, with a Land Use Designation of General Residential Planned Development District and Providing for Severability and an Effective Date (First Reading)
Presenter: Natalia Rosario, Planner III
Ms. Rosario presented the item to Council as follows:
"On June 21, 2018, the Planning Commission held a public meeting and reviewed a PDD Rezoning request submitted by Ray Billings, J. Hiltabiddle Construction, Agent & Developer, and Owner to rezone thirteen parcels located on Avant Street, Oakwood Avenue, & Garrett Street, Specifically Parcels #7-12-08-045.00; 046.00; 047.00; 048.00; 049.00; 050.00; 051.00; 059.00; 060.00; 061.00; 062.00; 063.00; and 064.00 located on 169.00 Avant Street; 121 Garrett Street; 125 Garrett Street; 156 Oakwood Avenue; 158 Oakwood Avenue; 154 Oakwood Avenue (2 different lots); 133 Avant Street; 135 Avant Street;137 Avant Street (2 lots); 155 Avant Street; and 157 Avant Street; and 161 Avant Street, that are currently zoned R-8 (General Residential District) or LOD (Limited Office District) to zone R-6 PDD: General Residential Planned Development District in order to allow for the construction of a proposed townhome development. If the request is approved all of the properties will be combined into one parcel.

The 2004 Comprehensive Plan calls for this area to transition into institutional uses, which all fall under the category of GID: General Institutional District. The proposed zoning category of R-6: PDD is in line with how the development has trended in actuality, which has remained residential, with some mix of Limited Office District (LOD) zoned parcels, which are mostly still houses that were converted into offices. The use of the property for townhomes (for lease) will add much needed high quality residential housing stock on this corridor, near to Converse College and Downtown.

The Planning Commission held a public hearing on the proposal on July 19th, 2018. After consideration of the staff report, public comments, and the criteria set forth in the City of Spartanburg Zoning Ordinance and 2004 City Comprehensive Plan, the Planning Commission voted to recommend approval of the request to City Council for the rezoning of the parcel from LOD/R-8 to R-6: Planned Development District.

PLANNING COMMISSION RECOMMENDATION*:* The request was endorsed by the Planning Commission on July 19th, 2018 by a vote of 5 to 0.

ADDITIONAL INFORMATION: Minutes from the July 18th, 2018 Planning Commission Meeting and Staff Report with attachments are included."
***Mayor White** opened the public hearing asking if there was anyone to speak in favor of the proposed rezoning.*
Mr. Mark Moss came forward to speak in favor of the rezoning.

Mayor White *asked if there was anyone to speak in opposition to the proposed rezoning.*
Hearing none, Mayor pro tem Rice made a motion to close the public hearing. ***Councilmember Littlejohn*** *seconded the motion, which carried unanimously 7 to 0.*
Councilmember Jenkins *made a motion to approve the ordinance as presented on first reading. Councilmember Littlejohn seconded the motion, which carried unanimously 7 to 0.*

VIII. Ordinance

A. Approving an Amendment to the Development Agreement Between the City of Spartanburg and Forge Capital Partners, LLC (First Reading)

Presenter: Ed Memmott, City Manager

Mr. Memmott presented the item to Council as follows:
"In November, 2017 City Council authorized staff to enter into a Development Agreement with Forge Capital for the development of 200 market rate apartments on city owned property located near the Marriott Hotel and the Chapman Cultural Center. A Development Agreement (copy attached) between the city and Forge was entered into on December 13, 2017.

Since signing of the Development Agreement, Forge Capital has diligently pursued design and mortgage financing for the project. City staff has stayed in close communication with Forge. As problems or issues have come up, both parties have sought to equitably resolve. Forge is seeking FHA multi-family financing for the project. FHA guaranteed financing provides a very favorable fixed rate mortgage rate and a 40 year term. Many multi-family apartment project seek FHA financing for their projects. FHA financing has, however, a very rigorous underwriting process.

Last week Forge was advised that the any Fee-In-Lieu of Tax (FILOT) agreement in ordered to be considered in FHA's underwriting must be in place for the full 40 year term of the mortgage. The initial FILOT agreed to between the city and Forge had a 40 year term. Throughout its negotiations with Forge, staff has sought a FILOT that was reasonable given the downtown apartment and one that would grow over time.

After lengthy discussions with Forge, staff has reached tentative agreement with Forge that would provide for a FILOT of $25,000 for first six years of the project. The FILOT would increase to $275,000 in year 7. For years, 8-40, the FILOT would be adjusted by the Consumer Price Index – Urban (CPI-U). Staff has done its analysis of the revision and believes it is actually more favorable to the city and other taxing entities than the initial agreed to FILOT.

Staff has also included provisions in the recommended Development Agreement Amendment that would allow the city to recover funds expended for geotechnical work on the site.

ACTION REQUESTED: Approval of an ordinance amendment to authorize staff to amend the Development Agreement for the Forge Capital project.

BUDGET AND FINANCIAL DATA:

No immediate financial impact. Amendment creates the possibility of increased revenues to the city and other taxing entities over the long term."
Councilmember Anderson *made a motion to approve the ordinance as presented on first reading. Mayor pro tem Rice seconded the motion, which carried unanimously 7 to 0.*

B. Authorizing the City Manager to Assist in Accepting a Donation and Transfer Property Located at 110 Gibson Street, Block Map Number 7-16-05, Parcel 055.00 and Property Located at 122 Gibson Street, Block Map Number 7-16-05, Parcel 052.00 (First Reading)
Presenter: Martin Livingston, Neighborhood Services Director
Mr. Livingston presented the item to Council as follows:
"The Trustees of the Colonial Trust Company have agreed to donate property located at 110 and 122 Gibson Street to the City of Spartanburg. Staff consulted with the Highland Neighborhood Association and it was determined that the City would accept the donations and transfer the properties to the Bethlehem Center and the Highland Community Development Corporation. The transfer of the property may occur directly from the property owners to the non-profit organizations. Staff will assist in facilitating the transfer. A title search will be required prior to transfer of the property.
ACTION REQUESTED: Approval of Ordinance to authorize the City manager to accept the donation of the property and transfer to the Highland Community Development Corporation and the Bethlehem Center."
Mayor pro tem Rice *made a motion to approve the ordinance as presented on first reading. Councilmember Littlejohn seconded the motion, which carried unanimously 7 to 0.*

IX. Other Business

A. Update on "RiZe" Effort
Presenter: Mitch Kennedy, Community Services Director
Kim Moultrie, Parks and Recreation Superintendent, introduced several participants in the RiZe effort who spoke on the reasons each of them chose to let their voices be heard during the event.
Council expressed its pride in each participant, hearing them speak, and the leadership they showed in taking part in the event.

X. City Council Updates –

Councilmember Hyde *shared he had discussions with constitutions concerning large truck traffic on Pine Street.*

Councilmember Littlejohn shared that she attended the Play 60 Ribbon cutting on July 25. She expressed gratitude to Harold Mitchell and Laura Ringo for their efforts in helping to get that project finished. She shared that on August 23 from 6:00 – 7:30 p.m. there would be a Community Meeting at CC Woodson, and invited people to attend. She expressed that she was sorry that City Manager Ed Memmott was retiring and that Terril Bates was leaving the Spartanburg Housing Authority.

Councilmember Jenkins thanked City Manager Ed Memmott for the great work he has done for the City and said he would be missed. He mentioned that the new construction for Spartanburg High School was on schedule. He reminded everyone of the "Walk with Your Elected Officials" the following Saturday at 10:00 a.m. at the Mary Black Rail Trail.

Mayor pro tem Rice reminded everyone that school started on Monday, August 20, and to be aware of school busses and students in school zones. He shared that he attended the Play 60 ribbon cutting, which was a great event. He mentioned that Stephen Davis, former Carolina Panther was in attendance. He shared that he would be presenting a proclamation to Lee Haney, "Mr. Olympian", who was in town for a book signing. He stated that he was saddened to hear about the retirement of City Manager Ed Memmott.

