This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2026

NEW ISSUE; BOOK-ENTRY ONLY

Ratings: Moody's: Aa1
S&P: AA+
(See "RATINGS" herein)

DAC Bond®

In the opinion of Bond Counsel, assuming continuing compliance by the Issuer with certain covenants, interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the Series 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" for a brief description of certain federal income tax consequences to certain recipients of interest on the Series 2026 Bonds. The Series 2026 Bonds and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.

$83,215,000*
CITY OF CHARLESTON, SOUTH CAROLINA
City of Charleston Public Facilities Corporation
Installment Purchase Capital Improvement and Refunding Revenue Bonds
(City of Charleston Project)
Series 2026

Dated: Date of Delivery **Due: September 1, as shown below**

The above described Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026 (the "Series 2026 Bonds") are limited obligations of the City of Charleston Public Facilities Corporation (the "Issuer") and are paid solely from and secured by amounts pledged (the "Trust Estate") under a Trust Agreement (the "Trust Agreement") dated as of December 1, 2026 between the Issuer and U.S. Bank Trust Company, National Association, as trustee. The Trust Estate consists primarily of amounts to be paid by the City of Charleston, South Carolina (the "City"), a municipal corporation organized and existing under the laws of the State of South Carolina (the "State"), under a Municipal Facilities Purchase and Occupancy Agreement dated as of December 1, 2026 (the "Facilities Agreement") between the Issuer and the City.

The Series 2026 Bonds are being issued for the purpose of refunding all or a portion of the City of Charleston Public Facilities Corporation Installment Purchase Revenue Bonds (City of Charleston Project), Series 2015A, dated September 17, 2015; and financing the construction of the City's new city office building in West Ashley, including the acquisition of the land therefor (the "Project Facilities") and the City's new police fleet and garage facility, and the acquisition of land for new fire stations (the "Ancillary Facilities"). See "PLAN OF FINANCING" herein.

The financial obligations of the City under the Facilities Agreement do not constitute general obligations of the City to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made by the City Council of the City to pay the installment payments of purchase price due in each fiscal year under the Facilities Agreement. The City's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the City in any fiscal year in which funds are not appropriated by the City to pay the installment payments of purchase price due in such fiscal year. The City has no continuing obligation to appropriate funds to pay installment payments of purchase price due under the Facilities Agreement and may terminate its obligations under the Facilities Agreement on an annual basis without any penalty. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" herein.

The Series 2026 Bonds will be issued in fully registered form and will initially be issued to and registered only in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not be entitled to receive physical delivery of the Series 2026 Bonds. See "THE SERIES 2026 BONDS-Book-Entry-Only System" herein.

Interest on the Series 2026 Bonds is payable semiannually on March 1 and September 1 of each year (commencing March 1, 2027) by payment to DTC or its nominee as the registered owner of the Series 2026 Bonds. Disbursements of payments of interest and of principal and of any premium to DTC participants is the responsibility of DTC, and disbursement of such payments to the owners of book-entry interests is the responsibility of DTC participants and indirect participants, as more fully described herein. The Series 2026 Bonds are subject to optional [and mandatory] redemption as set forth herein.

MATURITY SCHEDULE*

September 1	Principal Amount	Interest Rate	Yield	CUSIP**	September 1	Principal Amount	Interest Rate	Yield	CUSIP**
2027	$4,760,000				2037	$3,745,000			
2028	3,980,000				2038	3,935,000			
2029	4,310,000				2039	4,130,000			
2030	4,380,000				2040	4,335,000			
2031	2,490,000				2041	4,555,000			
2032	2,750,000				2042	4,785,000			
2033	3,085,000				2043	5,035,000			
2034	3,235,000				2044	5,300,000			
2035	3,400,000				2045	5,575,000			
2036	3,565,000				2046	5,865,000			

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

The Series 2026 Bonds are offered when, as, and if issued and accepted by the Underwriters, subject to the final approving opinion of Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, Bond Counsel. Certain legal matters will be passed on by the Office of Corporation Counsel, counsel to the City and Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, counsel to the Issuer. Haynsworth Sinkler Boyd, P.A., Greenville, South Carolina, is serving as Disclosure Counsel, and Howell Linkous & Nettles, LLC, Charleston, South Carolina, is serving as counsel to the Underwriters. First Tryon Advisors, LLC, Charlotte, North Carolina, is serving as Municipal Advisor to the City in connection with the issuance of the Series 2026 Bonds. It is expected that delivery of the Series 2026 Bonds in definitive form will be made on or about December 10, 2026, through the facilities of DTC against payment therefor.

RAYMOND JAMES®

PNC CAPITAL MARKETS LLC **WELLS FARGO SECURITIES**

November __, 2026

* Preliminary, subject to change.

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® numbers are provided for convenience of reference only. None of the City, the Issuer, the Municipal Advisor or the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions.

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2026 Bonds identified on the cover. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City of Charleston Public Facilities Corporation (the "Issuer") or the City of Charleston, South Carolina (the "City") or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor the sale of any of the Series 2026 Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof ("Rule 15c2-12"), this Preliminary Official Statement constitutes an official statement of the Issuer that has been deemed final by the Issuer as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

UPON EXECUTION AND DELIVERY, THE SERIES 2026 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY HAS APPROVED OR DISAPPROVED OF THE SERIES 2026 BONDS FOR SALE OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Certain information contained in this Official Statement may have been obtained from sources other than records of the Issuer or the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THE CITY.

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

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

U.S. Bank Trust Company, National Association, as trustee (the "Trustee") has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement, and the Trustee makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2026 Bonds; (iii) the tax exempt status of the interest on the Series 2026 Bonds; or (iv) any other matter described herein.

CITY OF CHARLESTON, SOUTH CAROLINA
116 Meeting Street
Charleston, South Carolina 29401

CHARLESTON CITY COUNCIL

William S. Cogswell, Jr., Mayor
Ross A. Appel
Stephen Bowden
Karl L. Brady Jr.
Ben D'Allesandro
Boyd Gregg
Jim McBride
Aaron Tobias Polkey
Michael S. Seekings
Kevin Shealy
Leslie Skardon
William P. Tinkler
Perry K. Waring

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION

Amy K. Wharton, President
Matthew Frohlich, Vice President
Sarah Myers, Secretary/Treasurer

COUNSEL

Bond and Disclosure Counsel – Haynsworth Sinkler Boyd, P.A.
Counsel to the City – Office of Corporation Counsel
Counsel to the Issuer – Haynsworth Sinkler Boyd, P.A.
Counsel to the Underwriters – Howell Linkous & Nettles, LLC

MUNICIPAL ADVISOR

First Tryon Advisors, LLC
Charlotte, North Carolina

TRUSTEE

U.S. Bank Trust Company, National Association
Columbia, South Carolina

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OFFICIAL STATEMENT

**$83,215,000*
CITY OF CHARLESTON, SOUTH CAROLINA
City of Charleston Public Facilities Corporation
Installment Purchase Capital Improvement
and Refunding Revenue Bonds
(City of Charleston Project)
Series 2026**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the City of Charleston Public Facilities Corporation of $83,215,000* in aggregate principal amount of its Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026 (the "Series 2026 Bonds"). Definitions of certain terms used in this Official Statement and not otherwise defined herein are included in the forms of the various financing documents set forth in Appendix C to this Official Statement.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2026 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.

The Issuer

The City of Charleston Public Facilities Corporation (the "Issuer"), the issuer of the Series 2026 Bonds, is a nonprofit corporation organized and existing under the laws of the State of South Carolina (the "State"). For more complete information, see "THE ISSUER" herein.

The City

The City of Charleston, South Carolina (the "City") is a municipal corporation organized and existing under the laws of the State. The City is located within the territorial limits of Charleston and Berkeley Counties. For more complete information, see "THE CITY OF CHARLESTON" in Appendix B hereto.

The Trustee

U.S. Bank Trust Company, National Association (the "Trustee"), Columbia, South Carolina, will act as trustee, as bond registrar, and as paying agent for the Series 2026 Bonds under the Trust Agreement.

Purpose of the Series 2026 Bonds

The Issuer is issuing the Series 2026 Bonds for the purpose of providing funds to (i) refund all or a portion of the City of Charleston Public Facilities Corporation Installment Purchase Revenue Bonds (City of Charleston Project), Series 2015A, dated September 17, 2015 (the "Series 2015A Bonds"); (ii) finance the cost of the construction, equipping, furnishing and installation of the City's new city office building in West Ashley, including the acquisition of the land therefor (the "Project Facilities"); (iii) finance the cost of the construction, equipping, furnishing and installation of the City's new police fleet and garage facility, and the acquisition of land for new fire stations (the "Ancillary Facilities"), and (iv) the costs of issuing the Series 2026 Bonds. For more complete information, see

*Preliminary, subject to change.

"PLAN OF FINANCING" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" herein.

Security and Sources of Payment for the Series 2026 Bonds

The Series 2026 Bonds are special limited obligations of the Issuer, payable solely from and secured by the amounts pledged (the "Trust Estate") under the Trust Agreement, as described below.

The City is the owner of certain land (the "Real Property") upon which the City's Project Facilities will be constructed. In order to provide for the construction and equipping of the Project Facilities, the City will lease the Real Property to the Issuer pursuant to a Base Lease Agreement dated as of December 1, 2026 (the "Base Lease") between the City, as lessor, and the Issuer, as lessee. The City will purchase the Project Facilities from the Issuer pursuant to a Municipal Facilities Purchase and Occupancy Agreement (the "Facilities Agreement"), dated as of December 1, 2026, between the Issuer, as seller, and the City, as purchaser, which will obligate the City to make semiannual installment payments of purchase price, also referred to as "Acquisition Payments," to the Issuer in amounts calculated to be sufficient to enable the Issuer to pay, when due, the principal of, premium, if any, and interest on the Series 2026 Bonds. The Ancillary Facilities and the real property on which they will be located will not be subject to the Base Lease or the Facilities Agreement.

The financial obligations of the City under the Facilities Agreement do not constitute general obligations of the City to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made by the City Council of the City to pay the Acquisition Payments due in each fiscal year under the Facilities Agreement using funds appropriated by the City Council of the City for such purpose, including the proceeds of general obligation bonds. The City's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the City in any fiscal year in which funds are not appropriated by the City to pay the Acquisition Payments due in such fiscal year. The City has no continuing obligation to appropriate funds to pay Acquisition Payments due under the Facilities Agreement and may terminate its obligations under the Facilities Agreement on an annual basis without any penalty.

To secure its obligations under the Series 2026 Bonds, the Issuer will enter into a Trust Agreement (the "Trust Agreement") with the Trustee dated as of December 1, 2026, pursuant to which the Issuer will (i) assign to the Trustee, and grant a first priority security interest in, all of its right, title and interest in and to (a) the Facilities Agreement (except for certain rights reserved to the Issuer) and all amounts to be received thereunder and (b) the Base Lease, (ii) assign and pledge to the Trustee, and grant a first priority security interest in, all revenues and receipts derived from the Issuer's leasehold interest in the Real Property, and (iii) assign and pledge to the Trustee, and grant a first priority security interest in, all moneys held by the Trustee in certain funds and accounts created under the Trust Agreement.

There will be no debt service reserve fund established for the Series 2026 Bonds.

Under certain circumstances, the Trust Agreement permits the Issuer to issue additional bonds, which will be equally and ratably secured on a parity basis with the Series 2026 Bonds under the Trust Agreement.

For more complete and detailed information, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" herein.

Description of the Series 2026 Bonds

Redemption. The Series 2026 Bonds are subject to optional redemption [and mandatory sinking fund redemption] prior to maturity. The Series 2026 Bonds maturing after September 1, 20__, are subject to optional redemption, on or after September 1, 20__, at the prices and on the terms described in this Official Statement. [The Series 2026 Bonds are subject to mandatory sinking fund redemption, in part on the dates and at the prices and on the terms described in this Official Statement.] For more complete information, see "THE SERIES 2026 BONDS—Redemption" herein.

Denominations. The Series 2026 Bonds are issuable in the denominations of $5,000 or any integral multiple thereof.

Book Entry Bonds. Each of the Series 2026 Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2026 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2026 Bonds purchased. Purchases of beneficial interests in the Series 2026 Bonds will be made in book entry only form (without certificates), in authorized denominations, and, under certain circumstances as more fully described in this Official Statement, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount and maturity in authorized denominations. For more complete information, see "THE SERIES 2026 BONDS—Book Entry Only System" herein.

Payments. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2026 Bonds, payments of the principal of, premium, if any, and interest on the Series 2026 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the beneficial owners of the Series 2026 Bonds.

For a more complete description of the Series 2026 Bonds, see "THE SERIES 2026 BONDS" herein.

Tax Exemption

In the opinion of Bond Counsel, assuming continuing compliance by the Corporation with certain covenants, interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the Series 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" for a brief description of certain federal income tax consequences to certain recipients of interest on the Series 2026 Bonds. The Series 2026 Bonds and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State, except estate, transfer and certain franchise taxes. See Appendix D hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2026 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2026 Bonds, including certain exceptions to the exclusion of the interest on the Series 2026 Bonds from gross income, see "TAX MATTERS" herein.

Professionals Involved in the Offering

Certain legal matters pertaining to the Issuer and its authorization and issuance of the Series 2026 Bonds are subject to the approving opinion of Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2026 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix D. Certain legal matters will be passed on for the Issuer by its counsel, Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, for the City by the Office of Corporation Counsel and for the Underwriters by their counsel, Howell Linkous & Nettles, LLC, Charleston, South Carolina. Haynsworth Sinkler Boyd, P.A., Greenville, South Carolina, is serving as Disclosure Counsel. The basic financial statements of the City as of December 31, 2025, and for the year then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A hereto.

Legal Authority

The Series 2026 Bonds are being issued and secured pursuant to the authority granted by the laws of the State and under the provisions of a Bond Resolution of the Issuer, adopted by the Board of Directors of the Issuer on November 6, 2026. For more complete information, see "THE SERIES 2026 BONDS - Legal Authority" herein.

Offering and Delivery of the Series 2026 Bonds

The Series 2026 Bonds are offered when, as, and if issued by the Issuer and accepted by Raymond James & Associates, Inc., PNC Capital Markets LLC, and Wells Fargo Bank, National Association, as the underwriters (collectively, the "Underwriters"), subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2026 Bonds in definitive form are expected to be delivered to DTC on or about December 10, 2026.

Investment Considerations

Introduction

In analyzing the Series 2026 Bonds and the security and sources of payment therefor and in order to make an informed investment decision, potential investors should carefully consider the following investment considerations prior to making a decision to purchase the Series 2026 Bonds. The following investment considerations are not intended to be exhaustive of the general or specific investment considerations relating to the purchase of the Series 2026 Bonds. Additional investment considerations relating to the purchase of the Series 2026 Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Nonappropriation

The debt service on the Series 2026 Bonds will be payable primarily from Acquisition Payments made by the City pursuant to the Facilities Agreement. The obligation of the City to make Acquisition Payments under the Facilities Agreement is limited to funds that are specifically budgeted and appropriated annually for that purpose. Subject to its right to terminate the Facilities Agreement by exercising its right of nonappropriation, the City has covenanted in the Facilities Agreement that it will enact by December 31 of each year a budget providing for the appropriations of funds sufficient to make Acquisition Payments coming due in the next fiscal year. The City may terminate the Facilities Agreement annually without any penalty. See "THE FACILITIES AGREEMENT" in Appendix C hereto.

Each Acquisition Payment made by the City under the Facilities Agreement will cause an undivided interest in the Project Facilities, equal to that percentage of the total debt service (principal and interest) payable on the Series 2026 Bonds funded from such installment payment, to transfer from the Issuer to the City. The Facilities Agreement provides that upon its termination, either by reason of default or nonappropriation, entire components of the Project Facilities will be partitioned between the Issuer and the City based upon their respective percentages of undivided interests in the Project Facilities. The determination of which particular components of the Project Facilities will remain with the Issuer and which components will be transferred to the City will be made by an advisor appointed by the Trustee, who is directed by the Facilities Agreement to protect the interests of the Beneficial Owners of the Series 2026 Bonds in preparing the partition plan. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" herein and "THE FACILITIES AGREEMENT" in Appendix C hereto.