Councilmember Anderson stated that he appreciated the RiZe effort and all the participants. He reminded everyone to slow down for the opening of schools. He shared that he would like to see the Carolina Panthers return to Wofford for their training camp next summer.

Councilmember Brown thanked the RiZe participants for their leadership. She told them to make sure they register to vote so their voices would be heard. She mentioned that the Franklin School was coming along on schedule. She share that she was glad that someone was willing to take a chance on the Montgomery Building to see it come back to the way it was rather that tearing it down.

XI. Executive Sessions

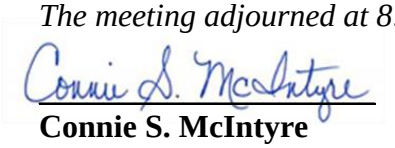
A. Executive Session Pursuant to Section 3-4-40 (2) Concerning a Personnel Matter Related to the City Attorney Search

B. Executive Session Pursuant to Section 3-4-40 (2) Related to City Manager Search

Mayor pro tem Rice *made a motion to adjourn to Executive Sessions for the reasons stated. Councilmember Brown seconded the motion, which carried unanimously 7 to 0. Council adjourned to Executive Sessions at 6:28 p.m.*

Council reconvened to regular session at 7:57 p.m. Mayor White stated that discussion was held with no decisions made.

XII. Adjournment – ***Councilmember Jenkins*** *made a motion to adjourn. Councilmember Littlejohn seconded the motion, which carried unanimously 7 to 0. The meeting adjourned at 8:00 p.m.*



Connie S. McIntyre

VI.

MEMORANDUM

TO: **Mayor and Members of City Council**

FROM: **Ed Memmott, City Manager**

SUBJECT: **Resolution - Arts Education Week**

DATE: **August 23, 2018**

Councilmember Brown requested staff prepare a Resolution that would designate September 9-15, 2018 as Arts in Education Week for consideration by Council at the August 27 meeting.

A RESOLUTION
DESIGNATING THE WEEK OF SEPTEMBER 9 -15, 2018 AS ARTS IN EDUCATION WEEK

WHEREAS, in 2010, Congress approved House Concurrent Resolution 275 designating the week that follows the second Sunday in September as 'National Arts in Education Week' and recognizes the transformative power of the arts in education to enable young Americans to succeed in school, in work, and in life; and

WHEREAS, the Congressional Resolution and subsequent legislation in Every Student Succeeds Act of 2015, states that arts education and its rich array of disciplines "including, but not limited to dance, design, literature, media arts, music, theatre, visual arts, and writing" are considered well-rounded subjects and an essential element of a complete and balance education for all students; and

WHEREAS, arts education enables students to develop critical thinking and problem-solving skills, imagination and creativity, discipline and collaboration, alternative ways to communicate and express feelings and ideas, and cross-cultural understanding, which supports academic success across the curriculum as well as personal growth outside the classroom; and

WHEREAS students who receive an arts education score on average 100 points higher on their SATs across all social economic classes, four times more likely to be recognized for academic achievement, three times more likely to win an award for school attendance, four times more likely to participate in a math and science fair, and more than twice as likely to graduate college; and

WHEREAS, students of low socio-economic status who have low arts engagement rates drop out of school at a rate of 22%, but their peers who are highly engaged in the arts, have a dropout rate of only 4%; and

WHEREAS, according to the Conference Board, creativity and innovation are two of the top skills that business leaders demand, but often are traits that they cannot adequately find in potential employee; and

WHEREAS, the integration of the arts and design, broadly defined, into federal STEM (science, technology, engineering and mathematics) programming, research, and innovation activities, known as STEAM (science, technology, engineering, arts and mathematics), is an effective approach to increasing student's engagement in the STEM Fields and thus maintaining the United States' competitiveness in both workforce and innovation; and

WHEREAS, according to national public opinion polling, 89% of Americans believe the arts are a part of a well-rounded education for students, and that same nine out of every ten Americans believes it is essential in elementary, middle, and high school as well as in the out of school time; and

WHEREAS arts are integral to the lives of United States citizens and essential to the health and vitality of communities of the nations; and

WHEREAS, the U.S. Department of Education, National Endowment for the Arts, Americans for the Arts, the Arts Education Partnership, and thousands of schools and arts organizations across the country recognize and celebrate National Arts in Education Week on an annual basis; and

NOW, THEREFORE, BE IT RESOLVED that the City of Spartanburg affirms the importance of the arts as an essential part of a complete and well-rounded education; and;

BE IT FURTHER RESOLVED that the City of Spartanburg designates the week of September 9-15, 2018 as Arts in Education Week.

DONE this _____ day of August, 2018.

_____
MAYOR

ATTEST:

_____
City Clerk

VIII. A

REQUEST FOR COUNCIL ACTION

TO: **Mayor and Members of City Council**

FROM: **Ed Memmott, City Manager**

SUBJECT: **Second Reading of an Ordinance to Authorize the Amendment of the Development Agreement with Forge Capital Partners, LLC**

DATE: **August 22, 2018**

BACKGROUND:

In November 2017, City Council authorized staff to enter into a Development Agreement with Forge Capital for the development of 200 market rate apartments that will be located on city owned property near the Marriott Hotel. A Development Agreement (copy attached) between the city and Forge was signed on December 13, 2018.

Since the signing of the Development Agreement, Forge Capital has diligently pursued the project. City staff has stayed in close communication with Forge. As problems or issues have come up, both parties have sought to equitably resolve them. Forge is seeking FHA multi-family financing for the project. FHA financing provides a very favorable fixed rate interest rate and a 40 year term. Recently, Forge was advised that the any Fee-In-Lieu of Tax (FILOT) agreement must have a term that corresponds to the mortgage term in order to be considered in mortgage underwriting. The initial FILOT had a 30 year term.

After lengthy discussions with Forge, staff has reached tentative agreement that would provide for a 40 year FILOT. During the first six years, the FILOT would be $25,000 annually. The FILOT would increase to $275,000 in year 7. For years, 8-40, the FILOT would be adjusted by the Consumer Price Index – Urban (CPI-U). Staff has done its analysis of the revision and believes it is actually more favorable to the city and other taxing entities. These changes would also allow the financial benefit of the FILOT to be considered in the FHA mortgage underwriting process.

Staff has also included provisions in the recommended Development Agreement Amendment that would allow the city to recover funds expended for geotechnical work on the site.

ACTION REQUESTED: Second reading approval of an ordinance to authorize amendment of the Development Agreement.

BUDGET AND FINANCIAL DATA: No immediate financial impact. Amendment creates the possibility of increased revenues to the city and other taxing entities over the long term.

STATE OF SOUTH CAROLINA	)	AMENDMENT TO DEVELOPMENT
	)	AGREEMENT DATED
	)	DECEMBER 18, 2017 BETWEEN
	)	THE CITY OF SPARTANBURG AND
COUNTY OF SPARTANBURG	)	FORGE CAPITAL PARTNERS, LLC

WHEREAS, the City of Spartanburg (the "City") has encouraged economic redevelopment of its downtown; and

WHEREAS, the City entered into a development agreement (the "Development Agreement") with Forge Capital Partners, LLC ("Forge") that contemplates the provision of certain economic development incentives and establishes certain terms and conditions necessary to secure the investment of Forge; and

WHEREAS, Exhibit C of the Development Agreement included certain calculations related to a fee-in-lieu-of-tax payment (FILOT) contemplated to be provided by Spartanburg County, South Carolina upon the consent of the City and included representations that the City would use its best efforts to obtain approvals necessary to obtain such FILOT benefits by February 28, 2018; and

WHEREAS, Forge and the City have agreed that Forge will reimburse the City for certain site assessment costs; and

WHEREAS, negotiations among the City, the County, and Forge have resulted in a revised and clarified FILOT methodology that better serves the interests of the Parties and simplifies the administration of the FILOT.

NOW, THEREFORE, KNOW ALL BY THESE PRESENT that the Parties agree as follows:

1. Amendment of FILOT Methodology. The Development Agreement is hereby amended as to paragraph 2(a) to strike the paragraph beginning with "Real Property Tax Abatement" and replacing it with the following:

    b. Real Property Tax Abatement. The City will provide its consent to a Fee-In-Lieu-of Tax Payment (FILOT) that is consistent with the payments contained in Exhibit C. The City's consent to the creation of the multi-county business park will be provided on the condition that the FILOT Payments are substantially as set forth at Exhibit C. The City will additionally engage in its best efforts to achieve the required approvals related to the FILOT by September 30, 2018, and provide its consent contemporaneously with obtaining such approvals.

    The Development Agreement is hereby amended as to Exhibit C to strike such exhibit and replace it with Exhibit C hereto:

2. Reimbursement Provisions. Within 60 days from the start of construction, Forge will reimburse the City for payments made to S&ME for additional site assessment per the

S&ME proposal dated 4/23/2018 and included herein as Exhibit A to this Amendment. Total S&ME expenses are estimated at $40,000. Any payment by the City for S&ME expenses greater than $40,000 require Developer's prior written approval.

IN WITNESS WHEREOF, the parties to this amendment to the Development Agreement have hereunto set their hands and seals and executed this Amendment this 13th day of August, 2018.

IN THE PRESENCE OF:

FORGE CAPITAL PARTNERS, LLC

_____ By:_____

Name: Peter H. Collins

_____ Title Managing Principal

CITY OF SPARTANBURG

_____ By:_____

Name: Ed Memmott

_____ Title: City Manager

APPROVED AS TO FORM:

By: _____

City Attorney

EXHIBIT A

S&ME Proposal dated April 23, 2018

EXHIBIT C

FILOT Payment Calculation

The Fee-In-Lieu-of Tax Payment (FILOT) due with respect to the Project shall be as follows:

Tax Year	Fiscal Year Ending June 30	FILOT Payment
2020	2021	$25,000
2021	2022	$25,000
2022	2023	$25,000
2023	2024	$25,000
2024	2025	$25,000
2025	2026	$25,000
2026	2027	$275,000
2027-59	2028-60	Z

For all Tax Years in which the payment is Z, the calculation shall be as follows:

$$(X \times Y) = Z$$

Where "X" equals the FILOT Payment due for the immediately prior Tax Year; and "Y" equals the greater of 1 plus the greater of 0.00% or the percentage change in CPI-U[1] (not to exceed 4.00%) for the 12-month period ending the June 30 of the Fiscal Year prior to the Fiscal Year to which the subject Tax Year corresponds, and the product "Z" is the FILOT Payment due for the applicable Tax Year.

[Examples of FILOT Payment calculations follow on the next page]

[1] "CPI-U" means the Consumer Price Index for All Urban Consumers as published by the United States Bureau of Labor Statistics or a successor agency publishing a substantially similar index.

EXHIBIT C

FILOT Payment Calculation Examples

Example A. By way of example, for the Fiscal Year ending June 30, 2028, the FILOT Payment due for Tax Year 2027 would be $275,000 multiplied by the greater of 1 plus 0.00% or the change in CPI-U for the 12-month period ending the June 30 of the Fiscal Year prior to the Fiscal Year to which the subject Tax Year corresponds (not to exceed 4%), which would be June 30, 2027. If the change in CPI-U for the 12 months ending June 30, 2027 is 3%, the calculation for Tax Year 2027 (Fiscal Year ending June 30, 2028) would be as follows:

$275,000 x 1.03% = $283,250

In such case, the FILOT Payment due for Tax Year 2027 would be $283,250.

Example B. By way of further example, assuming the figures in Example A above, for Tax Year 2028 (Fiscal Year ending June 30, 2029), if CPI-U for the for the 12-month period ending the June 30, 2028 was 5%, the calculation would be as follows:

$283,250 x 1.04% = $294,580

In such case, the FILOT Payment due for Tax Year 2028 would be $294,580.

Note: A link to the change in CPI-U for specific intervals is available at: https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm. This link is not part of this Amendment or this Development Agreement and is provided solely for ease of reference.

IX. A

MEMORANDUM

TO: **Mayor and Members of City Council**

FROM: **Ed Memmott, City Manager**

SUBJECT: **Southside Community Development Initiatives**

DATE: **August 23, 2018**

I have asked Martin Livingston, Director of Neighborhood Services, to brief Council on several initiatives that - subject to Council approval - will be undertaken on the Southside.

Should Council support this new Southside work, it should expect that over the next 2-3 years, the city's neighborhood revitalization work will be limited to the Northside Initiative, Highland Neighborhood Master Planning, and the work proposed for the Southside.

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IX. B

MEMORANDUM

TO: **Mayor and Members of City Council**

FROM: **Ed Memmott, City Manager**

SUBJECT: **Discussion of the Potential Development of a Solar Energy Farm at the Arkwright Dump Site**

DATE: **August 21, 2018**

Over the past 18 months, staff has become aware of potential interest in development of a solar farm at the Arkwright Dump. While solar farm development is worthy of serious consideration, it is important that Council have a full understanding of the dump, how it was closed, and the potential risks associated with the development of a solar farm.

At the August 27, Council Meeting, staff will provide a report on the:

- Dumpsite History
- Project Expenses
- Dump Closure Construction (Methods and Materials)
- Ongoing Monitoring Obligations
- Potential Future Obligations For Groundwater Remediation

After a full briefing on the dumpsite, staff will want to engage Council in discussion on whether it wants to move forward with consideration of any proposal for solar farm development.

IX. C

MEMORANDUM

TO: **Mayor and Members of City Council**

FROM: **Ed Memmott, City Manager**
Mitch Kennedy, Community Services Director

SUBJECT: **Review of Proposed Financing Plan for the Dr. TK Gregg Community Center**

DATE: **August 22, 2018**

Mitch Kennedy and I want to review the proposed Dr. TK Gregg Community Center Project. This will include discussion about the project's design and options for permanent financing. After our discussion, Finance Director, Dennis Locke will request Council approval of the interim financing for the project.

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IX. D

REQUEST FOR CITY COUNCIL ACTION

TO: **Ed Memmott, City Manager**

FROM: **Dennis R. Locke, Finance Director**

SUBJECT: **Dr. TK Gregg Community Center Interim Financing**

DATE: **August 23, 2018**

Staff is requesting first reading approval of an ordinance that that will authorize the borrowing of approximately $12.5 million for the interim financing of the Dr. TK Gregg Community Center.

Approval of the interim financing plan will allow the city to proceed with the construction of the facility while staff continues to pursue New Markets Tax Credit funding.

CITY OF SPARTANBURG, SOUTH CAROLINA

ORDINANCE NO. _____-9.10.18

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A CITY OF SPARTANBURG, SOUTH CAROLINA, SPECIAL OBLIGATION BOND (HOSPITALITY FEE PLEDGE – JUNIOR LIEN), IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING $12,500,000; AUTHORIZING THE MAYOR OR THE CITY MANAGER TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BOND; PRESCRIBING THE FORM AND DETAILS OF SUCH BOND; AND OTHER MATTERS RELATING THERETO.

Enacted: September 10, 2018

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SPARTANBURG, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

Section 1. Definitions. The terms in this Section 1 and all words and terms defined in General Bond Ordinance No. 12-604.4-10.25.10 (the "General Bond Ordinance") enacted by the Council on October 25, 2010 (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the Ordinance as the "Ordinance") (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

"2018 Junior Lien Construction Fund" shall mean the Fund established pursuant to Section 13 hereof.