Continuing Need for Decreasing Interest in the Project Facilities

As the City makes Acquisition Payments over the term of the Series 2026 Bonds, it will increase its undivided interest in the Project Facilities and reduce the Issuer's undivided interest in the Project Facilities. As a result, the City's need for the portion of the Project Facilities retained by the Issuer will diminish as the Issuer's undivided interest in the Project Facilities decreases. Moreover, as Acquisition Payments are made, the City's proportionate undivided interest in the Project Facilities will increase at a relatively faster rate than the outstanding principal amount of the Series 2026 Bonds will be reduced. In the later years of the term of the Series 2026 Bonds, the unpaid principal amount of the Series 2026 Bonds might exceed the fair market value of the Issuer's undivided interest in the Project Facilities. In the event the Facilities Agreement is terminated and the Project Facilities are partitioned between the Issuer and the City, the Facilities Agreement directs the advisor preparing the partition plan to protect the interests of the Beneficial Owners of the Series 2026 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS - Facilities Agreement" herein.

Remedies Upon Nonappropriation

The Issuer has not mortgaged the Real Property to secure the Series 2026 Bonds. In the event the City terminates the Facilities Agreement, the Series 2026 Bonds will be payable from such moneys, if any, as may be held or made available by the Trustee from the leasing until the expiration of the Base Lease (September 1, 2051) of the Real Property that remains with the Issuer after the partitioning described above is accomplished. The Project Facilities have been designed to be used solely for municipal purposes. There can be no assurance of the value of the Real Property for any use other than municipal purposes in the event of termination of the Facilities Agreement. In this event, the revenues from leasing the Real Property, if any, may be substantially less than the amount of remaining debt service on the Bonds.

Sea Level Rise; Local Flooding and Resilience Strategy

The U.S. Geologic Survey's Charleston Harbor tide gauge has been measuring sea level continuously since 1921, and thirteen inches of sea level rise (SLR) has been observed over that period, with half of the SLR occurring over the past 30 years. With this SLR, coastal flooding in low-lying areas of the City have increased, and minor coastal flooding incidents have averaged 67 per year over the past decade. Recent years have also seen more frequent significant tidal crests in Charleston Harbor, with nine of the highest fifteen tidal crests occurring in the last decade. In March 2022, US government agencies – including NOAA, USGS, NASA, USACE – issued a joint report indicating that on average SLR will increase between ten to fourteen inches on the southeast Atlantic coastline by 2050. The City has incorporated this anticipated SLR in its infrastructure and other City planning.

In 2018, the City created a Resilience Office (the "Resilience Office") led by a Chief Resilience Officer, reporting directly to the Mayor, to specifically focus on and coordinate the City's resilience efforts and projects, with flood and SLR risks as the lead focus. The Office of Resilience and Sustainability coordinates and leverages opportunities, planning and resources across the City's departments, the local community, and with county, State, Federal, national and international partners. The Office of Resilience and Sustainability is tasked with managing and updating existing, and developing new, initiatives, policies and programs in support of the City's resilience needs and goals, including the following:

- *Flooding and Sea Level Rise Strategy* – First published in 2015, the City's Flooding and Sea Level Rise Strategy (the "Strategy") was updated in February 2019 and again in March 2023. See: www.charleston-sc.gov/flooding-and-sea-level-rise-strategy-2023. The Strategy contains key information on flooding and SLR and summarizes City efforts on mitigation and adaptation actions through five critical focal areas: infrastructure, governance, land use, resources and outreach/partnerships.

- *All Hazards Vulnerability Assessment* – Issued in November 2019, this assessment identified populations and assets (i.e. economic, cultural, historical, critical facilities, and ecosystem services) vulnerable to physical threats such as SLR, extreme precipitation, extreme heat, seismic and other hazards. The assessment highlights critical areas and assets most at risk from hazards, consequences associated with each and the potential risk mitigation and adaptation measures.

- *Dutch Dialogues* – The City engaged with Dutch, national and local planners, engineers, hydrologists, and ecologists to establish projects and pathways for the City and its residents to (a) understand flood risks, (b) wherever possible live more naturally with water and (c) integrate water into all City planning and into the fabric of the City. The Dutch Dialogues final report was issued in September 2019 and adopted by City Council in December 2019. A number of key recommendations have been and/or are being implemented.

- *Army Corps of Engineers Peninsula Flood Risk Management Study* – Between October 2018 and February 2022, the City and the U.S. Army Corps of Engineers (USACE) undertook and completed the feasibility phase of a federally-authorized Coastal Storm Risk Management project for the Charleston peninsula (the "Battery Extension project"). The final report was submitted to and approved by the United States Congress and the Biden administration in 2022. The City and USACE are currently in the pre-construction, engineering, and design (PED) phase to progress the Battery Extension project.

- *Comprehensive, Integrated Water Plan (CIWP)* – The City is developing a CIWP to understand and plan for current and future flood risks across all City planning areas, neighborhoods and floodplains. The CIWP has a 25-year planning horizon and will propose a set of policies, programs and projects to address those risks over the planning horizon. Land-use, development, governance, infrastructure, adaptation, flood risk mitigation and possibly acquisition will be addressed.

- *Tidal and Inland Flood Risk Management Study* – In 2024, the City began a six-year Tidal and Inland Flood Risk Management Study. The study focuses on developing nature-based solutions, improved drainage conveyance, and the use of non-structural interventions to mitigate and reduce the risk of flood prone areas in the City. The current scope includes the areas of James Island, West Ashley and the Peninsula and seeks to integrate with the City's CIWP and with the Coastal Storm Risk Management program by the USACE. The results from the study are intended to assist the City in pursuing flood-mitigation projects that are eligible for cost-sharing with the federal government as future federal funding is available.

While the key efforts listed above improve the City's risk mitigation, resilience and adaptive capacity, it can give no assurances that the effects of sea level rise will not adversely affect the City.

Hurricanes

The City is susceptible to hurricanes and similar storms in which winds and tidal surges are powerful enough to cause severe destruction. The City's facilities have previously suffered damage from hurricanes and tropical storms that have hit the City; however, such storms have not materially affected the operations or revenues of the City. The City has an Emergency Management Operations Plan, which is initiated when the City is threatened by a storm. This plan ensures that the City's core services will continue to function in the event of a major hurricane or other weather-related catastrophe.

Seismic Activity

The Charleston area's historical level of seismic activity increases the likelihood that an earthquake originating in the area could destroy, or render unusable for a period, certain of the City's facilities. Major earthquakes may occur at any time in the Charleston area, and an earthquake of such magnitude with an epicenter in enough proximity to the City could result in substantial damage.

Cyber Security Management

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cyber security threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of sensitive information, the City may be the target of cyber security incidents that could result in adverse consequences to the City and its Systems Technology, requiring a response action to mitigate the consequences.

Cyber security incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. The City has implemented certain controls, including data and network security measures, malware protection, security configuration, website filtering and protection, and user training, to mitigate the risk of cyber security breaches from internal sources or activities. In addition, the City has obtained layered cyber-risk insurance policies.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement,

the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "budgeted" and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward looking statements speak only as of the date of this Official Statement. The Issuer and the City each disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the City, the Series 2026 Bonds, the Project Facilities, the Real Property, the Trust Agreement, the Facilities Agreement, the Base Lease, the Continuing Disclosure Agreement, and the security and sources of payment for the Series 2026 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, such contracts, and other documents are intended as summaries only and are qualified in their entirety by reference to such laws and documents, and references herein to the Series 2026 Bonds are qualified in their entirety by reference to the form thereof included in the Trust Agreement. Copies of such contracts and other documents and information are available, upon request and upon payment to the City of a charge for copying, transmitting and handling. During the period of the offering of the Series 2026 Bonds copies of such documents are available, upon request and upon payment to the Underwriters of a charge for copying, transmitting and handling.

The Series 2026 Bonds and their underlying obligations have not been registered under the Securities Act of 1933, and the Trust Agreement has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the City, or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the City, or the Underwriters. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer or the City. The information set forth herein has been obtained by the Issuer and the City from sources that are believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriters. The Issuer has not provided information regarding the City and does not certify as to the accuracy or sufficiency of the disclosure practices of or content of the information provided by the City and is not responsible for the information provided by the City. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, the City, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

THE ISSUER

The Issuer is a South Carolina nonprofit corporation. The members of the board of directors of the Issuer are Amy K. Wharton, President; Matthew Frohlich, Vice President; and Sarah Myers, Secretary/Treasurer. The Issuer holds a leasehold interest in the Real Property. The Issuer is established as a single-purpose corporate entity which is prohibited from engaging in any business other than to own and lease facilities to be used for governmental functions in connection with the financing of such facilities.

THE SERIES 2026 BONDS

Description

The Series 2026 Bonds will be dated the date of delivery and will bear interest at the rates per annum set forth on the cover page of this Official Statement, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on March 1, 2027 and semiannually thereafter on March 1 and September 1 of each year (each a "Bond Payment Date") and will mature on the dates and in the amounts set forth on the cover page of this Official Statement, unless earlier called for redemption.

Each of the Series 2026 Bonds will bear interest from the later of the date of delivery or the date to which interest has been paid immediately preceding the authentication date thereof, unless the authentication date thereof is a Bond Payment Date, in which event each such Series 2026 Bond will bear interest from the earlier of such authentication date or the date to which interest has been paid or, in the event no interest has been paid, from the date of delivery.

The Series 2026 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof. Purchases of beneficial ownership interests in the Series 2026 Bonds will be made in book entry form, and purchasers will not receive certificates representing interests in the Series 2026 Bonds so purchased. If the book entry system is discontinued, Series 2026 Bonds will be delivered as described in the Trust Agreement, and Beneficial Owners will become the registered owners of the Series 2026 Bonds. See "THE SERIES 2026 BONDS—Book Entry Only System" herein.

Redemption

Optional Redemption

In the event the City exercises its option pursuant to the Facilities Agreement to purchase the Issuer's interest in the Project Facilities and pay the amount required to defease and redeem the Series 2026 Bonds or to prepay Base Payments, or in the event the City makes a voluntary prepayment under the Facilities Agreement, the Series 2026 Bonds maturing after September 1, 20__ will be redeemed in whole or in part at any time, on or after September 1, 20__, by the Issuer at the redemption price of 100% of the principal amount thereof plus accrued interest to such redemption date.

Notice of Redemption

The notice of the call for redemption of Series 2026 Bonds will be given by the Trustee by first class mail, postage prepaid, at least 30 days, but not more than 60 days, prior to the date fixed for redemption to the registered owner of each Series 2026 Bond subject to redemption at such owner's address shown on the registration books of the Issuer.

Partial Redemption

If less than all of the Series 2026 Bonds are called for redemption, the Series 2026 Bonds to be redeemed will be selected in the manner that the Issuer shall determine as set forth in a certificate of the Issuer filed with the Trustee. If less than all Series 2026 Bonds of any one maturity are called for redemption, the Trustee shall select the Series 2026 Bonds to be redeemed by lot, each $5,000 portion of the principal being counted as one Series 2026 Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2026 Bonds is Cede & Co., such selection shall be made by DTC, as described herein under the heading "THE SERIES 2026 BONDS - Book Entry Only System."

Book-Entry Only System

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of

each series of the Series 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC will initially act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully registered securities in the name of Cede & Co. (DTC's partnership nominee). Upon issuance of the Series 2026 Bonds, one fully registered bond will be issued for each maturity of the Series 2026 Bonds as set forth on the cover page hereof, each in the aggregate principal amount of such maturity and will be deposited with DTC. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2026 Bonds references herein to the holders or registered owners (the "Holders") of the Series 2026 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners (hereinafter defined) of the Series 2026 Bonds.

The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but neither the Issuer nor the Underwriters take any responsibility for the accuracy or completeness thereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bond ("Beneficial Owner") is in turn to be recorded on the DTC Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other names as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The Issuer and the Trustee will recognize DTC or its nominee, Cede & Co., as the registered owner of the Series 2026 Bonds for all purposes. Conveyance of notices and other communications by DTC to Direct Participants,

by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2026 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the record date (identified on a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Issuer and the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer acting through the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Legal Authority

The Series 2026 Bonds are being issued and secured by the Issuer pursuant to the authority granted by Chapter 31 of Title 33 of the Code of Laws of South Carolina, 1976, as amended (the "S.C. Code"), known as the "South Carolina Nonprofit Corporation Act of 1994." The Series 2026 Bonds are being issued under the provisions of a Bond Resolution adopted by the Board of Directors of the Issuer on November 6, 2026.

S.C. Code Section 5-7-40 authorizes the City to enter into the Base Lease and the Facilities Agreement and to perform its obligations thereunder.

The execution, delivery, and performance of the Facilities Agreement and the Base Lease by the City were authorized and approved pursuant to an Ordinance enacted by the City Council of the City, on November 10, 2026.

Investments

For a description of how the proceeds of the Series 2026 Bonds may be invested pending their use, the provisions governing those investments, the conditions that must be satisfied before such proceeds of the Series 2026 Bonds may be applied to their intended use, and other provisions governing the investment of such proceeds of the Series 2026 Bonds and the amounts held to pay debt service on the Series 2026 Bonds, see "THE TRUST AGREEMENT" in Appendix C hereto.

Principal and Interest Requirements

Set forth below are the principal and interest payment requirements with respect to the Series 2026 Bonds. For purposes of calculating the principal payable in any year, the relevant maturity [or mandatory redemption amount] is used. A description of the other debt service requirements of the City is set forth in Appendix B under "DEBT STRUCTURE—Outstanding Debt."

Year Ending December 31	Principal	Interest	Total Debt Service Requirements
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
Totals			

PLAN OF FINANCING

Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Series 2026 Bonds are estimated below.

Estimated Sources of Funds:

Par Amount of Series 2026 Bonds	$
[Net] Original Issue [Premium/Discount]	
Total Sources of Funds	$

Estimated Applications of Funds:

Refunding Series 2015A Bonds	
Costs of Project Facilities	$
Costs of Ancillary Facilities	
Costs of Issuance[1]	
Total Applications of Funds	$

[1]Includes underwriting, legal fees, initial Trustee's fees, rating agencies' fees, and other costs of issuance.

The Project Facilities

The Project Facilities will consist of the City's new office building in West Ashley. The centralized and consolidated office building consisting of approximately 48,450 square feet will be located in the middle of West Ashley, which is the City's largest population center, and will house the City's Livability, Tourism, Recreation, Process and Service Improvement, Human Resources and Organizational Development, Cultural Affairs, Grants, Real Estate, Procurement and Internal Audit departments and divisions. It will also include a satellite permit center for developers to obtain plan review and permitting for projects. The new office building will replace office space currently leased by the City on the peninsula.

The Ancillary Facilities

The Ancillary Facilities will include a new police fleet and garage facility and land acquisitions for new fire stations.

The Refunding

The Series 2015A Bonds maturing on September 1, 2027 through September 1, 2030 will be refunded on _____, 2026.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS

Facilities Agreement

Nature of Obligation

Pursuant to the Facilities Agreement, the City will agree to pay to the Issuer Acquisition Payments for the Project Facilities in such amounts and at such times as will be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2026 Bonds, as and when the same shall become due and payable. See "THE FACILITIES AGREEMENT" in Appendix C hereto.

The financial obligations of the City under the Facilities Agreement do not constitute general obligations of the City to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made by the City Council of the City to pay the Acquisition Payments due in each fiscal year under the Facilities Agreement. The City's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the City in any fiscal year in which funds are not appropriated by the City to pay the Acquisition Payments due in such fiscal year. The City has no continuing obligation to appropriate funds to pay Acquisition Payments due under the Facilities Agreement and may terminate its obligations under the Facilities Agreement on an annual basis without any penalty.

The City's exercise of its option to terminate its obligations under the Facilities Agreement is determined by the failure of the City Council of the City to specifically budget and appropriate moneys to pay all Acquisition Payments for the next fiscal year of the City, determined by January 1 of each year. As more fully set forth in Appendix C hereto under "THE FACILITIES AGREEMENT," the term "Acquisition Payments" includes the Base Payments and the Additional Payments, the term "Base Payments" means the amounts payable by the City under the Facilities Agreement sufficient in amount and time to enable the Issuer to pay the Series 2026 Bonds, including principal and interest, and the term "Additional Payments" means the costs and expenses paid by the Issuer or the Trustee under the Facilities Agreement, administrative expenses, and costs incurred by the Issuer in connection with its operation and existence as a nonprofit corporation.

Conveyance of Property Interest

Under the terms of the Facilities Agreement, upon each payment or prepayment of Base Payments (other than those made from proceeds of the Series 2026 Bonds), an undivided interest in the Project Facilities, equal to that percentage of the "Acquisition Price" (defined to mean the sum of all Base Payments, which equals the total principal

and interest payable on the Series 2026 Bonds) represented by such payment or prepayment, will transfer from the Issuer to the City. Under the terms of the Facilities Agreement, payment by the City of Base Payments also entitles the City to the use and occupancy of all of the Real Property and Project Facilities during the applicable Fiscal Year in which such Base Payments are made.

The Facilities Agreement provides that upon its termination, either by reason of default or nonappropriation, entire components of the Project Facilities will be partitioned between the Issuer and the City based upon their respective percentages of undivided interests in the Project Facilities. The determination of which particular components of the Real Property will remain subject to the leasehold interest of the Issuer and which components will be transferred to the City will be made by an advisor appointed by the Trustee, who is directed by the Facilities Agreement to protect the interests of the Beneficial Owners of the Series 2026 Bonds in preparing the partition plan. The Facilities Agreement provides that, in making the determinations of which components of the Project Facilities are to be allocated to the Issuer to protect the interests of the Beneficial Owners of the Series 2026 Bonds, the advisor preparing the partition plan may take into account the market value of such components and the relative importance of such components to the City, all to determine which components will best protect the interests of the Beneficial Owners of the Series 2026 Bonds. The Facilities Agreement obligates the City to relinquish its right of possession to the components of the Real Property partitioned to the Issuer and obligates the Issuer to release from the Base Lease the components of the Real Property partitioned to the City. See "THE FACILITIES AGREEMENT—Event of Nonappropriation" in Appendix C hereto.

Source of Base Payments

The City expects to make the Base Payments with funds appropriated by the City Council of the City to make the Base Payments due on the fifteenth day preceding the following Bond Payment Date.

The City will represent in the Facilities Agreement that it has no reason to believe, as of the date of the Facilities Agreement, that it will not continue making Acquisition Payments through the entire duration of the Facilities Agreement, and reasonably believes that it will pay the Acquisition Payments due or coming due thereunder in order to continue to use the Project Facilities. This representation is subject to the ability of the City to terminate the Facilities Agreement and all its obligations under the Facilities Agreement.

Trust Agreement

As security for its obligations under the Series 2026 Bonds, the Issuer will (1) assign and pledge to the Trustee, and grant a first priority security interest in, all of its right, title and interest in and to (a) the Facilities Agreement, including all moneys, revenues, and receipts to be received thereunder (except for certain rights reserved to the Issuer), and (b) the Base Lease, (2) assign and pledge to the Trustee, and grant a first priority security interest in, all revenues and receipts derived from the Issuer's leasehold interest in the Real Property, and (3) assign and pledge to the Trustee, and grant a first priority security interest in, all moneys held by the Trustee in certain funds and accounts created under the Trust Agreement, all pursuant to the Trust Agreement. See "THE TRUST AGREEMENT" in Appendix C hereto.

The Issuer has not granted any lien on or security interest in the Real Property to secure the Series 2026 Bonds. In the event the City terminates the Facilities Agreement, the Series 2026 Bonds will be payable from such moneys, if any, as may be held or made available by the Trustee from the leasing until the expiration of the Base Lease (September 1, 2051) of the Real Property that remains with the Issuer after the partitioning is accomplished that is described herein under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS – Facilities Agreement."

Limited Obligations

The Series 2026 Bonds are special limited obligations of the Issuer payable solely from the Trust Estate pledged under the Trust Agreement. The Series 2026 Bonds are not payable from and are not secured by a lien, security interest, or encumbrance upon any other funds or assets of the Issuer.

The Series 2026 Bonds shall not constitute a general obligation of the City nor a debt, indebtedness, or obligation of, or a pledge of the faith and credit or taxing power of, the City or the State or any political subdivision thereof, within the meaning of any constitutional or statutory provision whatsoever. Neither the faith and credit nor the taxing power of the State, the City, or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Series 2026 Bonds or other costs incident thereto. The Issuer has no taxing power.

Parity Obligations

Under certain circumstances, the Trust Agreement permits the Issuer, for specified purposes, to issue Additional Bonds, which will be equally and ratably secured on a parity basis with the Series 2026 Bonds under the Trust Agreement. Prior to the delivery of any Additional Bonds, the Trust Agreement requires a supplemental Facilities Agreement to be filed with the Trustee, pursuant to which the Base Payments must be adjusted and the term of the Facilities Agreement must be extended, if necessary, so as to assure that the additional Base Payments will adequately provide for the retirement of the Additional Bonds by making available to the Issuer sufficient money for the payment when due of principal and interest. The issuance of Additional Bonds (other than for refunding purposes) may create dilution of interest in and additional claims against the Trust Estate pledged under the Trust Agreement. For a description of additional requirements for issuing Additional Bonds, see "THE TRUST AGREEMENT - Provisions Relating to Additional Bonds; Conditions for Issuance" in Appendix C hereto.

TAX MATTERS

Federal Income Tax Generally

On the date of issuance of the Series 2026 Bonds, Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina ("Bond Counsel") will render an opinion that, assuming continuing compliance by the City with the requirements of the Code and the applicable regulations promulgated thereunder (the "Regulations") and further subject to certain considerations described in "Collateral Federal Tax Considerations" below, under existing statutes, regulations and judicial decisions, interest on the Series 2026 Bonds is excludable from the gross income of the registered owners thereof for federal income tax purposes. Interest on the Series 2026 Bonds will not be treated as an item of tax preference in calculating the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of (i) ownership of the Series 2026 Bonds or (ii) the inclusion in certain computations of interest that is excluded from gross income.

The opinion of Bond Counsel will be limited to matters relating to the authorization and validity of the Series 2026 Bonds and the tax-exempt status of interest on the Series 2026 Bonds as described herein. Bond Counsel makes no statement regarding the accuracy and completeness of this Official Statement.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2026 Bonds for federal income tax purposes. Bond Counsel's opinion is based upon existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof which have not been independently verified by Bond Counsel. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service (the "IRS") or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The opinion of Bond Counsel described above is subject to the condition that the City complies with all requirements of the Code and the Regulations, including, without limitation, certain limitations on the use, expenditure and investment of the gross proceeds of the Series 2026 Bonds and the obligation to rebate certain earnings on

investments of such gross proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2026 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. The opinion of Bond Counsel delivered on the date of issuance of the Series 2026 Bonds is conditioned on compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such Series 2026 Bonds.

Collateral Federal Tax Considerations. Prospective purchasers of the Series 2026 Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The Series 2026 Bonds have not been designated "bank qualified tax exempt obligations" under Section 265(b)(3) of the Code. Bond Counsel expresses no opinion concerning such collateral income tax consequences, and prospective purchasers of Series 2026 Bonds should consult their tax advisors as to the applicability thereof.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2026 Bonds. No prediction is made concerning future legislation which if passed might have the effect on the tax treatment of interest on the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2026 Bonds. Bond Counsel's engagement with respect to the Series 2026 Bonds ends with the issuance of the Series 2026 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Owners regarding the tax-exempt status of the Series 2026 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Series 2026 Bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2026 Bonds for audit, or the course or result of such audit, or an audit of Series 2026 Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026 Bonds, and may cause the City or the Owners to incur significant expense, regardless of the ultimate outcome. Under certain circumstances, the City may be obligated to disclose the commencement of an audit under the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" herein.

[Original Issue Discount]

[Certain of the Series 2026 Bonds (the "Discount Bonds") have been sold at initial public offering prices which are less than the amount payable at maturity. The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which price a substantial amount of each maturity of the Discount Bonds is sold and the amount payable at maturity constitutes original issue discount, which will be treated as interest on such Discount Bonds and to the extent properly allocable to particular owners who acquire such Discount Bonds at the initial offering thereof, will be excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2026 Bonds. As discount is accrued, the purchaser's basis in such Discount Bond is increased by a corresponding amount, resulting in a decrease in the gain (or an increase in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Discount Bond prior to its maturity.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of obligations such as the Discount Bonds. Owners who do not purchase Discount Bonds in

the initial offering at the initial offering price at which a substantial amount of such Discount Bonds were sold should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who may acquire Series 2026 Bonds that are Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such Series 2026 Bonds, other tax consequences of owning Discount Bonds and the state and local tax consequences of owning Discount Bonds.]

[Original Issue Premium]

[Certain of the Series 2026 Bonds have been sold at an initial public offering price which is greater than the amount payable at maturity (the "Premium Bonds"). An amount equal to the excess of the purchase price of the Premium Bonds over their stated redemption prices at maturity constitutes premium on such Series 2026 Bonds. A purchaser of a Premium Bond must amortize any premium over the earlier of (i) such Bond's term or (ii) the first optional redemption date for such Premium Bonds using constant yield principles, based on the purchaser's yield to maturity or earlier redemption, as applicable. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2026 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2026 Bonds.]

State Tax Exemption

Bond Counsel is of the further opinion that the Series 2026 Bonds and the interest thereon are exempt from all taxation by the State, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the Series 2026 Bonds is currently subject to the tax imposed on banks by S.C. Code Section 12-11-20, which is enforced by the South Carolina Department of Revenue as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Series 2026 Bonds or the interest thereon under the laws of any other jurisdiction.

CONTINUING DISCLOSURE

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2026 Bonds, and the Issuer will not provide any such information. The City has undertaken all responsibilities for any continuing disclosure to Beneficial Owners of the Series 2026 Bonds as described below, and the Issuer will have no liability to the Beneficial Owners of the Series 2026 Bonds or any other person with respect to such disclosures.

Pursuant to the Facilities Agreement and a Disclosure Dissemination Agent Agreement (the "Continuing Disclosure Agreement") to be dated as of the date of delivery of the Series 2026 Bonds between the City and Digital Assurance Certification, L.L.C. ("DAC"), the City will covenant for the benefit of the Beneficial Owners of the Series 2026 Bonds, to provide certain financial information and operating data relating to the City (the "Annual Report") by not later than seven months after the end of each fiscal year of the City, commencing with the year ending December 31, 2026, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of events will be filed on behalf of the City by DAC, as dissemination agent, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System. The specific nature of the information to be contained in the Annual Report or the notices of events is set forth in Appendix E hereto. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) ("Rule 15c2-12"). The City filed its Annual Report for fiscal year 2023, 2024 and 2025 on EMMA on October 9, 2024, December 24, 2025 and September 1, 2026. Because of delays with certain property tax collection reports and with accounting system upgrades such Annual Reports were 70 days late, 54 days late and 32 days late, respectively.

NO LITIGATION

There is no controversy or litigation of any nature now pending against the City or affecting the Real Property or to the knowledge of the officers of the City threatened against them, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2026 Bonds or any proceedings of the City taken with respect to the issuance and sale thereof or the use of the proceeds of the Series 2026 Bonds.

UNITED STATES BANKRUPTCY CODE

The undertaking of the City should be considered with reference to Chapter 9 of the United States Bankruptcy Code, 11 U.S.C. § 901, et seq., as amended (the "Bankruptcy Code") and other laws affecting creditors' rights and public instrumentalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a State that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

ENFORCEABILITY OF REMEDIES

The realization of value from the pledge of the Trust Estate under the Trust Agreement upon any default or nonappropriation of sufficient funds to make Base Payments due under the Facilities Agreement will depend upon the exercise of various remedies specified by the Trust Agreement and the Facilities Agreement. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2026 Bonds may be limited by State and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing law (including particularly federal bankruptcy law), certain remedies specified by the Trust Agreement or the Facilities Agreement may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Trust Agreement or the Facilities Agreement.

The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, reorganization, fraudulent conveyance, or other similar laws affecting the enforcement of creditors' rights generally.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance and sale of the Series 2026 Bonds are subject to the approval of the legality of issuance thereof by Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, as Bond Counsel. Certain legal matters will be passed upon on behalf of the City by the Office of Corporation Counsel, on behalf of the Issuer by Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, and on behalf of the

Underwriters by Howell Linkous & Nettles, LLC, Charleston, South Carolina. Haynsworth Sinkler Boyd, P.A., Greenville, South Carolina, is serving as Disclosure Counsel.

RATINGS

Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") (collectively, the "Rating Agencies") have assigned long-term ratings of "Aa1" and "AA+," respectively, to the Series 2026 Bonds. Such ratings reflect only the views of the respective Rating Agency and an explanation of the significance of such rating may be obtained from the respective Rating Agency. The Issuer has furnished the Rating Agencies with certain information and materials respecting the Issuer, the City and the Series 2026 Bonds. Generally, the Rating Agencies base their ratings on such information and materials and on investigations, studies and assumptions furnished to and obtained and made by them. There is no assurance that such ratings will remain unchanged for any period of time or that they may not be lowered or withdrawn entirely by the Rating Agencies, if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 Bonds.

UNDERWRITING

The Series 2026 Bonds are being purchased for reoffering by the Underwriters. The Underwriters have agreed, subject to certain conditions, to purchase the Series 2026 Bonds at an aggregate purchase price of $_____ (which reflects [net] original issue [premium/discount]) of $_____ and Underwriters' discount of $_____). The initial public offering prices are set forth on the cover page of this Official Statement. The Underwriters are obligated to purchase all of the Series 2026 Bonds, if any are purchased, such obligation being subject to certain conditions precedent.

The Underwriters intend to offer the Series 2026 Bonds to the public initially at the offering prices set forth on the cover of this Official Statement, which offering prices may subsequently be changed from time to time by the Underwriters without any requirement of prior notice. The Underwriters may offer and sell the Series 2026 Bonds to certain dealers (including dealers depositing Series 2026 Bonds into investment trusts) at prices lower than the public offering prices set forth on the cover of this Official Statement.

PNC Capital Markets LLC ("PNCCM") and PNC Bank, National Association are both wholly-owned subsidiaries of PNC Financial Services Group, Inc. PNCCM is not a bank and is a distinct legal entity from PNC Bank, National Association. PNCCM may offer to sell to its affiliate, PNC Wealth Management LLC ("PNCWM"), securities in PNCCM's inventory for resale to PNCWM's customers, including securities such as those to be offered by the Issuer.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series 2026 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2026 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2026 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2026 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

MUNICIPAL ADVISOR

First Tryon Advisors, LLC has served as municipal advisor (the "Municipal Advisor") to the City with respect to the sale of the Series 2026 Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Series 2026 Bonds is contingent on the issuance and delivery of the Series 2026 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendixes thereto.

INDEPENDENT AUDITORS

The City's financial statements for the year ended December 31, 2025 included in this Official Statement have been audited by Mauldin & Jenkins, LLC, independent auditors, as stated in their report appearing herein.

MAULDIN & JENKINS, LLC HAS NOT BEEN ENGAGED TO PERFORM, AND HAS NOT PERFORMED, SINCE THE DATE OF ITS REPORT INCLUDED HEREIN, ANY PROCEDURES ON THE FINANCIAL STATEMENTS ADDRESSED IN THAT REPORT. MAULDIN & JENKINS, LLC ALSO HAS NOT PERFORMED ANY PROCEDURES RELATING TO THIS OFFICIAL STATEMENT.

MISCELLANEOUS

All the summaries of the provisions of the Series 2026 Bonds, the Trust Agreement, the Facilities Agreement, the Base Lease and all summaries and references to other documents, instruments and materials not purported to be quoted in full are only brief outlines of certain provisions thereof and are not intended to be and do not constitute complete statements of such documents or provisions. Reference is made hereby to the complete documents relating to such matters for the complete terms and provisions thereof, or for the information contained therein. The attached Appendices are integral parts of this Official Statement and should be read in their entirety together with all foregoing statements.

Certain of the information set forth in the Official Statement and in the appendices hereto has been obtained from sources other than the City that are believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriters or the City.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

The delivery of this Official Statement has been duly authorized by the City and the Issuer.

CITY OF CHARLESTON, SOUTH CAROLINA

By: _____
William S. Cogswell, Jr., Mayor

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION

By: _____
Authorized Officer

APPENDIX A

CITY OF CHARLESTON, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

WITH

REPORT OF INDEPENDENT AUDITORS

PREPARED BY:

DEPARTMENT OF BUDGET, FINANCE & REVENUE COLLECTIONS

Amy K. Wharton, Chief Financial Officer

Certain supplemental information not necessary for a fair presentation of the financial condition of the City has not been included.