"2018 Junior Lien Debt Service Fund" shall mean the Fund established pursuant to Section 7 hereof to provide for the payment of the principal of and interest on the Series 2018 Junior Bond.

"2018 Junior Lien Debt Service Reserve Fund" shall mean the Fund, if any, authorized to be established pursuant to Section 8 hereof (a) to insure the timely payment of the principal of and interest on the Series 2018 Junior Bond; and (b) to provide for the redemption of the Series 2018 Junior Bond.

"2018 Junior Lien Projects" shall mean the acquisition and construction of the Tourism Facility.

"Bond of 2014" shall mean the City's $8,250,000 original principal amount Special Obligation Refunding Bond (Hospitality Fee Pledge), Series 2014, dated April 1, 2014 and outstanding as of the date hereof in the principal amount of $5,465,000.

"Bond of 2016A" shall mean the City's $4,005,000 original principal amount Special Obligation Refunding and Improvement Bond (Hospitality Fee Pledge), Series 2016A, dated May 19, 2016 and outstanding as of the date hereof in the principal amount of $3,465,000.

"Bond of 2016B" shall mean the City's $6,130,000 original principal amount Special Obligation Bond (Hospitality Fee Pledge), Taxable Series 2016B, dated May 19, 2016 and outstanding as of the date hereof in the principal amount of $4,975,000.

"Bonds of 2016" shall mean, collectively, the Bond of 2016A and the Bond of 2016B.

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

"General Bond Ordinance" shall mean General Bond Ordinance No. 12-604.4-10.25.10 duly enacted on October 25, 2010, by the Council of the City authorizing and providing for the issuance of Special Obligation Bonds (Hospitality Fee Pledge).

"Interest Payment Date or Dates" shall mean April 1 of each year, or April 1 and October 1 of each year, or such other date or dates as the Mayor or City Manager may determine, and commencing on such date as the Mayor or City Manager may determine, pursuant to Section 10 hereof.

"Ordinance" shall mean this Ordinance No. ___ authorizing the issuance of the Series 2018 Junior Bond.

"Paying Agent" shall mean The Bank of New York Mellon Trust Company, N.A., as Paying Agent for the Series 2018 Junior Bond.

"Principal Payment Date" shall mean April 1 of each year, or such other date as the Mayor or City Manager may determine, and commencing on such date as the Mayor or City Manager may determine, pursuant to Section 10 hereof.

"Purchaser" shall mean the initial purchaser of the Series 2018 Junior Bond.

"Record Date" shall mean with respect to the Series 2018 Junior Bond the fifteenth (15th) day (whether or not a Business Day) of the calendar month immediately preceding an Interest Payment Date.

"Registrar" shall mean The Bank of New York Mellon Trust Company, N.A., as Registrar for the Series 2018 Junior Bond.

"Second Supplemental Ordinance" shall mean shall mean Second Supplemental Ordinance No. 12-604.4-3.17.14 enacted by the Council of the City on March 17, 2014, which authorized the issuance of the Bond of 2014.

"Series 2018 Junior Bond" shall mean the City of Spartanburg, South Carolina, Special Obligation Bond (Hospitality Fee Pledge – Junior Lien), [Taxable] Series 2018, in the principal amount of not exceeding $12,500,000, authorized to be issued hereunder.

"Third Supplemental Ordinance" shall mean Third Supplemental Ordinance No. 12-604.4-4.25.16 enacted by the Council of the City on April 25, 2016, which authorized the issuance of the Bonds of 2016.

"Tourism Facility" shall mean the TK Gregg Recreational Facility.

"Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., as Trustee for the Bonds.

Section 2. Certain Findings and Determinations.

The City hereby finds and determines:

(a) The Bond Act, the Hospitality Tax Act and the General Bond Ordinance authorize the City to issue bonds in order to defray the Costs of Acquisition and Construction of the 2018 Junior Lien Projects. This Ordinance is enacted under the provisions of Section 3.5 of the General Bond Ordinance.

(b) The Series 2018 Junior Bond constitutes and is a "Junior Bond" within the meaning of the quoted word as defined and used in the General Bond Ordinance.

(c) The Hospitality Fees pledged under the General Bond Ordinance are not encumbered by any lien and charge thereon or pledge thereof, other than the pledge thereof created by the General Bond Ordinance and the Second Supplemental Ordinance for the payment and security of the Bond of 2014 and the Third Supplemental Ordinance for the payment and security of the Bonds of 2016. Upon the issuance of the Series 2018 Junior Bond, the pledge of Hospitality Fees for payment of the Series 2018 Junior Bond will be junior, subordinate and inferior to the pledge thereof for payment of the Bond of 2014, the Bonds of 2016, and any Bonds hereafter issued under the General Bond Ordinance.

(d) There does not exist an Event of Default, nor does there exist any condition which, after the passage of time or the giving of notice, or both, would constitute such Event of Default.

(e) The City proposes to issue the Series 2018 Junior Bond in order to (i) defray a portion of the Costs of Acquisition and Construction of the 2018 Junior Lien Projects, (ii) pay Costs of Issuance and, (iii) if

a 2018 Junior Lien Debt Service Reserve Fund is established for the Series 2018 Junior Bond, fund all or a portion of the Reserve Fund Requirement applicable thereto, as determined by the Mayor or City Manager pursuant to Section 8 hereof. The estimated cost of the 2018 Junior Lien Projects to be defrayed with the proceeds of the Series 2018 Junior Bond does not to exceed $12,500,000.

(f) The 2018 Junior Lien Projects will advance proper public and corporate purposes of the City, and will benefit the City as a whole. A vibrant tourism industry fosters and enhances the economic growth and well-being of a community and its residents. Tourism has been and continues to be a growing industry for the City. The City's Parks and Recreation Department mission is, in part, to provide a wholesome program of leisure, recreational, tourism and cultural opportunities and facilities to enhance the quality of life for City residents and visitors. The Tourism Facility furthers that mission.

The Tourism Facility will attract tourists, including persons who do not reside in, but rather enter temporarily, for reasons of recreation or leisure, the corporate limits of the City. The Tourism Facility will be designed to host different types of sporting and recreational events, and will include training rooms, locker rooms and concession facilities to support activities conducted therein. It is anticipated that the Tourism Facility will host both weekend and weekday events attracting visitors from outside the City. As the City's tourism industry grows and expands, the City must make provision to increase municipal services and facilities in order to accommodate the needs of tourists and to attract additional tourism, and the City must make provision to increase municipal services and facilities in order to accommodate the needs of tourists and to attract additional tourism. Tourists enjoy and utilize the special benefits which the City provides.

Accordingly, the City hereby determines that the issuance of the Series 2018 Junior Bond and the use of the proceeds thereof to defray the Costs of Acquisition of the 2018 Junior Lien Projects will serve a public purpose because, among other things:

(i) The ultimate goals and benefits to the public intended by the 2018 Junior Lien Projects are multiple, including, but not limited to: the promotion of tourism to the City and the facilitation of tourism-related activities through the provision of tourism-related recreational facilities within the meaning of the Hospitality Tax Act, the provision of facilities and opportunities for recreational activities to City residents and tourists from outside the City, the enhancement of the economic development of the City, the creation of jobs, the eradication of blight within an area of the City known as the "Northside Community", and benefits, both tangible and intangible, that will result from all of the foregoing.

(ii) The public will be the primary beneficiary of the 2018 Junior Lien Projects. While certain benefits of the 2018 Junior Lien Projects may accrue to private individuals or entities, such benefits will be incidental to the above-referenced public purposes. The City will have ownership and/or control of the Tourism Facility and, thereby, ensure that the Tourism Facility will be used as a facility constituting a tourist destination within the meaning of the Hospitality Tax Act.

(iii) The benefits represented by the 2018 Junior Lien Projects are not speculative. The events to be hosted at the Tourism Facility and the tourists they attract, and the regular use of the Tourism Facility by tourists, will have a substantial economic impact on the City. The Tourism Facility is a necessary tourism-related building and tourism-related recreational facility within the meaning of the Hospitality Tax Act which will enhance the City's reputation as a destination for sports and recreation tourism.

(iv) The public interest of the City will be served to a substantial degree by the 2018 Junior Lien Projects, which will enable the City to continue to attract sports and recreational tourists to the City, as well as provide a venue for enhanced recreational opportunities for City residents, all within an area of the City that has been targeted for redevelopment to attract private investment.

(g) The Council has been advised and recognizes that Hospitality Fees and the proceeds of the financing authorized by this Ordinance must be used exclusively for capital projects used to attract and support tourists within the meaning of the Hospitality Tax Act, e.g., the 2018 Junior Lien Projects. The Council has given due consideration to the 2018 Junior Lien Projects, and the Council hereby further finds and determines that the 2018 Junior Lien Projects constitute capital projects used to attract and support tourists to the City, and the Tourism Facility will constitute a tourism-related building and tourism-related recreational facility within the meaning of the Hospitality Tax Act, and a Tourism Related Project within the meaning of the General Bond Ordinance. The 2018 Junior Lien Projects will promote and enable additional tourism to the City. The 2018 Junior Lien Projects will allow the City to market and attract tourists to attend and participate in events held at the in the Tourism Facility. Further, area businesses will benefit from the influx of attendees, participants and their families coming to the City to attend and participate in events held at the Tourism Facility and otherwise utilize the Tourism Facility.

(h) It is necessary and in the best interest of the City to authorize the issuance of the Series 2018 Junior Bond in the principal amount of not exceeding $12,500,000 in accordance with the Bond Act, the Hospitality Tax Act, the General Bond Ordinance and this Ordinance for any of the purposes set forth above. The use of proceeds of the Series 2018 Junior Bond to assist with the acquisition of the 2018 Junior Lien Projects is proper, and will serve numerous, valid public purposes of the City.

(i) In compliance with the provisions of Section 3.5 of the General Bond Ordinance, the Council further finds and determines that (i) the Series 2018 Junior Bond is to be issued for the purpose of defraying the costs the 2018 Junior Lien Projects, which constitute Projects under the General Bond Ordinance, and (ii) the pledge of and lien on Hospitality Fees securing the Series 2018 Junior Bond shall at all times be subordinate and inferior to the pledge of and lien on Hospitality Fees securing the Bonds.

Section 3. Authorization and Details of Series 2018 Junior Bond; Delegation of Authority to Determine Certain Matters Relating to the Series 2018 Junior Bond.

(a) There is hereby authorized to be issued a Series of Bonds designated "City of Spartanburg, South Carolina, Special Obligation Bond (Hospitality Fee Pledge – Junior Lien), [Taxable] Series 2018" (or year in which issued, with an appropriate series designation, with such other descriptive terms as may be appropriate) (the "Series 2018 Junior Bond") in the principal amount of not exceeding $12,500,000. The proceeds of the Series 2018 Junior Bond shall be used for the purposes set forth in Section 2(e) hereof.

(b) The Series 2018 Junior Bond shall be represented by a single, fully registered bond; shall be registered in the name of the Purchaser; shall be dated the date of delivery or such other date as the Mayor or City Manager shall determine pursuant to Section 10 hereof; and shall be in the principal amount of not exceeding $12,500,000. Unless otherwise determined by the Mayor or City Manager pursuant to Section 10 hereof, the Series 2018 Junior Bond shall bear interest calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest on the Series 2018 Junior Bond shall be payable on each Principal Payment Date and Interest Payment Date. Notwithstanding the foregoing, pursuant to Section 10 hereof, the Mayor or City Manager may determine to issue the Series 2018 Junior Bond in more than a single series. In such event, (i) each series of the Series 2018 Junior Bond shall contain an appropriate series designation; (ii) the provisions of this Ordinance shall be interpreted to apply to all such series of the Series 2018 Junior Bond; (iii) any funds or accounts to be established pursuant to this Ordinance shall contain appropriate designations to identify the particular series of the Series 2018 Junior Bond to which such funds or accounts relate; and (iv) the aggregate principal amount of all series of the Series 2018 Junior Bond shall not exceed $12,500,000.

(c) Principal of and redemption premium, if any, on the Series 2018 Junior Bond shall be payable at the office of the Paying Agent. Interest on the Series 2018 Junior Bond shall be payable on each

Interest Payment Date, in each case to the Holder as of the immediately preceding Record Date, such interest to be paid by the Paying Agent by check or draft mailed to the Holder at the address as it appears on the Books of Registry maintained at the designated office of the Registrar, or by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder. Both the principal of and interest on the Series 2018 Junior Bond are payable at the designated office of the Paying Agent without presentation and surrender of the Series 2018 Junior Bond in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, the Paying Agent assumes no liability to any person in the event that the Holder should fail to return the Series 2018 Junior Bond to the Paying Agent after final payment, and no obligation will be imposed upon the Paying Agent to seek the return of the Series 2018 Junior Bond from the Holder thereof.

(d) The Series 2018 Junior Bond shall be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the maturities, dates, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this Ordinance. The Mayor or the City Manager are empowered to include any additional provisions in the Series 2018 Junior Bond as requested by the Purchaser in accordance with its proposal to purchase the Series 2018 Junior Bond.

(e) The Council hereby authorizes the Mayor (or, in the absence of the Mayor, the Mayor Pro Tempore) to execute the Series 2018 Junior Bond in the name of the City, and authorizes the Municipal Clerk of the City to attest the manual signature of the Mayor or Mayor Pro Tempore, as applicable, under the seal of the City impressed, imprinted or reproduced thereon. After execution of the Series 2018 Junior Bond by the City, the Registrar is hereby directed to authenticate the Series 2018 Junior Bond and deliver the Series 2018 Junior Bond to the Purchaser.

Section 4. Recording and Transfer of Ownership of the Series 2018 Junior Bond. The Series 2018 Junior Bond will be issued in fully-registered form, as a single Junior Bond representing the entire principal amount of the Series 2018 Junior Bond. The City, the Paying Agent and the Registrar may treat the Holder as the sole and exclusive owner of the Series 2018 Junior Bond registered in its name for the purpose of payment of the principal of, and interest or premium, if any on the Series 2018 Junior Bond, giving any notice permitted or required to be given to the Purchaser or subsequent Bondholders under the General Bond Ordinance or this Ordinance, registering the transfer of the Series 2018 Junior Bond, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected or by any notice to the contrary.

Unless otherwise agreed to by the Mayor or City Manager, the Series 2018 Junior Bond may be sold or transferred by the initial Purchaser only to purchasers ("Qualified Investors") who execute an investment letter delivered to the City, in form satisfactory to the City (the "Investment Letter"), containing certain representations, warranties and covenants as to the suitability of such purchasers to purchase and hold the Series 2018 Junior Bond. Such restriction shall be set forth on the face of the Series 2018 Junior Bond and shall be complied with by each transferee of the Series 2018 Junior Bond.

Section 5. Optional Redemption of Series 2018 Junior Bond. The Series 2018 Junior Bond shall be subject to prepayment or redemption prior to maturity on such terms as may be determined by the Mayor or the City Manager pursuant to Section 10 hereof. In the event the Series 2018 Junior Bond is called for redemption, the Registrar shall give written notice of redemption to the registered Holder thereof as shown on the Books of Registry of the City not less than thirty (30) days prior to the date fixed for redemption thereof.