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CITY OF CHARLESTON, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

WITH

REPORT OF INDEPENDENT AUDITORS

PREPARED BY:

DEPARTMENT OF BUDGET, FINANCE & REVENUE COLLECTIONS

Amy K. Wharton, Chief Financial Officer

CITY OF CHARLESTON, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

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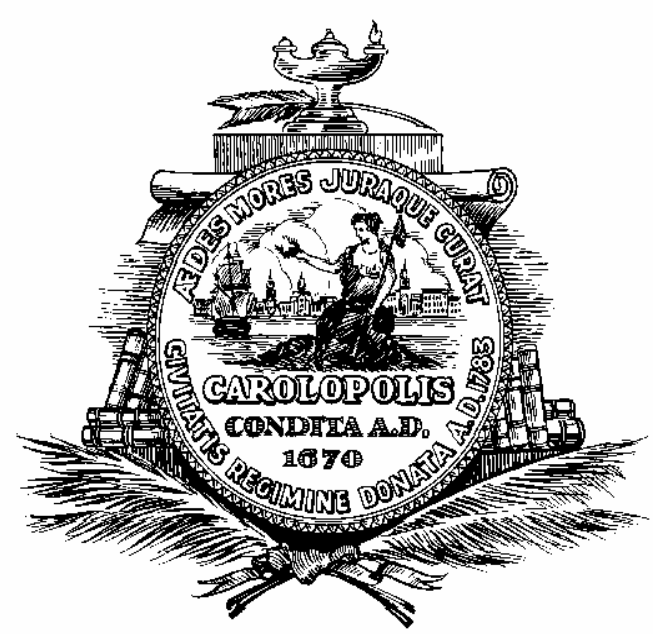
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INTRODUCTORY SECTION



WILLIAM S. COGSWELL, JR
Mayor

City of Charleston
South Carolina
Department of Budget, Finance and Revenue Collections

AMY K. WHARTON
Chief Financial Officer

August 24, 2026

To the Honorable Mayor William S. Cogswell, Jr.
Members of City Council, and
Citizens of the City of Charleston:

State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Charleston (the "City") for the year ended December 31, 2025.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Mauldin & Jenkins, LLC, a firm of licensed certified public accountants, audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ending December 31, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ending December 31, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of Management Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A appears immediately following the report of the independent auditors.

GOVERNMENT PROFILE

The City of Charleston is located on the southeastern coast of South Carolina and is the principal seaport for the state. First established in 1670, the settlement was moved to the peninsula formed by the convergence of the Ashley and Cooper Rivers in 1680. The City had a land area of only 6.12 square miles and did not extend its corporate limits until 1960, when a large area west of the Ashley River was annexed. In 1991, Daniel Island was annexed, adding 10 square miles. Currently, the City occupies 120 square miles (excluding water) spread over Charleston and Berkeley Counties and has 8 square miles of vital, bustling downtown, which is home to the City's central business district. According to the 2020 Census, the population is 150,227 persons, making it the largest city in South Carolina. Because of growth within the City and annexations, the population increased 25.1% between 2010 and 2020. With additional annexations into the City and additional persons moving to the City of Charleston, the population is expected to grow to more than 167,000 in 2026.

The Mayor is the Chief Executive Officer of the City of Charleston, which operates under a strong mayor form of government. The Mayor is also the presiding officer of City Council, which consists of twelve council members who are elected for staggered four-year terms from single-member districts. The Mayor has no veto power but casts a vote like those cast by each member of the Council. Regular meetings open to the public are held twice a month during the year, except for the months of June, July and August in which only one meeting is held each month. The Chief Financial Officer (CFO) supervises all financial matters for the City.

The City of Charleston has approximately 2,000 employees and provides a broad range of services including Police and Fire protection, garbage and trash collection, recreation and parks, tourism management, code enforcement, planning and zoning, traffic safety and more.

The City of Charleston is financially accountable for the City of Charleston Public Facilities Corporation, which, although a legally separate entity, is included in the financial data of the City as a blended component unit. Additional information on this and other related entities can be found in the notes to the financial statements (see Notes 1.A. and 16.) The following entities are related to the City of Charleston, but do not meet the requirements for inclusion in this report: Charleston Water Systems (legally named Commissioners of Public Works), Charleston Housing Authority, the Climb Fund, Charleston Museum, Gibbes Museum of Art, and Charleston Area Regional Transportation Authority (CARTA).

City Council must approve the budget by December 31 of the preceding year. The Budget & Management Division obtains in writing from each department head an estimate of the needs of the department for the ensuing year. The Budget Office staff and the Chief Financial Officer combine all the requests from the departments and present them to the Ad Hoc Budget Committee, which consists of the Mayor and six Councilmembers. Although the City operates under a strong mayor form of government, the Mayor developed this Ad Hoc Budget Committee for more collaboration and transparency in the budget process. The CFO, Budget Office staff and the Ad Hoc Budget Committee meet several times to review and prioritize requests. Thereafter, the Budget Office staff and the Chief Financial Officer prepare a draft budget which is presented to the Mayor for review. Upon approval by the Mayor, the draft budget is presented to Council for review in an open public meeting. This budget is then submitted to the Ways and Means Committee and thereafter presented to City Council. Activities of the General Fund and Enterprise Funds are included in the annual budget, but enterprise funds adopt formal budgets for management control purposes only. A balanced budget is required by State Law. Budgetary controls are maintained to ensure compliance with legal provisions. Current appropriations in all funds are limited to the sum of available, unencumbered fund balances and revenues estimated to be received in the current budget year. The City maintains an encumbrance accounting system, a technique of accomplishing budgetary control.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

The City of Charleston's economy continues to demonstrate strength, resilience, and long-term growth potential supported by a diverse set of economic drivers.

More discussion of 2025's budget can be found in Management's Discussion and Analysis on pages 5-17. Assigned Fund Balance of $2,947,279 was originally budgeted in 2025, but the use of Unassigned Fund Balance was not budgeted for 2025.

Tourism remains one of the most significant contributors to local economic activity. In 2025, the Charleston region welcomed an estimated 7.91 million visitors, generating a record level of direct economic impact. *Condé Nast Traveler* ranked Charleston Number One on its "Best Small City in the United States" list in 2025, for the 14th time. Readers of *Southern Living* ranked Charleston their favorite city once again in the magazine's "South's Best Cities 2025" survey, for the ninth consecutive year. Visitors to the Charleston area contributed an estimated $14.35 billion to the area's economy in 2025. The average total expenditure per adult visitor per trip is $1,212, a nearly 10% increase from the prior year. The hospitality sector — including hotels, restaurants, cultural amenities, and related services — continues to support thousands of jobs and serves as a major source of business activity and tax revenue that provides funding to the City to support tourism-related services and facilities. The 2026 outlook is stable for revenues from tourism sources.

Beyond tourism, the Charleston area benefits from a diversified and expanding economic base. The region's deep-water port and related logistics infrastructure position Charleston as a critical hub for trade, manufacturing, and distribution. Recent expansions and private-sector investments tied to port activity continue to generate new jobs and drive economic growth. A range of additional industry sectors — including professional and business services, health care, education, government, and advanced manufacturing — contribute further to the city's economic stability and broaden its revenue base.

The Port of Charleston continues to be a cornerstone of the area's economy. South Carolina ports generate 1 in 9 jobs in the state, and those jobs pay 23% higher than the state's average annual wage. The annual economic impact is $87 billion and $1.5 billion in tax revenue is generated by port operations. In 2025, the Port of Charleston ranked 8th in the U.S. in volume of cargo handled with 2.6 million TEUs (twenty-foot equivalent units – a measurement of cargo volume related to containers) passing through the port. South Carolina shipping firms can serve over 150 nations with top markets being Northern Europe, East Asia, and India/Southeast Asia. A U.S. Army Corps of Engineers study recommended the deepening of the harbor from 45 feet to 52 feet, a project recently completed at a cost of $580 million. The project successfully deepened the harbor to a depth of 52 feet, with an entrance channel depth of 54.2 feet. Charleston Harbor is now the deepest on the East Coast and will be accessible 24 hours a day, with container volume expected to increase as a result. The additional depth and wider turning basin allow two 14,000+ TEU ships to easily pass one another without tidal restrictions. Additionally, the State Ports Authority and the State of South Carolina plan to spend another $2.5 billion on the ports and port-related infrastructure over the next 10 years. The improvements include a new container terminal, new dual access intermodal railhead, an interstate highway expansion and new port access road.

The Boeing Company is one of the area's largest employers with over 5,500 employees and has been producing the 787 Dreamliner since April 2012 in its $750 million final assembly plant adjacent to the Charleston International Airport. Additional facilities in the Boeing complex include the Boeing Research & Technology Center which focuses on advanced manufacturing technology, Propulsion South Carolina which produces engine components for the 737 MAX jet and a Decorative Paint Facility which applies logos and graphics to finished 787 aircraft. On November 7, 2025, Boeing officially broke ground on a massive $1 billion infrastructure expansion to support future production increases for the 787 Dreamliner program. Additionally, Volvo opened its first North American car plant in June 2018, which has the capacity to produce 150,000 cars annually. The factory in Berkeley County produces model S60 cars and employs 1,500 people. A Volvo expansion added 1,300 jobs to build fully electric EX90 SUVs, a model that the Swedish automaker unveiled in November of 2022, at its plant west of Charleston in Ridgeville. The plant will also begin producing the popular XC60 SUV in late 2026. A new hybrid model is also slated for production before 2030. These additions are intended to move the plant toward its full production capacity of 150,000 cars per year, with the goal of producing over 50% of the country's Volvo volume in Charleston within five years. In September 2018, Mercedes-Benz Group, AG, formerly Daimler AG, opened the new Sprinter and Metris van plant, Mercedes-Benz Vans, LLC ("MBV") at an investment of $500 million, and currently employs approximately 1,700 workers. With an additional $60 million investment, MBV Charleston will be the first plant in the Mercedes-Benz Vans global production network to produce the all-new eSprinter, beginning in 2024. To date, more than 430,000 Sprinter and Metris vans have been assembled and delivered across the U.S. from this location.

Founded in 1824, the Medical University of South Carolina (MUSC), headquartered in downtown Charleston, continues to be the City's key employer with more than 17,000 employees in the Charleston area. Statewide, MUSC employs more than 36,000 members that include world-class faculty, physicians, specialty providers, scientists, contract employees, affiliates and care

members. MUSC's health system includes 18 hospitals, 350 telehealth sites and nearly 750 care locations, with $8.9 billion in collective annual operating budgets. MUSC's economic impact on the State of South Carolina is $10.1 billion. The majority of this impact is concentrated within the Charleston Tri-County region. The economic impact generated in the Charleston Tri-County region is $7.5 billion. It is the state's primary teaching hospital and has gained worldwide exposure for its centers of excellence in cardiovascular care, cancer/oncology, the neurosciences, biotechnology, pediatrics, organ transplantation, psychiatry, musculoskeletal/orthopedics, digestive, pancreatic, movement disorders, and nephrology. MUSC received nearly $349 million in research funds. Forbes names MUSC Health one of the best employers in South Carolina. For the eleventh consecutive year, *U.S. News & World Report* named MUSC Health the No. 1 hospital in South Carolina.

Charleston's labor market remains strong, with steady labor-force growth and low unemployment relative to state and national levels (4.2%, and 4.3% respectively). The Charleston Metro Area's average unemployment rate was 3.7% as compared to state and national levels. Population growth, ongoing business relocation and expansion, and sustained demand for both residential and commercial development continue to reinforce the city's economic vitality. Quality-of-life amenities, historic character, and cultural attractions also help attract new residents, talent, and investment, supporting long-term economic competitiveness.

In April of 2025, the City's bond ratings were reaffirmed. Standard and Poor's (S&P) affirmed the City's **AAA** bond rating, the highest available for a general obligation bond issue, citing the city's "management team demonstrated financial restraint and prudent control, with favorable budget variances that have contributed to a trend of reserves well above the 20% policy". Moody's Investors Services affirmed the City's bond rating of **Aaa**, its highest rating, noting the City's "strong financial position, manageable long-term liabilities, and strong management".

Long-Term Financial Planning

The City has long-range financial plans in the areas of capital projects, equipment replacement, cash management/investments and debt. The City's rolling five-year Capital Improvement Plan (CIP) is guided by the following policies: the CIP is updated annually and includes anticipated funding sources; projects funded by debt will be financed over a period not to exceed the useful life of the asset; assets will be preserved to protect capital investments and minimize future costs; funding of projects will be appropriately distributed between bonded debt and cash financing; and operating costs resulting from projects will be identified and included in future budgets. The CIP calls for $559,149,886 expenditures during 2026-2030.

Relevant Financial Policies

The City of Charleston has numerous financial policies in place including the following.

Revenue Polices include provisions relating to the 1) use of one-time revenues, 2) diversification of revenues, 3) use of unpredictable revenues, 4) the budgeting and estimating of revenues, 5) property taxes, 6) fees and charges, 7) new revenues, and 8) dedication of revenues to specific uses.

Expenditure Policies include general policies such as prohibiting the use of one-time revenues for on-going expenditures, requiring the city to operate on a current funding basis, and providing a sustainable level of services, in addition to specific policies covering Enterprise Funds, new programs, use of grants to fund expenditures, and maintenance and replacement to avoid service disruptions. Capital Asset and Infrastructure Capital Asset policies also exist.

Fund Balance policies also are in place to ensure the City maintains adequate levels of fund balance to protect against unforeseen events such as hurricanes and economic downturns. Unassigned Fund Balance in the General Fund will be maintained at a minimum of 20% of the General Fund budgeted expenditures for the following year. As of December 31, 2025, the General Fund unassigned fund balance is $93,209,955 or 29% of the 2026 budgeted General Fund expenditures. Management allocated more than 20% in an effort to increase our goal as further protection against unforeseen events considering the City's location on the coast.

Major Initiatives

Affordable Housing: A major initiative of the City is to increase the supply of attainable and affordable housing to meet the needs of all citizens. A major step in this initiative was the issuance of a $20,000,000 affordable housing bond in 2021 that will help leverage additional private funds to make significant strides in this area. In collaboration with several non-profits, various projects are underway or will be underway in the near future. Additionally, the City launched *Project 3500* to deliver 3,500 net new permanently affordable housing units by 2032 and address critical workforce housing needs. The initiative supports mixed-income neighborhood development by pairing affordable units with additional market-rate housing and employs a 'build first' anti-displacement strategy to protect existing residents. By expanding the City's long-term housing supply, Project 3500 helps maintain a stable environment for employers, employees, and continued economic growth.

Drainage, Flooding and Sea Level Rise: Flooding and drainage issues are the City's top long-range priority, as protecting the City and its citizens from flooding and sea-level rise ensures its future survival. Actions taken include developing the Sea Level Rise Strategy, increasing stormwater fees to provide more funding for infrastructure maintenance, restoration work on the Low Battery seawall that includes additional height for protection against rising seas and storm surge, and a project development plan by the US Army Corp of Engineers for storm surge walls around the peninsula of Charleston. Significant drainage projects in process include:

- U.S. 17 Septima Clark Drainage Improvement Project Phase 5– $50.2 million
- Market Street Drainage Improvement Project, Division III Surface Collection and Conveyance – $30.2 million
- Forest Acres Drainage Improvement Project – $25.4 million
- Huger Street Drainage Improvements – $28.4 million
- Barberry Woods Drainage Improvements - $12.8 million
- Concord St. Pump Station Upfit - $14 million
- Low Battery Seawall Restoration - $74.8 million
- Cooper-Jackson Drainage Improvements - $11.2 million

Capital Projects: The City of Charleston continues to improve existing facilities and build new ones designed to meet the service needs of its citizens. New facilities and maintenance projects for existing facilities are in progress or planned for all parts of the City. Significant capital improvements include the following*:*

- A bicycle and pedestrian bridge, named the Ashley River Crossing, will connect West Ashley with downtown Charleston. The bridge will provide a safe connection between the West Ashley Greenway, Brittlebank Park, and the Ashley River Walk. This project is currently in the design and engineering phase but is projected to cost $92m.

- A new Municipal Operations Center is planned that will replace outdated current City facilities for divisions that run day-to-day operations such as: Environmental Services, Streets and Sidewalks Maintenance, Fleet Maintenance, Stormwater Maintenance Operations, and the Traffic and Transportation Sign and Signal Shops. This project is currently under construction and has a projected cost of $68 million.

- A new Fire Training Operations Center is planned to replace the current Fire training center and Fire Headquarters. The project is currently in the design and engineering phase and is estimated to have a project cost of $60 million.

- A new office building in West Ashley is planned to provide core city services such as permitting and planning off the peninsula in the City's most populated district. The project is currently under design and is estimated to cost $46.5 million with project completion estimated to occur in 2028.

Parks and Recreation: A 2.5 millage increase effective 2024 was passed that is dedicated specifically to projects included in the Parks and Recreation Master Plan. The property tax revenues generated by the 2.5-mill levy is used to support borrowing for these projects. Two major projects are planned in 2025, including a new recreation facility and aquatic center on Johns Island and the complete rebuilding of the W.L Stephens Aquatic Center in West Ashley.

Public Safety: A 1.5 millage increase effective 2015 was passed that is dedicated specifically to Public Safety Infrastructure. In 2019 another 1.5 mills was passed, for a total of 3 mills. The property tax revenues generated by the 3-mill levy is used to support borrowing for new public safety facilities. Current public safety projects include a replacement station in Cainhoy that will replace a currently rented facility, a fire station on Johns Island, a new police fleet facility and the renovation of several fire stations. This millage is separate from the general operating millage, but the General Fund will be impacted by the cost of staff and apparatus for the new fire stations once they are completed.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Charleston, SC, for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2024. This was the thirty-sixth consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2025. To receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award has been received by the City for the last twenty-four consecutive years. The City also submitted its 2026 budget for this award and believes that it continues to meet the Distinguished Budget Presentation Award's requirements. Charleston is in the top tier of municipalities nationwide, holding both the Budget and Financial Reporting Awards in the same year.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of highly qualified staff, especially staff in the Finance and Budget & Management divisions. We would like to express our appreciation to the personnel within these divisions for their professionalism and hard work. We also acknowledge the efforts of other City departments in following good financial management practices and providing information and assistance during the preparation of this report. Without the day-to-day efforts to maintain sound business practices within these departments, the City would not be in the strong financial position it finds itself in today.

Respectfully submitted,

Amy K. Wharton

Amy K. Wharton, CPA
Chief Financial Officer

Sarah Myers

Sarah Myers
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Charleston
South Carolina

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

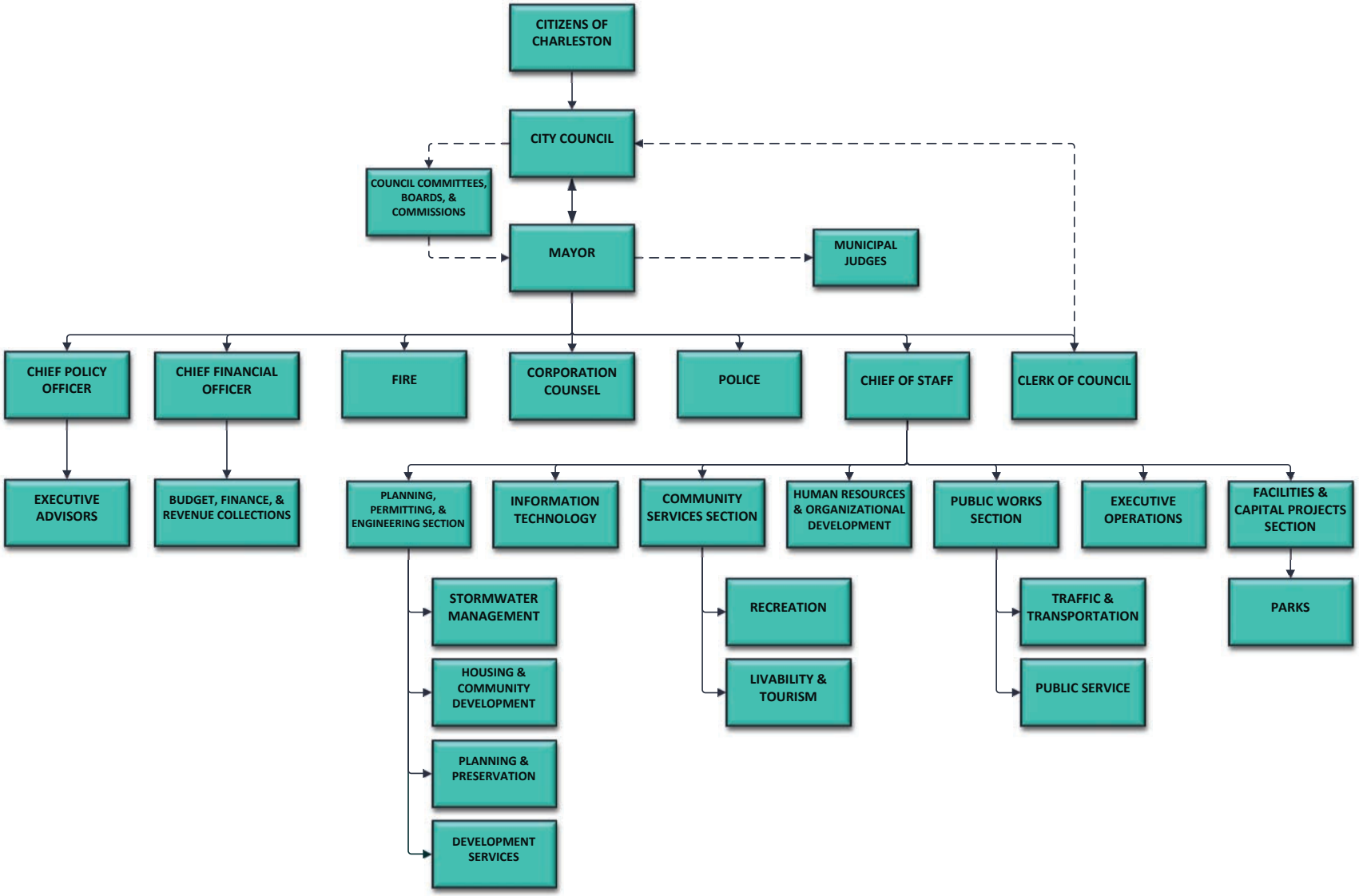
CITY OF CHARLESTON, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2025

Elected Officials

Mayor	William S. Cogswell
Councilmember (District 1)	Boyd Gregg
Councilmember (District 2)	Kevin Shealy
Councilmember (District 3)	Jim McBride
Councilmember (District 4)	Robert M. Mitchell
Councilmember (District 5)	Karl L. Brady Jr.
Councilmember (District 6)	William Dudley Gregorie
Councilmember (District 7)	Perry K. Waring
Councilmember (District 8)	Michael S. Seekings
Councilmember (District 9)	William P. Tinkler
Councilmember (District 10)	Stephen Bowden
Councilmember (District 11)	Ross A. Appel
Councilmember (District 12)	Caroline Parker

Appointed Officials

Chief Financial Officer	Amy K. Wharton
Deputy Chief Financial Officer	Matthew A. Frohlich
Assistant Chief Financial Officer	Vacant
Finance Director	Sarah Myers
Chief Information Officer	Vacant
Chief of Staff	Elizabeth Dieck
Clerk of Council	Jennifer B. Cook
Corporation Counsel	Julia Copeland
Development Services Director	Ron Bucci
Fire Chief	Daniel Curia
Housing & Community Development Director	Geona Shaw-Johnson
Human Resources and Organizational Development Director	Tammy O'Berry
Internal Auditor	Crystal Carter
Livability and Tourism Director	Amy Southerland
Municipal Court Chief Judge	Thomas Morrison
Planning and Preservation Director	Robert Summerfield
Police Chief	Chito Walker
Public Service Director	Matthew Alltop
Recreation Director	Laurie Yarbrough
Section Chief for Community Services	Daniel Riccio
Section Chief for Facilities and Capital Projects	Jason Kronsberg
Section Chief for Planning, Permitting and Engineering	Vacant
Section Chief for Public Works	Robert Somerville
Stormwater Management Director	Matthew Fountain
Traffic and Transportation Director	Michael W. Mathis


CITIZENS OF CHARLESTON
CITY COUNCIL
COUNCIL COMMITTEES, BOARDS, & COMMISSIONS
MAYOR
MUNICIPAL JUDGES
CHIEF POLICY OFFICER
CHIEF FINANCIAL OFFICER
FIRE
CORPORATION COUNSEL
POLICE
CHIEF OF STAFF
CLERK OF COUNCIL
EXECUTIVE ADVISORS
BUDGET, FINANCE, & REVENUE COLLECTIONS
PLANNING, PERMITTING, & ENGINEERING SECTION
INFORMATION TECHNOLOGY
COMMUNITY SERVICES SECTION
HUMAN RESOURCES & ORGANIZATIONAL DEVELOPMENT
PUBLIC WORKS SECTION
EXECUTIVE OPERATIONS
FACILITIES & CAPITAL PROJECTS SECTION
STORMWATER MANAGEMENT
HOUSING & COMMUNITY DEVELOPMENT
PLANNING & PRESERVATION
DEVELOPMENT SERVICES
RECREATION
LIVABILITY & TOURISM
TRAFFIC & TRANSPORTATION
PUBLIC SERVICE
PARKS

FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

To the Honorable Mayor and Members of City Council
City of Charleston, South Carolina
Charleston, South Carolina

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Charleston, South Carolina** (the "City") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in the City's Net OPEB Liability and Related Ratios, the Schedule of City OPEB Contributions, the Schedules of the City's Proportionate Share of the Net Pension Liability, and the Schedules of the City's Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Accommodations Fee Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hospitality Fee Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Accommodations Tax Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Stormwater Utility Fund, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), as required by the State of South Carolina, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Accommodations Fee Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hospitality Fee Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Accommodations Tax Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Stormwater Utility Fund, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

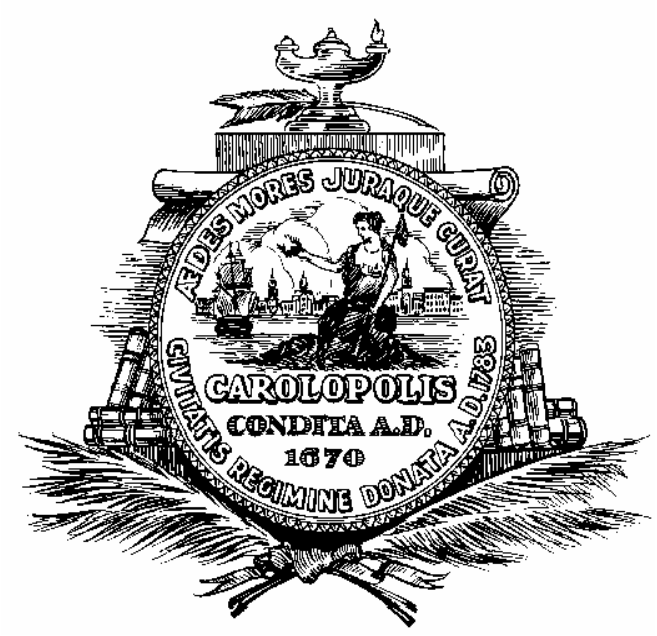
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report has been issued under separate cover in the City's "Report of Independent Certified Public Accountants in Accordance with the Uniform Guidance and *Government Auditing Standards*". The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
August 24, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)



As management of the City of Charleston, South Carolina (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2025, by $1,703,514,619 (net position). The City's unrestricted net position deficit was ($108,443,219) This number is negative following the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015, which required the City to recognize as a long-term liability, its proportionate share of the net pension liability of the South Carolina Retirement System and Police Officers Retirement System and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* in 2018*,* which required the City to recognize as a long-term liability an amount actuarially determined to be owed for future retiree health insurance costs.
- The City's total net position increased by $117,015,040 during the fiscal year ended December 31, 2025, with a $113,633,594 increase resulting from governmental activities and a $3,381,446 increase resulting from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $821,062,665, an increase of $124,392,907 from the prior year. Approximately 11 percent of the total amount, $93,043,993 is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned* and *unassigned* components of *fund balance*) for the General Fund was $205,006,035, or approximately 69 percent of 2025 total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the broad functions of general government, public safety, public service, urban and community development, culture and recreation, community promotions, health and welfare, and business development and assistance. The business-type activities of the City include Parking Facilities and various other smaller enterprise funds including the City Market, the Joseph P. Riley, Jr. Baseball Park, the Municipal Golf Course, the Angel Oak, and the Slave Mart Museum.

The government-wide financial statements can be found on pages 18-20 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- ***Governmental Funds –*** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

  The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvements Fund, the King Street Gateway TIF Fund, the Drainage Fund, and the Charleston Neck TIF Fund which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21-33 of this report.

- ***Proprietary Funds –*** Proprietary (*enterprise*) funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Parking Facilities Fund, which is considered to be a major fund of the City. Data from the remaining 5 enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary funds financial statements can be found on pages 28-32 of this report.

- ***Fiduciary Funds –*** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City implemented GASB Statement No. 84, *Fiduciary Activities,* on January 1, 2019.

  The fiduciary fund financial statement provides information for the Firemen's Insurance and Inspection Fund, a custodial fund. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. A brief description of this fund and individual fund data is provided in the combining and individual fund statements and schedules section of this report.

The fiduciary fund financial statement can be found on pages 32-33 of this report

Notes to the Financial Statements – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-92 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 93-100 of this report.

The combining and individual statements and schedules referred to earlier in connection with nonmajor funds are presented following the required supplementary information on pensions and OPEB and can be found on pages 101-119 of this report. The Municipal Accommodations Fund, Hospitality Fee Fund, Stormwater Utility Fee Fund and Accommodations Tax Fund budgetary comparison schedules are also included therein. As required by the State, the City also presents a Uniform Schedule of Court Fines, Assessments and Surcharges found on pages 120 and 121. Finally, the statistical section is presented on pages 122-150.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,703,514,619 at December 31, 2025.

- By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining portion is a deficit balance of ($108,443,219) of unrestricted net position, which is a decrease of $34,907,098 from the prior year. This deficit occurred because of the implementation of GASB No.'s 68 and 75, as mentioned previously, which required a restatement of net position in the amount of ($128,650,786) due to GASB 68 in 2015 and a restatement of net position in 2018 in the amount of ($27,455,623) due to GASB 75.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for its separate business-type activities, but only two of the three categories for the City as a whole, as well as for its separate governmental activities. This was also the case at the end of the prior year.