Section 6. Payment of the Series 2018 Junior Bond. The Series 2018 Junior Bond, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Hospitality Fees of the City in accordance with the provisions of the General Bond Ordinance and this Ordinance. The pledge of

Hospitality Fees securing payment of the Series 2018 Junior Bond is junior and subordinate to the pledge of Hospitality Fees for the Bond of 2014, the Bonds of 2016 and other Bonds Outstanding under the General Bond Ordinance from time to time. The Series 2018 Junior Bond does not constitute an indebtedness of the City within any State constitutional provisions (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation. The Series 2018 Junior Bond shall not be a debt of the City, nor a charge, lien or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts or revenues thereof, other than the aforesaid Hospitality Fees of the City. No recourse shall be had for the payment of the Series 2018 Junior Bond or the interest thereon against the general fund of the City, nor shall the credit or taxing power of the City be deemed to be pledged thereto. The full faith, credit and taxing powers of the City are not pledged to the payment of the principal of or interest on the Series 2018 Junior Bond.

Section 7. Establishment of 2018 Junior Lien Debt Service Fund. In accordance with Section 6.6 of the General Bond Ordinance, the 2018 Junior Lien Debt Service Fund is hereby directed to be established by the Trustee on the date of the original delivery of the Series 2018 Junior Bond for the benefit of the Purchaser or subsequent Holders of the Series 2018 Junior Bond. In addition, there is hereby directed to be established within the 2018 Junior Lien Debt Service Fund an Interest Account and a Principal Account for the payment of interest and principal, respectively, on the Series 2018 Junior Bond as the same become due and payable.

The payments from Hospitality Fees authorized herein shall be made at the time set forth in Section 6.2 of the General Bond Ordinance after all payments required by the first and second paragraphs under Section 6.2 of the General Bond Ordinance have been made. In the event the Series 2018 Junior Bond is issued in a calendar year other than 2018, the 2018 Junior Lien Debt Service Fund may be re-named accordingly.

Section 8. Debt Service Reserve Fund. The Mayor or City Manager are authorized to determine whether to establish with the Trustee a 2018 Junior Lien Debt Service Reserve Fund in connection with the Series 2018 Junior Bond in accordance with Section 6.7 of the General Bond Ordinance. In the event that it is determined to establish a 2018 Junior Lien Debt Service Reserve Fund, the Mayor or City Manager are further authorized to determine the Reserve Fund Requirement applicable thereto and the manner of funding, replenishing, adjusting and/or terminating such Reserve Fund Requirement. In the event that it is determined to establish a 2018 Junior Lien Debt Service Reserve Fund, such fund shall be (i) held by the Trustee for the benefit of the Purchaser or subsequent Holders of the Series 2018 Junior Bond, (ii) maintained in an amount equal to the applicable Reserve Fund Requirement in accordance with the terms and provisions of the General Bond Ordinance, and (iii) used and applied solely for the purposes set forth in the Section 6.7 of the General Bond Ordinance. In the event the Series 2018 Junior Bond is issued in a calendar year other than 2018, the 2018 Junior Lien Debt Service Reserve Fund may be re-named accordingly.

Section 9. Designation of Trustee, Registrar and Paying Agent. Pursuant to the General Bond Ordinance, the Trustee is The Bank of New York Mellon Trust Company, N.A. The Council hereby designates The Bank of New York Mellon Trust Company, N.A. as Trustee, Registrar and Paying Agent for the Series 2018 Junior Bond. The Registrar and the Paying Agent shall signify their acceptances of their respective duties upon delivery of the Series 2018 Junior Bond.

Section 10. Sale and Issuance of Series 2018 Junior Bond.

(a) The Mayor or City Manager are hereby authorized and empowered to undertake any of the following activities, or, in the event any of the following activities have already been undertaken by the Mayor or City Manager, such actions are hereby ratified:

(i) determine the original issue date of the Series 2018 Junior Bond;

(ii) determine the principal amount of the Series 2018 Junior Bond, if less than authorized by this Ordinance;

(iii) determine the Principal Payment Dates and principal repayment schedule for the Series 2018 Junior Bond;

(iv) determine the initial and subsequent Interest Payment Dates if different from that set forth herein;

(v) determine the optional redemption date and terms of optional or mandatory redemption of the Series 2018 Junior Bond;

(vi) approve the form of a Request for Proposals with respect to the Series 2018 Junior Bond and provide for the distribution of the Request for Proposals to various banks and other financial institutions in the City and other areas as the Finance Director of the City determines;

(vi) determine the date and time for receipt of proposals for the sale of the Series 2018 Junior Bond;

(vii) award the sale of the Series 2018 Junior Bond to the successful bidder therefor in accordance with the terms of the Request for Proposals;

(viii) determine whether to establish the 2018 Junior Lien Debt Service Reserve Fund and, if so established, determine the amount of and manner of funding the Reserve Fund Requirement applicable thereto;

(ix) determine whether to issue the Series 2018 Junior Bond in more than a single series;

(x) determine whether any series of the Series 2018 Junior Bond shall be issued on a federal tax-exempt basis and, if issued on a federal tax-exempt basis, whether the Series 2018 Junior Bond shall be designated as a bank-qualified bond under Section 265(b)(3) of the Code;

(xi) determine whether the provisions of Section 6.8 of the General Bond Ordinance shall be applicable to the payment of the Series 2018 Junior Bond; and

(xii) agree to any other covenants, terms, provisions and matters necessary or advisable to effect the issuance of the Series 2018 Junior Bond, including, without limitation, agreements or covenants restricting the City's ability to issue additional Bonds or Junior Bonds under the General Bond Ordinance while the Series 2018 Junior Bond remains outstanding, or such other terms as may be requested by the Purchaser.

(b) A copy of this Ordinance shall be filed with the minutes of the meeting at which this Ordinance was enacted.

(c) The Council hereby authorizes and directs all of the officers and employees of the City to carry out or cause to be carried out all obligations of the City hereunder and to perform such other actions as they shall consider necessary or advisable in connection with the issuance, sale and delivery of the Series 2018 Junior Bond.

Section 11. Designation of Custodian. The City Manager or the Finance Director of the City are authorized to designate the Custodian of the 2018 Junior Lien Construction Fund. The Custodian shall

signify its acceptance of its duties upon delivery of the Series 2018 Junior Bond.

Section 12. Disposition of Proceeds of Series 2018 Junior Bond and Certain Other Moneys. A portion of the proceeds derived from the sale of the Series 2018 Junior Bond may be deposited in the 2018 Junior Lien Debt Service Reserve Fund, if established pursuant to Section 8 hereof, to satisfy, in whole or in part, the applicable Reserve Fund Requirement. The remaining proceeds derived from the sale of the Series 2018 Junior Bond (less the Purchaser's underwriting fee, if any) shall be deposited in the 2018 Junior Lien Construction Fund established in Section 13 hereof to be used for and applied to the payment of Costs of Acquisition and Construction of the 2018 Junior Lien Projects and Costs of Issuance of the Series 2018 Junior Bond in the manner provided in that section.

Section 13. 2018 Junior Lien Construction Fund. There is hereby established the 2018 Junior Lien Construction Fund, which fund shall be held by the Custodian. In the event the Series 2018 Junior Bond is issued in a calendar year other than 2018, the 2018 Junior Lien Construction Fund may be re-named accordingly. The 2018 Junior Lien Construction Fund may be accounted for as a single fund or as multiple funds, however the moneys on deposit therein may be held by one or more banks or other financial institutions designated by the City. The moneys on deposit in the 2018 Junior Lien Construction Fund shall be used and applied to the payment of the Costs of Acquisition and Construction of 2018 Junior Lien Projects and to pay Costs of Issuance.

Moneys held for the credit of the 2018 Junior Lien Construction Fund shall be invested, at the written direction of the City, to the fullest extent practicable and reasonable, in Permitted Investments, maturing at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from 2018 Junior Lien Construction Fund. Withdrawals from the 2018 Junior Lien Construction Fund shall be made in the manner withdrawals from other funds of the City are made.