City of Charleston's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 927,663,630	$ 775,913,265	$57,347,816	$ 60,167,746	$ 985,011,446	$ 836,081,011
Capital assets	1,399,707,059	1,275,864,561	154,585,194	155,710,813	1,554,292,253	1,431,575,374
Total assets	2,327,370,689	2,051,777,826	$211,933,010	215,878,559	2,539,303,699	2,267,656,385
Total deferred outflows of resources	50,007,801	48,338,000	927,430	956,464	50,935,231	49,294,464
Long-term liabilities outstanding	657,269,989	538,167,718	42,406,471	48,364,365	699,676,460	586,532,083
Other liabilities	136,931,239	101,850,794	$8,899,253	9,855,064	145,830,492	111,705,858
Total liabilities	794,201,228	640,018,512	51,305,724	58,219,429	845,506,952	698,237,941
Total deferred inflows of resources	39,661,819	30,215,465	1,555,540	1,997,864	41,217,359	32,213,329
Net position:						
Net investment in capital assets	1,175,010,928	1,135,916,851	112,283,524	107,411,464	1,287,294,452	1,243,328,315
Restricted	524,663,386	416,707,385	-	-	524,663,386	416,707,385
Unrestricted	(156,158,872)	(122,742,387)	47,715,653	49,206,266	(108,443,219)	(73,536,121)
Total net position	$ 1,543,515,442	$ 1,429,881,849	$ 159,999,177	$ 156,617,730	$ 1,703,514,619	$ 1,586,499,579

The City's overall net position improved, and net position increased by $117,015,040 or 7.4 percent during 2025. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

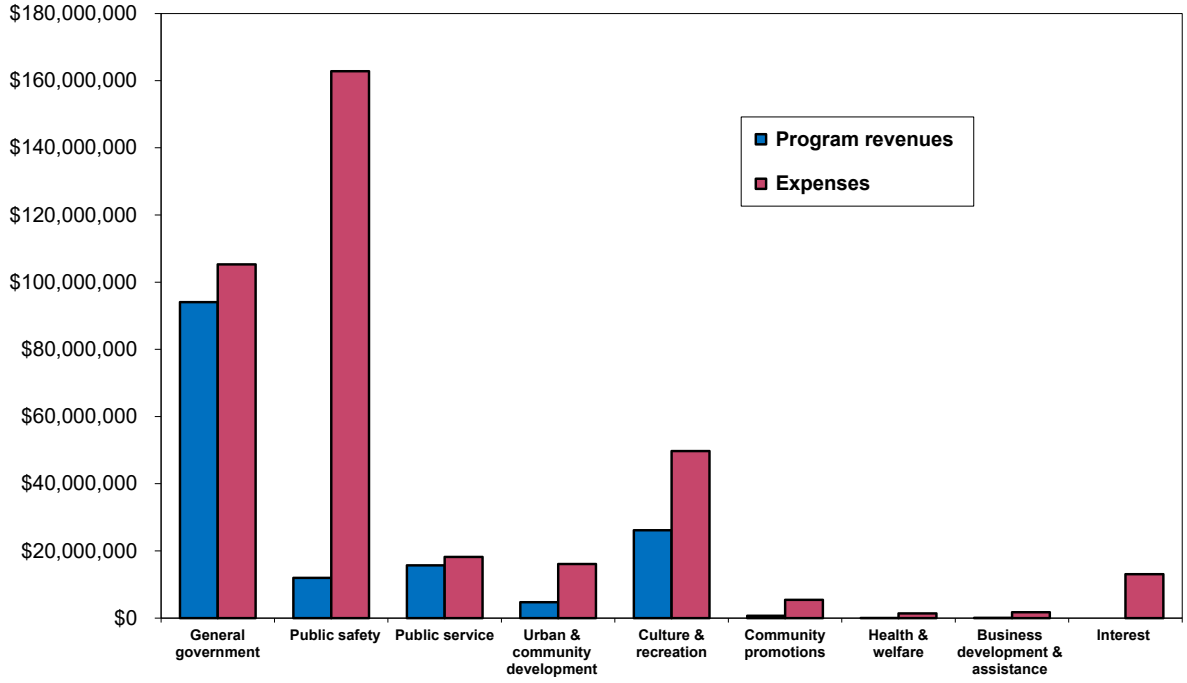
City of Charleston's Changes in Net Position

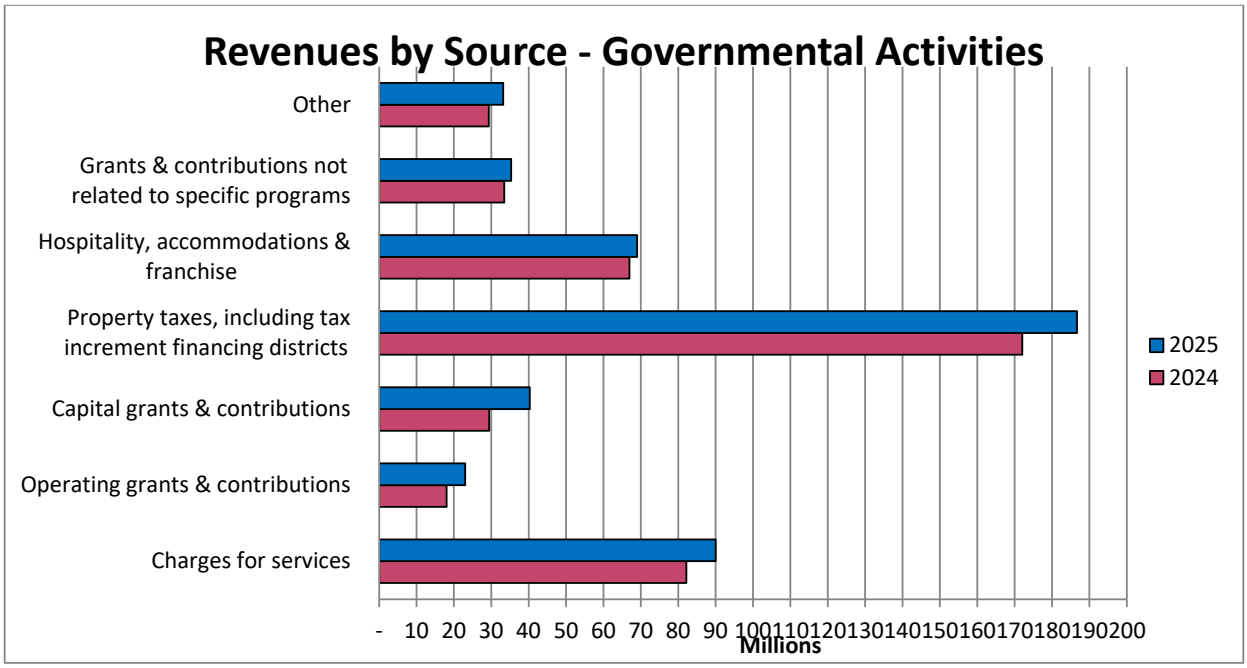
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES:						
Program revenues:						
Charges for services	$ 90,033,056	$ 82,182,342	$ 44,995,235	$ 38,995,643	$ 135,028,291	$ 121,177,985
Operating grants and contributions	23,028,828	18,048,271	23,744	21,487	23,052,572	18,069,758
Capital grants and contributions	40,312,767	29,463,759	1,600,000	500,000	41,912,767	29,963,759
General revenues:						
Property taxes, including tax increment financing districts	186,666,066	172,034,483	-	-	186,666,066	172,034,483
Other taxes and fees	69,004,587	66,961,333	-	-	69,004,587	66,961,333
Grants and contributions not restricted	35,315,858	33,454,982	-	-	35,315,858	33,454,982
Gain on disposal of capital assets	-	-	-	3,450	-	3,450
Other revenues	33,176,790	29,343,156	437,715	452,775	33,614,505	29,795,931
Total revenues	477,537,952	431,488,326	47,056,694	39,973,355	524,594,646	471,461,681
EXPENSES:						
General government	105,293,872	67,570,918	-	-	105,293,872	67,570,918
Public safety	162,778,526	140,698,092	-	-	162,778,526	140,698,092
Public service	18,189,880	20,734,310	-	-	18,189,880	20,734,310
Urban and community development	16,085,817	10,083,752	-	-	16,085,817	10,083,752
Culture and recreation	49,741,607	56,439,893	-	-	49,741,607	56,439,893
Community promotions	6,417,940	6,237,357	-	-	6,417,940	6,237,357
Health and welfare	1,408,752	1,170,664	-	-	1,408,752	1,170,664
Business development and assistance	1,725,707	1,005,874	-	-	1,725,707	1,005,874
Interest and fiscal charges	13,056,701	9,867,797	-	-	13,056,701	9,867,797
Parking Facilities	-	-	23,287,554	18,629,164	23,287,554	18,629,164
City Market	-	-	2,571,129	2,546,212	2,571,129	2,546,212
Angel Oak	-	-	552,165	459,437	552,165	459,437
Joseph P. Riley, Jr. Baseball Park	-	-	1,772,510	1,614,623	1,772,510	1,614,623
Municipal Golf Course	-	-	4,448,607	3,946,807	4,448,607	3,946,807
Slave Mart Museum	-	-	248,839	255,345	248,839	255,345
Total expenses	374,698,802	313,808,657	32,880,804	27,451,588	407,579,606	341,260,245
Excess before transfers	102,839,150	117,679,669	14,175,890	12,521,767	117,015,040	130,201,436
Transfers	10,794,444	10,359,530	(10,794,444)	(10,359,530)	-	-
Increase in net position	113,633,594	128,039,199	3,381,446	2,162,237	117,015,040	130,201,436
Net position, beginning	1,429,881,849	1,301,842,650	156,617,730	154,455,493	1,586,499,579	1,456,298,143
Net position, ending	$ 1,543,515,443	$ 1,429,881,849	$ 159,999,176	$ 156,617,730	$ 1,703,514,619	$ 1,586,499,579

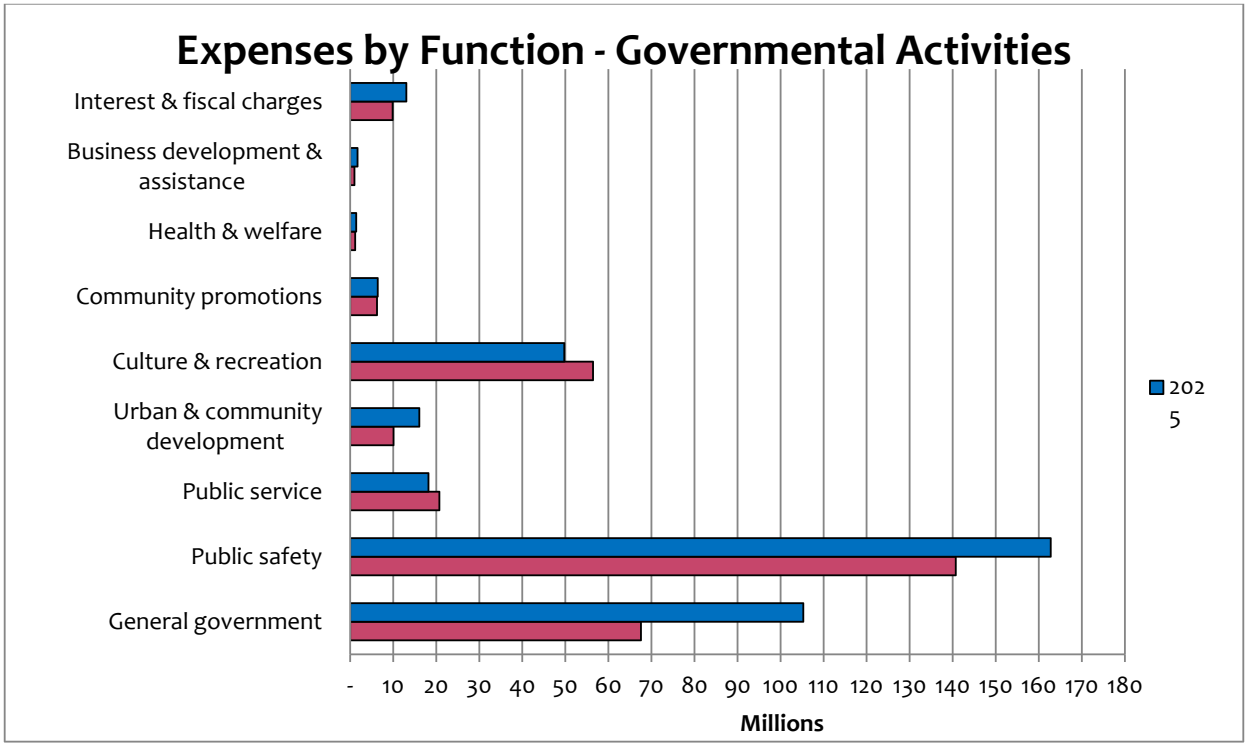
Governmental Activities. During the current fiscal year, governmental activities increased the City's net position by $113,633,594 from the prior year for an ending balance of $1,543,515,443. This compares to a prior year increase of $128,039,199, a difference of ($14,405,605). Key elements of this change are as follows:

- General revenues and transfers increased $22,804,261 or 7 percent during 2025. A portion of this growth came from tourism related revenues, which rose by $2,242,202. Hospitality Fees and Accommodations Taxes increased by $913,847 and $1,328,355 respectively. Property tax and TIF revenues increased by $7,457,802 and $7,173,781 respectively due to the reassessment of property values.
- Expenses for governmental activities increased by $60,887,895 or 19 percent over the prior year. The largest contributors to this increase were the General Government and Public Safety functions of the City. During 2025, the City acquired multiple properties for future capital projects totaling $20,837,500 and reimbursed developers for infrastructure improvements associated with the Charleston Neck TIF and Morrison Yard TIF. Additionally, approximately $675,000 was spent on Public Safety transportation projects, while $7.7 million was spent on the construction and renovation of fire stations. During 2025, the City also implemented a COLA increase of 3% for all employees.

Program Revenues and Expenses – Governmental Activities




Revenues by Source - Governmental Activities
Other
Grants & contributions not related to specific programs
Hospitality, accommodations & franchise
Property taxes, including tax increment financing districts
Capital grants & contributions
Operating grants & contributions
Charges for services
2025
2024
- 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200
Millions


Expenses by Function - Governmental Activities
Interest & fiscal charges
Business development & assistance
Health & welfare
Community promotions
Culture & recreation
Urban & community development
Public service
Public safety
General government
2025
- 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180
Millions

Business-type Activities. Business-type activities increased the City's net position in 2025 by $3,381,447 compared to a prior year increase of $2,162,237. This $1,219,210 improvement was mainly attributable to the Parking Facilities Fund. Overall revenues of the Parking Facility Fund increased by $5,699,034 and expenditures increased by $4,735,719. The Parking Facilities Fund had higher operating revenues, including increases in parking meter revenues of $2,463,214 and transient parking revenues generated by the City's parking garages of $2,686,891. Operating expenses also increased within the Parking Facilities Fund due to structural repair and maintenance costs of the City parking garages. These expenditures increased by $5,093,115.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by City Council.

At December 31, 2025, the City's governmental funds reported combined fund balances of $821,062,665. Approximately 11 percent of this amount ($93,043,993) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted,* or *assigned* to indicate that it is 1) not in spendable form ($861,777), 2) restricted for particular purposes ($609,240,891) or 3) assigned for particular purposes ($117,916,004). Combined fund balance increased by $124,392,907 in comparison with the prior year. The increase is mainly due to new projects and ongoing projects requiring additional funding due to increased construction costs and land purchases for public safety facilities. In addition, the City's expenditure budget increased thereby requiring an increase to meet the City's financial policy of 20% unassigned fund balance. Management also reserved funds above our 20% policy as further protection against unforeseen events, considering the City's location on the coast.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $93,209,955, while total fund balance increased to $205,291,402. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 31 percent of total General Fund expenditures, while total fund balance represents approximately 69 percent of that same amount.

The fund balance of the City's General Fund increased by 9 percent or $17,254,603 during 2025. Highlights in the General Fund were as follows:

- Local Option Sales Tax revenue increased by $1,853,841 or 5.5% in 2025. This increase is primarily due to an increase in consumer spending during 2025.
- Property tax revenue increased by $7,457,802 or 5% in 2025. This increase is due to higher appraised values of properties due to reassessment.
- Business licenses increased by $4,588,221 or 7.7 percent during 2025. This increase is primarily due to the growth of gross revenues of businesses. Business license fees are calculated based on prior year's gross revenues. Therefore 2025 business license revenues were based on 2024's gross revenues, which were significantly higher than 2023.

Capital Improvements Fund. This major fund accounts for capital projects funded primarily by various general obligation bonds, installment purchase revenue bonds, hospitality revenue bond, a portion of the hospitality fees and accommodations taxes, transfers from other funds, as well as assets purchased under the City's lease purchase program. Grants and contributions also funded acquisitions during the current year. Fund balance increased by $23,898,943 because of $68,810,000 in General Obligation Bonds being issued for various capital project needs.

King Street Gateway TIF. This major fund accounts for various capital projects that are primarily funded by special redevelopment bonds, property taxes from this tax increment financing (TIF) district and special assessments levied on property owners in the district. During 2025, fund balance increased by 4 percent or $3,483,749, as compared to a 5 percent increase for 2024 of $3,989,047. This increase occurred primarily due to revenues and other financing sources exceeding expenditures and other financing uses.

Drainage. This major fund accounts for stormwater management and other drainage infrastructure. Funding sources are primarily from tax revenues from the four mills (two mills prior to 2016) assessed on real and personal property, certain business licenses and transfers from stormwater utility fees. Grants and contributions likewise funded acquisitions during the current year. The City also issued $46,725,000 of stormwater revenue bonds in 2012 which was refunded in 2020 and again in 2021. During 2025, fund balance decreased by $25,341,661 or 45 percent, as compared to a prior year decrease of $7,788,899. The decrease in fund balance is attributable to an increase in capital outlay of 45% or $14,352,745. The rise is primarily the result of increased construction expenditures associated with three major projects: Spring/Fishburne Phase 5, Huger Street Drainage Improvements, and Barberry Woods Drainage Improvements.

Charleston Neck TIF. This major fund accounts for various public infrastructure improvements that are primarily funded by special redevelopment bonds, property taxes from this tax increment financing (TIF) district and special assessments levied on property owners in the district. During 2025, fund balance increased by 53% or $42,418,922, as compared to an 11% increase for 2024 or $7,821,234. The large increase in 2025 was due to the issuance of $57,500,000 in special redevelopment bonds.

Proprietary Funds

The City of Charleston's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's enterprise operations include the following funds: Angel Oak, City Market, Joseph P. Riley, Jr. Baseball Park, Municipal Golf Course, Parking Facilities and Slave Mart Museum. The only major fund is the Parking Facilities Fund. At the end of the current fiscal year, the City's proprietary funds reported total ending net position of $159,999,176, of which $47,715,652 is unrestricted. The balance of net position is classified as net investment in capital assets.

Parking Facilities Fund. Net position increased in the Parking Facilities Fund by $469,238, a decrease of $1,693,352 over the prior year. Overall revenues of the Parking Facility Fund increased by $5,699,034 and expenditure increased by $4,735,719. The Parking Facilities Fund had higher operating revenues, including increases in parking meter revenues of $2,463,214 and transient parking revenues generated by the City's parking garages of $2,686,891. Operating expenses also increased within the Parking Facilities Fund due to structural repair and maintenance costs of the City parking garages. These expenditures increased by $5,093,115.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget.
For 2025 there was a $15,888,964 increase in appropriations between the original and final amended budget for the General Fund. An additional $374,022 was included for final costs related to implementation of a new enterprise resource planning system. $789,725 was added for contributions for developments and studies for the Hagood area improvements and the Sumar St. development. Various divisions' overtime and healthcare costs required $2,666,900 to be added as well as $282,900 in vehicle repair costs. Repairs to the Maritime Center docks, the Hope Center facility, and lighting improvements for the Dock Street Theater and the addition of a fence at Johns Island Park increased the budget by $506,623. Various traffic and transportation improvements accounted for $425,153 of the increase and additional body armor purchases, a new animal control contract and additional barricades for the Police Department accounted for $1,105,064. Inclusion of part of the Water Plan study for the Rosemont neighborhood and additional professional service costs added $3,825,262. An additional $5,685,650 was added for a principal payment on the $68.5m GO Bond. Transfers Out increased by $3,670,665 for the transfer of various reserves established for capital projects in 2025.

Final Budget Compared to Actual Results. Actual 2025 General Fund revenues were more than the amount budgeted by 6.47 percent or $16,419,308 while total expenditures were less than the amount budgeted by 2.55 percent or $7,760,064. Total net other financing sources were over budget by 6.75 percent or $2,731,630 predominantly due to $163,469 from subscription-based information technology arrangements (SBITAs) and $2,074,053 for issued leases. SBITAs were over budget due to the City entering into new subscription agreements and leases were over budget due to rental agreements for two new facilities for office space.

The most significant budget to actual revenue variance ($10,560,354 or 8.79 percent) involved Property Taxes due to property values increasing more than anticipated, higher collection of prior year taxes, and increased collections from motor vehicle property taxes. Licenses, Fees, and Permits, were over budget by 3.72 percent or $2,994,148. This variance is a result of higher than anticipated Business License revenue. Due to rising interest rates, interest income exceeded budget resulting in revenues from use of money and property being over budget by $105,931. Local Option Sales Tax revenue was over budget by $1,208,823 or 3.54 percent due to increased economic activity in Charleston County.

Within current expenditures, the largest variance is in General Government, which was below budget by $4,812,524 (8.25 percent), with $1,030,032 in wages and fringes, due mainly to vacant positions. Operating expenses were under budget by $3,751,311 due to unspent maintenance funds in the Parks Department ($774,875), unspent emergency funds in Non-Departmental ($573,774), and delays in completing technology related projects in Information Technology ($1,178,147).

The Public Safety function was under budget by $2,641,492 (1.71 percent), with the largest variance of $1,259,337 in professional services. This is mostly related to delays in traffic and transportation projects as well as projects coming in under budget ($339,411), police information technology projects taking longer to complete ($343,175), and unspent consulting funds in the Office of Resiliency ($332,672). Fuel and other supply savings account for $937,277 and rent expenses account for $363,373 due to how leases are accounted for as capital outlay but budgeted as rent expenditures.

The Culture and Recreation function was under budget by $1,863,784 (5.68 percent). The majority of this was due to savings in salaries related to vacant positions ($942,340). The remaining variance is in operating line items such as supplies, contracts, and maintenance and repair budgets that are under budget due to a temporary reduction in departmental activities directly resulting from staff shortages.

Capital outlay was over budget by $2,044,316 and debt service was over budget by $2,296,380 due to how expenditures related to SBITAs and leases are recorded but budgeted as expenditures as professional services and rents based on function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to $1,554,292,253 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, machinery and equipment, works of art, drainage systems, bridges and tunnels, streets and sidewalks, as well as leases and subscription assets (See Notes 1.I. and 9 to the financial statements). The total increase in the City's investment in capital assets from 2024 to 2025 was approximately 8.6 percent.

Major capital asset events during the current fiscal year included the following:

- Approximately $20 million was spent towards the US Highway 17 Septima Clark drainage project.
- Approximately $12.3 million was spent towards the Huger Street Drainage Improvement project.
- Approximately $6.68 million was spent towards the Municipal Operations Complex.
- Approximately $26 million was spent on the Ashley River Crossing.
- Approximately $4.5 million was spent on the Seawall-Low Battery.

Other significant additions during 2025 included work on the Barberry Woods drainage project, Concord Street Pump Station, various drainage projects, the construction of Johns Island Fire Station #23, and acquisitions of equipment in the police, fire, and public service departments.

City of Charleston's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and improvements	$ 156,169,598	$ 133,832,098	$ 11,442,208	$ 11,442,208	$ 167,611,806	$ 145,274,306
Building & improvements	490,993,133	485,760,352	125,292,165	128,036,199	$ 616,285,298	$ 613,796,551
Machinery & equipment	44,100,785	37,830,143	3,229,098	3,418,879	$ 47,329,883	$ 41,249,022
Works of art	454,250	454,250	55,000	55,000	$ 509,250	$ 509,250
Construction in progress	260,566,301	165,514,715	4,403,661	1,355,206	$ 264,969,962	$ 166,869,921
Infrastructure	422,746,143	427,350,874	-	-	$ 422,746,143	$ 427,350,874
Intangible right-to-use assets	17,241,606	16,614,358	10,089,325	11,403,319	$ 27,330,931	$ 28,017,677
Subscription Assets	7,435,243	8,507,771	73,737	-	$ 7,508,980	$ 8,507,771
Total	$ 1,399,707,059	$ 1,275,864,561	$ 154,585,194	$ 155,710,811	$ 1,554,292,253	$ 1,431,575,372

Additional information on the City's capital assets is provided in Note 9 to the financial statements.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $469,600,884. Of this amount, $137,286,748 is comprised of debt backed by the full faith and credit of the government; $150,323,586 is comprised of special redevelopment bonds secured by proceeds from the incremental increase in the tax base related to these properties, as well as parking fees generated by garages located within the districts; $66,439,954 is comprised of revenue bond debt secured by pledges of parking fees, operating revenues of the City Market, State and Municipal accommodations taxes, and the revenues of the Stormwater system; and $115,550,596 is comprised of installment purchase revenue bonds secured by certain public safety capital assets. The remainder of the City's long-term obligations is comprised of notes payable, leases, subscription liabilities, financed purchase obligations, pension-related debt, OPEB-related debt, claims and judgments, and compensated absences.

The City's total debt increased by $143,551,273 (44 percent) during the current fiscal year. The increase was due to an additional general obligation bond for the construction of the City's Municipal Operations Building and special redevelopment bonds for our Charleston Neck, Cooper River Bridge, Morrison Drive, and West Ashley tax incremental financing districts. Decreases were due to regularly scheduled principal reductions on existing outstanding debt.

The City's liability for its net pension liability decreased by $9,172,322 (4.6 percent) in 2025; this compares to a $4,461,698 decrease (2 percent) in 2024. Additionally, the City's net OPEB liability decreased by $9,100,101 during 2025.

Standard & Poor's and Moody's Investors Service have assigned and reaffirmed ratings of "AAA" and "Aaa", respectively, for the City's general obligation bonds. Standard & Poor's and Moody's Investors Service assigned and reaffirmed ratings of "AA" and "Aa2", respectively, of the City's 2012 Stormwater Systems revenue bonds. Standard & Poor's and Moody's Investors Service assigned ratings of "AA+" and "Aa1", respectively, to the City's 2015, 2017, 2020, 2022, and 2023 installment purchase revenue bonds.

Under State law, the City is authorized to issue general obligation bonds (not subject to voter approval) in a principal amount not greater than 8 percent of total assessed value of all taxable property. As of December 31, 2025, Charleston's 8 percent general obligation debt capacity (amount remaining available without a referendum) was $123,031,841, down from $149,002,480 in 2024 reflecting a decreased limit available due to the issuance of additional general obligation bonds resulting in higher outstanding general obligation bonded debt.

City of Charleston's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 137,286,748	$ 43,512,788	$ -	$ -	$ 137,286,748	$ 43,512,788
Special redevelopment bonds	150,323,586	84,229,702	-	-	150,323,586	$ 84,229,702
Revenue bonds	65,722,098	72,285,929	717,856	1,158,786	66,439,954	73,444,715
Installment purchase revenue bonds	84,574,135	89,873,020	30,976,461	34,989,386	115,550,596	124,862,406
Total bonded debt	437,906,567	289,901,439	31,694,317	36,148,172	469,600,884	326,049,611
Notes	7,131,196	7,959,977	-	300,000	7,131,196	8,259,977
Financed purchase obligations	17,957,169	17,149,531	52,306	89,965	18,009,475	17,239,496
Leases	18,531,922	17,537,156	10,531,270	11,761,210	29,063,192	29,298,366
Subscriptions	8,011,934	8,897,088	23,777	-	8,035,711	8,897,088
Net pension liability	182,947,442	191,908,172	5,254,516	5,466,108	188,201,958	197,374,280
Net OPEB liability	23,288,927	32,389,028	-	-	23,288,927	32,389,028
Claims and judgments	5,834,604	6,024,128	-	-	5,834,604	6,024,128
Compensated absences	10,869,311	10,607,768	287,209	286,232	11,156,520	10,894,000
Total	$ 274,572,505	$ 292,472,848	$ 16,149,078	$ 17,903,515	$ 290,721,583	$ 310,376,363

More detailed information on the City's long-term debt is provided in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The approved 2026 budget was passed in December of 2025 and totaled $320,634,309 in General Fund revenues and $320,634,309 in General Fund expenditures.

The following economic factors currently affect the City and were considered in developing the 2026 fiscal year budget:

- The General Fund 2026 budget is 3.53 percent higher ($10,922,772) than the amended 2025 budget for revenues and expenditures. Compared to the original 2025 budget, revenues and expenditures are 9.13 percent higher ($26,811,736). The discussion below is in comparison to the 2025 amended budget.
- Most revenues are anticipated to continue to have modest growth, including an increase of $3,447,716 in business licenses. Budgeted Local Option Sales Tax revenue increased $2,715,000 or 6.38 percent. Permit and fee revenue increased by $1,218,260 or 17.09 percent.

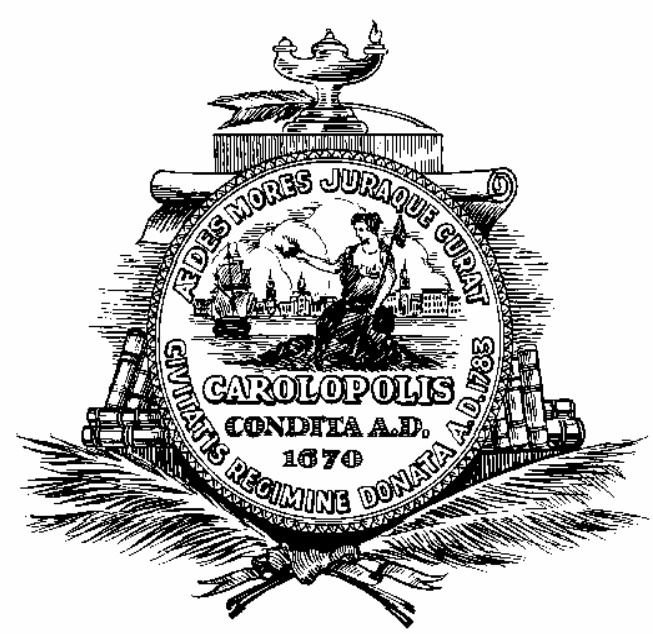
- Each year the Parking Enterprise Fund and other enterprise funds transfer surplus funds to help support the General Fund. Parking revenues along with revenues from other tourism-related enterprise funds are projected to follow similar growth patterns over the next year. The expected transfers in 2026 are budgeted to be $19,294,066 which is $2,248,306 higher than in 2025, an increase of 13.19 percent.
- Property tax millage for 2026 remained the same at 72.5 mills for the General Fund. (For 2026 Drainage Fund millage remains at 4 mills, Public Safety Infrastructure Fund millage remains at 3 mills, and parks and recreation capital projects remain at 2.5 mills. All of these are segregated from the General Fund.) The projected increase in property tax revenue is $12,467,000 and is net of tax credits provided by Local Option Sales Tax revenues.
- The 2026 expenditure budget includes a 3% cost-of-living increase and accounts for the majority of the 8.44 percent increase in personnel and fringe benefits costs.

At December 31, 2025, unassigned fund balance in the General Fund was $93,209,955. The use of unassigned fund balance is not budgeted for 2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Charleston's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Budget, Finance and Revenue Collections by mail at P.O. Box 304, Charleston, South Carolina 29402. You may also visit the City website at www.charleston-sc.gov.

BASIC FINANCIAL STATEMENTS



CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 344,567,265	$ 52,325,087	$ 396,892,352
Investments	212,496	-	212,496
Receivables, net of allowances			
Property taxes	94,378,248	-	94,378,248
Accounts	4,729,423	953,369	5,682,792
Other	7,491,224	1,432,953	8,924,177
Due from federal government	16,290,740	-	16,290,740
Due from state and local governments	86,291,126	-	86,291,126
Inventories, at cost	2,326	60,979	63,305
Prepaid items	1,558,815	7,000	1,565,815
Property held for resale	10,931,157	-	10,931,157
Notes receivable			
Due within one year	551,687	340,000	891,687
Due in more than one year	4,594,508	960,000	5,554,508
Restricted cash and cash equivalents	350,753,538	-	350,753,538
Mortgages receivable, net of allowance	2,291,093	-	2,291,093
Leases receivable			
Due within one year	439,445	554,510	993,955
Due in more than one year	2,580,539	713,918	3,294,457
Capital assets			
Nondepreciable	528,145,972	15,900,869	544,046,841
Depreciable, net of accumulated depreciation	846,884,238	128,521,263	975,405,501
Right-to-use lease assets, net of accumulated amortization	17,241,606	10,089,325	27,330,931
Right-to-use subscription assets, net of accumulated amortization	7,435,243	73,737	7,508,980
Total assets	2,327,370,689	211,933,010	2,539,303,699
Deferred outflows of resources			
Deferred loss on bond refunding	57,669	-	57,669
Pension	40,508,867	927,430	41,436,297
Other postemployment benefits	9,441,265	-	9,441,265
Total deferred outflows of resources	$ 50,007,801	$ 927,430	$ 50,935,231

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	$ 55,306,569	$ 2,409,269	$ 57,715,838
Accrued salaries and related benefits	9,618,690	143,033	9,761,723
Accrued interest payable	5,373,526	314,623	5,688,149
Other accrued liabilities	81,871	294,922	376,793
Deposits	340,227	298,697	638,924
Assets held for others	471,843	-	471,843
Due to state and local governments	3,367,112	-	3,367,112
Unearned revenue	7,162,318	1,785	7,164,103
Noncurrent liabilities			
Due within one year	55,209,083	5,436,924	60,646,007
Due in more than one year	657,269,989	42,406,471	699,676,460
Total liabilities	794,201,228	51,305,724	845,506,952
Deferred inflows of resources			
Deferred gain on bond refunding	134,450	-	134,450
Deferred lease receipts	2,964,280	1,217,726	4,182,006
Pension	16,797,003	337,814	17,134,817
Other postemployment benefits	19,766,086	-	19,766,086
Total deferred inflows of resources	39,661,819	1,555,540	41,217,359
Net position			
Net investment in capital assets	1,175,010,928	112,283,524	1,287,294,452
Restricted for			
Debt service	763,236	-	763,236
Capital and infrastructure projects	476,313,940	-	476,313,940
Tourism activities	23,697,085	-	23,697,085
Small business assistance	2,036,847	-	2,036,847
Housing services/community development	3,360,856	-	3,360,856
Affordable housing	17,519,723	-	17,519,723
Law enforcement	284,822	-	284,822
Cultural activities	27,896	-	27,896
Community services	600,157	-	600,157
Recreation and community programs			
Nonexpendable	58,824	-	58,824
Unrestricted	(156,158,871)	47,715,652	(108,443,219)
Total net position	$ 1,543,515,443	$ 159,999,176	$ 1,703,514,619