If, after the payment in full of all Costs of Acquisition and Construction of the 2018 Junior Lien Projects and Costs of Issuance, any moneys remain in the 2018 Junior Lien Construction Fund, such excess shall, pursuant to written instructions of the City, be paid by the City to the Trustee, which shall deposit such moneys into a subaccount to be created only for the benefit of the Holder of the Series 2018 Junior Bond in the 2018 Junior Lien Debt Service Fund which shall be applied to pay the principal of or the interest on, or both, the Series 2018 Junior Bond.

In making any such payment from the 2018 Junior Lien Construction Fund, the Custodian may rely on such directions, requisitions and certifications delivered to it pursuant to this Section, and the Custodian shall not have any liability with respect to making such payments in accordance with such directions, requisitions and certifications for any liability with respect to the proper application hereof by the City.

Section 14. Federal Tax Covenant. To the extent that the Mayor or the City Manager determine that the Series 2018 Junior Bond shall be issued on a federal tax-exempt basis, the City hereby covenants and agrees with the Purchaser or subsequent Holders of the Series 2018 Junior Bond that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2018 Junior Bond to become includable in the gross income of the Purchaser or subsequent Holders for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Series 2018 Junior Bond and that no use of the proceeds thereof shall be made which, if such use had been reasonably expected on the date of issue of the Series 2018 Junior Bond would have caused such bond to be "arbitrage bonds," as defined in the Code; and to that end the City hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Series 2018 Junior Bond is Outstanding;

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

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

The City Manager or the Finance Director of the City are hereby authorized to adopt written procedures to ensure the City's compliance with federal tax matters relating to the Series 2018 Junior Bond.

It is the intention of Council that this Ordinance shall constitute a declaration of official intent pursuant to Section 1.150-2 of the U.S. Treasury Regulations ("Regulation 1.150-2") to issue the Series 2018 Junior Bond and to reimburse the City for expenditures made by the City with respect to the 2018 Junior Lien Projects incurred no earlier than 60 days prior to the date of this Ordinance (the "Expenditures"). The City understands that such Expenditures which may be reimbursed are limited to Expenditures which are (a) properly chargeable to a capital account (or would be chargeable with a proper election or with the application of the definition placed in service under Regulation 1.150-2) under general federal income tax principles; or (b) certain *de minimis* or preliminary expenditures satisfying the requirements of Regulation 1.150-2. The source of funds for the Expenditures will be the general fund reserves of the City or other lawfully available funds. For the Expenditures to be eligible for reimbursement, the reimbursement allocation must be made not later than 18 months after the later of (i) the date on which the Expenditures were paid or (ii) the date the 2018 Junior Lien Project was placed in service, but in no event more than three (3) years after the date of the original Expenditures.

Section 15. Continuing Disclosure. So long as and to the extent required pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended ("Section 11-1-85"), the City covenants that it will file with a central repository for availability in the secondary bond market when requested:

(i) An annual independent audit, within 30 days of the City's receipt of the audit; and

(ii) Event-specific information within 30 days of an event adversely affecting more than 5% percent of Hospitality Fees or the City's tax base.

The only remedy for failure by the City to comply with the covenant of this Section 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 General Bond Ordinance or this Ordinance. The City specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85, without the consent of the Purchaser or subsequent Holders of the Series 2018 Junior Bond.

Section 16. 2018 Junior Lien Projects; Further Actions. The 2018 Junior Lien Projects are hereby approved. The City Manager, in consultation with the City Attorney, is hereby authorized and directed to execute and deliver any agreements as may be necessary in order to undertake or facilitate the completion of the 2018 Junior Lien Projects by the City. The Mayor, Mayor Pro Tempore, City Manager, Finance Director of the City and the City Attorney are hereby authorized and directed to take any and all such further actions and execute deliver any and all documents and instruments as shall be deemed necessary or desirable in order to effectuate issuance of the Series 2018 Junior Bond, and the completion of the 2018 Junior Lien Projects.

Section 17. Incorporation of Portions of General Bond Ordinance. The Series 2018 Junior Bond is hereby determined to be a Junior Bond issued pursuant to Section 3.5 of the General Bond Ordinance. Unless otherwise provided for in this Ordinance, the following provisions of the General Bond Ordinance shall be applicable to the Series 2018 Junior Bond and are made a part hereof for the benefit and security of the Holders of the Series 2018 Junior Bond from time to time, as though fully set forth herein, to wit: Section 4.2 (Authentication); Section 4.3 (Registration and Transfer of Bonds; Persons Treated as Holders); Section

4.4 (Form of Bonds; Denominations; Medium of Payment); Section 4.5 (Numbers, Date, and Payment Provisions); Section 4.6 (Exchange of Bonds); Section 4.7 (Regulations with Respect to Exchanges and Transfer); Section 4.8 (Mutilated, Lost, Stolen or Destroyed Bonds); Article V (Redemption of Bonds); Article VI (Establishment of Funds; Security for and Payment of the Bonds; Investment of Moneys); Article VII (Covenants); Article VIII (Trustee; Custodians); Article IX (Amendments or Supplements to this Ordinance); Article X (Events of Default); Article XI (Remedies Upon Event of Default); Article XII (Defeasance); Section 13.1 (Benefits of Ordinance Limited to the City, the Trustee and Holders of the Bonds); Section 13.2 (Ordinance Binding Upon Successors or Assigns of the City); Section 13.3 (No Personal Liability); Section 13.4 (Effect of Saturdays, Sundays and Legal Holidays); Section 13.5 (Partial Invalidity); and Section 13.6 (Law and Place of Enforcement of Ordinance).

Any provision, covenant and agreement of the General Bond Ordinance for the benefit and security of the Holders of the Bonds shall be and hereby is incorporated herein for the benefit and security of the Holders of the Series 2018 Junior Bond and shall be interpreted as applicable to Junior Bonds. Notwithstanding the foregoing, compliance with Section 3.3 and 3.4 of the General Bond Ordinance shall not apply to the issuance of the Series 2018 Junior Bond.

In the event of a conflict between the provisions of this Ordinance and the provisions of the General Bond Ordinance incorporated herein, the provisions of this Ordinance shall prevail.

Section 18. Headings. The headings and titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Ordinance.

Section 19. Notices. All notices, certificates or other communications hereunder or under the Ordinance shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows:

If to the City:

City of Spartanburg, South Carolina
Attn: Finance Director
145 West Broad Street
Spartanburg, South Carolina 29306

If to the Paying Agent, the Registrar or the Trustee:

The Bank of New York Mellon Trust Company, N.A.
10161 Centurion Parkway North
Jacksonville, Florida 32256
Attention: Corporate Trust

The City, the Paying Agent, the Registrar and the Trustee may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Each of the Registrar, the Paying Agent and the Trustee shall have the right to accept and act upon directions given pursuant to this Ordinance delivered using Electronic Means (defined below); provided, however, that the Registrar, the Paying Agent and the Trustee, as applicable, have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons (each an "Authorized Officer"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Registrar,

the Paying Agent or the Trustee directions using Electronic Means and the Registrar, the Paying Agent or the Trustee in its discretion elects to act upon such directions, the Registrar's, the Paying Agent's or the Trustee's understanding of such directions shall be deemed controlling. The City understands and agrees that the Registrar, the Paying Agent and the Trustee cannot determine the identity of the actual sender of such directions and that the Registrar, the Paying Agent and the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such directions to the Registrar, the Paying Agent and the Trustee, as applicable, and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. Neither the Registrar, the Paying Agent nor the Trustee shall be liable for any losses, costs or expenses arising directly or indirectly from their reliance upon and compliance with such directions notwithstanding such directions conflict or are inconsistent with a subsequent written direction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions, including without limitation the risk of the Registrar, the Paying Agent or the Trustee acting on unauthorized directions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting such directions and that there may be more secure methods of transmitting directions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by either the Registrar, the Paying Agent or the Trustee, as the case may be, as available for use in connection with its respective services hereunder.

Section 20. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency.

Section 21. Severability. If any sections, phrase, sentence or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not attest the validity of the remaining portions thereof.

Section 22. Effective Date. This Ordinance shall become effective upon its enactment.

[Execution Page Follows]

Enacted by the City Council of the City of Spartanburg, South Carolina, this ___ day of _____, 2018.

CITY OF SPARTANBURG, SOUTH CAROLINA

_____
Mayor

(SEAL)

ATTEST:

_____
Clerk

First Reading: August 27, 2018
Second Reading: September 10, 2018

[Execution Page]

EXHIBIT A

FORM OF SERIES 2018 JUNIOR BOND

TRANSFER RESTRICTED

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

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF SPARTANBURG
$_____
SPECIAL OBLIGATION BOND (HOSPITALITY FEE PLEDGE – JUNIOR LIEN)
[TAXABLE] SERIES 2018

The City of Spartanburg, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to _____ (the "Purchaser"), its successors or registered assigns, but solely from the Hospitality Fees (hereinafter mentioned) and not otherwise, the principal amount of $_____ and to pay interest, but solely from the Hospitality Fees, on such principal amount from the date hereof until this Bond matures or is earlier redeemed. Interest on this Bond shall accrue at the rate of ___% per annum, calculated on the basis of a 360-day year comprised of twelve 30-day months, and is payable as to principal and interest at maturity on _____ __, 2019 [or such earlier date as this Bond is redeemed].

THIS BOND HAS BEEN ISSUED UNDER THE PROCEDURES OF TITLE 6, CHAPTER 17, AND THE PROVISIONS OF TITLE 6, CHAPTER 1, ARTICLE 7, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. THE CITY IS NOT OBLIGATED TO PAY THE PRINCIPAL OF THIS BOND OR THE INTEREST HEREON EXCEPT FROM HOSPITALITY FEES. THIS BOND IS NOT A GENERAL OBLIGATION OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR TAXING POWERS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF HAS BEEN PLEDGED THERETO.

Both the principal of and interest on this Bond are payable at the designated office of The Bank of New York Mellon Trust Company, N.A., in East Syracuse, New York (the "Paying Agent"), without presentation and surrender of this Bond in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, the Paying Agent assumes no liability to any person in the event that the Holder should fail to return this Bond to the Paying Agent upon maturity or after final payment and any such liability shall be borne by the Holder, and no obligation will be imposed upon the Paying Agent to seek the return of this Bond from the Holder.

This Bond is issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Article X, Section 14(10) of the South Carolina

Constitution, the procedures of Title 6, Chapter 17 and the provisions of Title 6, Chapter 1, Article 7 of the Code of Laws of South Carolina 1976, as amended (collectively, the "Act"). This Bond is issued under and pursuant to General Bond Ordinance No. 12-604.4-10.25.10 (the "General Bond Ordinance") of the City Council of the City duly enacted on October 25, 2010, and by Ordinance No. _____-9.10.18 of the Council enacted on September 10, 2018, (the "Junior Bond Ordinance" and, together with the General Bond Ordinance, the "Bond Ordinance"), under the Act which Bond Ordinance has been duly codified and indexed as prescribed by law.

The holder of this Bond is deemed to have consented to the amendment to the General Bond Ordinance set forth in the Second Supplemental Ordinance (as such term is defined in the Junior Bond Ordinance). Such amendment provides that the underwriter or purchaser of any Series of Bonds is authorized to assent to and consent to an amendment to the General Bond Ordinance in the same manner as the Holders of the Bonds.

The Bond Ordinance contains provisions defining terms (and capitalized terms not otherwise defined herein have the meanings set forth therein); sets forth the Hospitality Fees pledged for the payment of the principal of and interest on this Bond and the Bonds of other series herewith which have heretofore or may hereafter be issued on a superior basis or on a parity herewith under the Bond Ordinance; sets forth the nature, extent and manner of enforcement of the security of this Bond and of such pledge, and the rights and remedies of the holder hereof with respect thereto; sets forth the terms and conditions upon which and the extent to which the Bond Ordinance may be altered, modified and amended; sets forth the terms and conditions upon which this Bond has been issued or upon which other Bonds may be hereinafter issued payable as to principal, premium, if any, and interest on a superior basis or on a parity with this Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the City thereunder; and sets forth the terms and conditions upon which the pledge made in the Bond Ordinance for the security of this Bond and upon which the covenants, agreements and other obligations of the City made therein may be discharged at or prior to the maturity or redemption of this Bond with provisions for the payment thereof in the manner set forth in the Bond Ordinance. Reference is hereby made to the Bond Ordinance to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents.

This Bond and the interest hereon is a special obligation of the City and is secured by and payable solely from, and secured by a pledge of and lien upon, the Hospitality Fees imposed and collected by the City. Payment of such Hospitality Fees shall be made after all required payments have been made to the Debt Service Fund, the Debt Service Reserve Fund, if established, and the provider of any surety bond, line of credit, insurance policy or letter of credit for interest on amounts advanced thereunder for each Series of Bonds Outstanding (as such terms are defined in the General Bond Ordinance) in accordance with the first, second and third paragraphs of Section 6.2 of the General Bond Ordinance. The pledge of Hospitality Fees for payment of this Bond is junior and subordinate to the pledge of Hospitality Fees for payment of the Bond of 2014 and the Bonds of 2016 (as such terms are defined in the Junior Bond Ordinance), and any Bonds hereafter issued under the General Bond Ordinance.

This Bond is subject to redemption in whole at any time, at par together with accrued interest to the date of redemption. In the event this Bond is called for redemption, the Registrar shall give written notice to the Holder hereof as shown on the Books of Registry of the City not less than thirty (30) days prior to the date fixed for the redemption thereof.

Pursuant to the Junior Bond Ordinance, certain provisions of the General Bond Ordinance are made applicable to this Bond and are made part of the Junior Bond Ordinance for the benefit and security of the Holder of this Bond form time to time, as though fully set forth in the General Bond Ordinance (the "Incorporated Provisions"). To the extent and in the manner permitted by the terms of the Bond Ordinance, certain provisions of the General Bond Ordinance, including portions of the Incorporated Provisions, may be amended without the consent of any Holder of the Bonds then Outstanding under the

General Bond Ordinance, and certain other provisions of the General Bond Ordinance may be amended or modified by the City with the written consent of the Holders of at least sixty-six and two thirds percent (66-2/3%) in principal amount of the Bonds then outstanding under the Bond Ordinances; provided, that no such amendment or modification shall (a) extend the time of payment of principal of or the interest on any Bond, or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof, or (b) give to any Bond or Bonds any preference over any other Bond or Bonds, or (c) authorize the creation of any pledge prior to or, except as provided in the General Bond Ordinance, on a parity with the pledge afforded by the General Bond ordinance, or (d) reduce the percentage in principal amount of the Bonds required to assent to or authorize any such modification to the General Bond Ordinance.

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

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of South Carolina to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law; that the series of which this Bond is a part does not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part, as provided in the Bond Ordinance.

IN WITNESS WHEREOF, the City of Spartanburg, South Carolina, has caused this Bond to be executed on the ____ day of _____, 2018, in its name by the [manual][facsimile] signature of the Mayor of the City and attested by the [manual][facsimile] signature of the Municipal Clerk of the City under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF SPARTANBURG, SOUTH CAROLINA

By:_____
Mayor

(SEAL)

ATTEST:

_____
Municipal Clerk

REGISTRATION/AUTHENTICATION

This Bond has been registered in the name of First-Citizens Bank & Trust Company on the registration books kept by The Bank of New York Mellon Trust Company, N.A., as Registrar.

Dated this ____ day of _____, 2018.

The Bank of New York Mellon Trust Company, N.A.

By: _____

Its: _____