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	$ 105,293,872	$ 74,415,955	$ 16,046,084	$ 3,604,066	$ (11,227,767)	$ -	$ (11,227,767)
Public safety	162,778,526	9,135,082	2,608,633	180,999	(150,853,812)	-	(150,853,812)
Public service	18,189,880	15,545	773,129	14,906,289	(2,494,917)	-	(2,494,917)
Urban and community development	16,085,817	1,961,659	2,768,672	-	(11,355,486)	-	(11,355,486)
Culture and recreation	49,741,607	3,814,315	794,239	21,542,268	(23,590,785)	-	(23,590,785)
Community promotions	6,417,940	690,500	-	-	(5,727,440)	-	(5,727,440)
Health and welfare	1,408,752	-	36,671	-	(1,372,081)	-	(1,372,081)
Business development and assistance	1,725,707	-	1,400	79,145	(1,645,162)	-	(1,645,162)
Interest	13,056,701	-	-	-	(13,056,701)	-	(13,056,701)
Total governmental activities	374,698,802	90,033,056	23,028,828	40,312,767	(221,324,151)	-	(221,324,151)
Business-type activities							
Parking facilities	23,287,554	36,746,691	-	-	-	13,459,137	13,459,137
City Market	2,571,129	2,840,284	-	-	-	269,155	269,155
Angel Oak	552,165	440,697	23,744	-	-	(87,724)	(87,724)
J. P. Riley Jr. Baseball Park	1,772,510	324,893	-	1,600,000	-	152,383	152,383
Municipal Golf Course	4,448,607	4,233,240	-	-	-	(215,367)	(215,367)
Slave Mart Museum	248,839	409,430	-	-	-	160,591	160,591
Total business-type activities	32,880,804	44,995,235	23,744	1,600,000	-	13,738,175	13,738,175
Total government	$ 407,579,606	$ 135,028,291	$ 23,052,572	$ 41,912,767	(221,324,151)	13,738,175	(207,585,976)
	General revenues						
	Taxes						
	Property, net of tax increment financing districts				$ 151,845,689	$ -	$ 151,845,689
	Tax increment financing districts				34,820,377	-	34,820,377
	Hospitality				27,408,353	-	27,408,353
	Accommodations				26,155,861	-	26,155,861
	Franchise				15,440,373	-	15,440,373
	Penalties				633,828	-	633,828
	Grants and contributions not restricted to specific programs				35,315,858	-	35,315,858
	Unrestricted revenue from use of money and property				25,028,424	412,669	25,441,093
	Miscellaneous				7,514,538	25,046	7,539,584
	Transfers				10,794,444	(10,794,444)	-
	Total general revenues and transfers				334,957,745	(10,356,729)	324,601,016
	Change in net position				113,633,594	3,381,446	117,015,040
	Net position						
	Beginning of year				1,429,881,849	156,617,730	1,586,499,579
	End of year				$ 1,543,515,443	$ 159,999,176	$ 1,703,514,619

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Improvements	Charleston Neck TIF	King Street Gateway TIF	Drainage		
Assets							
Cash and cash equivalents	$ 112,337,249	$ -	$ 37,162,074	$ 3,500,793	$ 12,554,278	$ 179,012,871	$ 344,567,265
Investments	-	212,496	-	-	-	-	212,496
Receivables, net of allowances:							
Property taxes	54,119,364	-	13,761,070	-	3,601,403	22,896,411	94,378,248
Accounts	-	-	-	-	-	4,729,423	4,729,423
Other	5,586,334	-	-	-	-	1,904,890	7,491,224
Due from federal government	-	11,494,608	-	-	3,971,220	824,912	16,290,740
Due from state and local governments	65,536,024	194,226	871,347	-	3,849,868	15,839,661	86,291,126
Notes receivable, net of allowance	-	-	-	-	-	5,146,195	5,146,195
Property held for resale	-	-	-	-	-	10,871,157	10,871,157
Due from other funds	1,141,530	-	-	-	-	-	1,141,530
Inventories	2,326	-	-	-	-	-	2,326
Security deposits	-	-	-	-	-	11,418	11,418
Prepaid items	227,337	-	-	-	71,410	505,000	803,747
Restricted cash and cash equivalents	173,423	37,123,616	96,038,134	78,750,988	21,623,178	117,044,199	350,753,538
Leases receivable	3,019,984	-	-	-	-	-	3,019,984
Mortgages receivable, net of allowance	-	-	-	-	-	2,291,093	2,291,093
Total assets	$ 242,143,571	$ 49,024,946	$ 147,832,625	$ 82,251,781	$ 45,671,357	$ 361,077,230	$ 928,001,510

(Continued)

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Improvements	Charleston Neck TIF	King Street Gateway TIF	Drainage		
Liabilities							
Accounts payable	$ 7,249,945	$ 9,071,706	$ 25,299,009	$ -	$ 9,273,546	$ 4,412,363	$ 55,306,569
Assets held for others	252,646	-	-	-	-	219,197	471,843
Accrued salaries, wages, and benefits	9,411,564	-	-	-	-	207,126	9,618,690
Claims and judgments payable	2,072,239	-	-	-	-	-	2,072,239
Other accrued liabilities	59,784	2,297	-	-	-	19,790	81,871
Deposits	340,227	-	-	-	-	-	340,227
Due to state and local governments	3,362,322	-	-	-	-	4,790	3,367,112
Due to other funds	-	-	-	-	-	1,141,530	1,141,530
Unearned revenue	5,333,074	77,928	-	-	779,919	971,379	7,162,300
Total liabilities	28,081,801	9,151,931	25,299,009	-	10,053,465	6,976,175	79,562,381
Deferred inflows of resources							
Deferred lease receipts	2,964,280	-	-	-	-	-	2,964,280
Unavailable revenue	5,806,088	11,588,737	163,204	-	4,071,539	2,782,616	24,412,184
Total deferred inflows of resources	8,770,368	11,588,737	163,204	-	4,071,539	2,782,616	27,376,464
Fund balances (deficit)							
Nonspendable							
Long-term receivables	55,704	-	-	-	-	-	55,704
Inventories and prepaid items	229,663	-	-	-	71,410	505,000	806,073
Restricted							
Small business assistance	-	-	-	-	-	2,036,847	2,036,847
Law enforcement	-	-	-	-	-	284,822	284,822
Tourism activities	-	-	-	-	-	23,697,085	23,697,085
Cultural activities	-	-	-	-	-	27,896	27,896
Housing services and community development	-	-	-	-	-	3,360,856	3,360,856
Affordable housing	-	-	-	-	-	17,519,723	17,519,723
Community services	-	-	-	-	-	600,157	600,157
Recreation and community programs Nonexpendable	-	-	-	-	-	58,824	58,824
Debt service	-	-	840,023	356,850	3,172,872	1,767,016	6,136,761
Capital and infrastructure projects	-	28,284,278	121,530,389	81,894,931	28,302,071	295,506,251	555,517,920
Assigned							
Cultural activities	-	-	-	-	-	287,191	287,191
Community services	-	-	-	-	-	51	51
Housing services and community development	-	-	-	-	-	4,573,358	4,573,358
Capital and infrastructure projects	106,768,289	-	-	-	-	1,259,324	108,027,613
Purchases on order	4,673,799	-	-	-	-	-	4,673,799
Post-employment benefits - pension	353,992	-	-	-	-	-	353,992
Unassigned	93,209,955	-	-	-	-	(165,962)	93,043,993
Total fund balances	205,291,402	28,284,278	122,370,412	82,251,781	31,546,353	351,318,439	821,062,665
Total liabilities, deferred inflows of resources, and fund balances	$ 242,143,571	$ 49,024,946	$ 147,832,625	$ 82,251,781	$ 45,671,357	$ 361,077,230	$ 928,001,510

CITY OF CHARLESTON, SOUTH CAROLINA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION DECEMBER 31, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Total governmental fund balances		$ 821,062,665
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (capital assets of $1,721,753,662 net of accumulated depreciation of $314,778,717 and accumulated amortization of $7,267,886).		1,399,707,059
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported or are deferred in the funds.		
Property taxes	$ 4,334,328	
Franchise fees	5,454	
Sale of real estate	496,195	
Grants	17,717,229	
Court fines	1,169,360	
Deferred interest receivable on notes	180,866	
Donated and grant related property held for resale	60,000	
Other receivables	508,752	
		24,472,184
Disbursements for maintenance agreements reflected in the funds cover periods extending beyond year-end.		743,650
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable	$ (7,131,196)	
General obligation bonds	(131,725,000)	
Net pension liability, net of related deferred outflows and inflows of resources	(159,235,578)	
Net OPEB liability, net of related deferred outflows and inflows of resources	(33,613,748)	
Revenue bonds	(63,360,537)	
Installment purchase revenue bonds	(77,156,450)	
Special redevelopment bonds	(150,323,586)	
Financed purchase obligations payable	(17,957,169)	
Leases payable	(18,531,922)	
Subscription arrangements payable	(8,011,934)	
Claims and judgments payable	(3,762,365)	
Compensated absences payable	(10,869,311)	
Accrued interest	(5,373,526)	
Unamortized deferred gain on refunding	(134,450)	
Unamortized deferred loss on refunding	57,669	
Unamortized premiums on debt issuance	(15,340,994)	
		(702,470,097)
The funds reflect multi-year real estate rental agreements for which revenues are deferred and amortized over the period of the agreement in the statement of net position.		(18)
Net position of governmental activities		$ 1,543,515,443

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Improvements	Charleston Neck TIF	King Street Gateway TIF	Drainage		
Revenues							
Taxes							
Property, net of tax increment financing districts	$ 130,728,354	$ -	$ -	$ -	$ 8,795,820	$ 12,133,978	$ 151,658,152
Tax increment financing districts	-	-	15,003,893	-	-	19,816,484	34,820,377
Other	-	-	-	-	-	40,788,194	40,788,194
Licenses, fees and permits	83,414,523	-	-	-	1,176,096	15,848,843	100,439,462
Fines and forfeitures	1,343,099	-	-	-	32,212	92,642	1,467,953
Intergovernmental-federal	985	18,535,890	-	-	10,679,430	3,925,593	33,141,898
Intergovernmental-state and local							
Local option sales tax	35,308,823	-	-	-	-	-	35,308,823
Other	7,884,588	255,133	-	-	2,883,844	13,534,395	24,557,960
Charges for services	3,649,046	-	-	-	-	-	3,649,046
Revenues from use of money and property	5,767,055	2,200,589	3,037,857	3,483,749	1,115,599	9,501,682	25,106,531
Donations and settlements	330,193	546,856	-	-	41,837	1,116,666	2,035,552
Other	1,789,562	308	-	-	-	5,655,964	7,445,834
Total revenues	270,216,228	21,538,776	18,041,750	3,483,749	24,724,838	122,414,441	460,419,782
Expenditures							
Current							
General government	53,514,217	510,456	25,317,984	-	2,931,201	21,931,240	104,205,098
Public safety	151,549,524	131,328	-	-	-	2,650,671	154,331,523
Public service	19,298,990	-	-	-	504,652	837,015	20,640,657
Urban and community development	6,067,393	-	-	-	-	8,287,080	14,354,473
Culture and recreation	30,932,774	51,089	-	-	-	6,575,443	37,559,306
Community promotions	1,644,762	-	-	-	-	4,838,197	6,482,959
Health and welfare	1,336,537	-	-	-	-	19,671	1,356,208
Business development and assistance	850,448	1,664	-	-	-	-	852,112
Capital outlay	4,552,475	69,698,229	-	-	46,401,638	23,556,666	144,209,008
Debt service							
Principal retirement	23,366,364	-	4,201,218	-	2,789,000	17,403,627	47,760,209
Interest and fiscal charges	2,765,333	-	3,272,995	-	270,805	6,433,472	12,742,605
Bond issuance costs	281,662	156,582	330,631	-	-	561,242	1,330,117
Total expenditures	296,160,479	70,549,348	33,122,828	-	52,897,296	93,094,324	545,824,275
Excess (deficiency) of revenues over (under) expenditures	(25,944,251)	(49,010,572)	(15,081,078)	3,483,749	(28,172,458)	29,320,117	(85,404,493)
Other financing sources (uses)							
Transfers in	42,032,158	8,082,494	-	-	3,676,744	18,474,204	72,265,600
Transfers out	(5,587,431)	(13,451,305)	-	-	(845,947)	(41,584,192)	(61,468,875)
Insurance recoveries	697,281	-	-	-	-	16,817	714,098
Sale of capital assets	241,458	245,000	-	-	-	41,330	527,788
Financed purchase obligations payable issued	-	9,223,326	-	-	-	-	9,223,326
Special redevelopment bonds issued	-	-	57,500,000	-	-	14,935,000	72,435,000
General obligation bonds issued	-	68,810,000	-	-	-	40,000,000	108,810,000
Leases issued	2,074,053	-	-	-	-	-	2,074,053
Subscription arrangements issued	163,469	-	-	-	-	-	163,469
Premium on bonds issued	3,577,866	-	-	-	-	1,475,075	5,052,941
Total other financing sources, net	43,198,854	72,909,515	57,500,000	-	2,830,797	33,358,234	209,797,400
Net change in fund balances	17,254,603	23,898,943	42,418,922	3,483,749	(25,341,661)	62,678,351	124,392,907
Fund balance - beginning of year	188,036,799	4,385,335	79,951,490	78,768,032	56,888,014	288,640,088	696,669,758
Fund balance - end of year	$ 205,291,402	$ 28,284,278	$ 122,370,412	$ 82,251,781	$ 31,546,353	$ 351,318,439	$ 821,062,665

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - total governmental funds		$ 124,392,907
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Capital outlay	$ 148,843,827	
Amortization expense	(2,616,368)	
Depreciation expense	(25,120,479)	121,106,980
In the Statement of Activities, the loss on disposal of capital assets is reported. Conversely, governmental funds generally do not report any gain or loss on disposal of capital assets.		
Net book value of disposed capital assets		(802,114)
In the Statement of Activities, revenue from infrastructure assets contributed to the City by real estate developers is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.		3,604,066
Right-to-use assets used in governmental activities are not financial resources and, therefore, remeasurements of these assets are not reported in the governmental funds.		(66,434)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ 187,540	
Franchise fees	(2,728)	
Sale of real estate	(21,687)	
Court fines	328,511	
Grant revenues	3,322,485	
Interest income	12,000	
Other	489,010	4,315,131

(Continued)

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2025

Expenditures under maintenance agreements that cover periods extending beyond year-end are deferred and amortized over the agreement period in the Statement of Net Position.		$ (43,384)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
Bonds issued	$ (181,245,000)	
Financed purchase obligations issued	(9,223,326)	
Leases issued	(2,074,053)	
Subscription arrangements issued	(163,469)	
Principal repayments	47,760,209	
Remeasurements of leases	3,030	
Premiums on bonds issued	(5,052,941)	
Amortization of refunding gains	34,987	
Amortization of refunding losses	(20,424)	
Amortization of issuance premiums	1,901,953	(148,079,034)
Compensated absences	$ (261,543)	
Net OPEB liability	1,570,163	
Claims and judgments	1,126,984	
Interest expense	(1,932,740)	
Net pension liability	8,702,612	9,205,476
Change in net position of governmental activities		$ 113,633,594

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Business-type Activities Enterprise Funds		
	Parking Facilities	Nonmajor Enterprise Funds	Total
Assets			
Current assets			
Cash and cash equivalents	$ 46,478,329	$ 5,846,758	$ 52,325,087
Accounts receivable, net of allowances	953,369	-	953,369
Other receivables	476,380	956,573	1,432,953
Inventories, at cost	-	60,979	60,979
Prepaid items	-	7,000	7,000
Notes receivable	-	340,000	340,000
Lease receivables	156,610	397,900	554,510
Total current assets	48,064,688	7,609,210	55,673,898
Noncurrent assets			
Notes receivable	-	960,000	960,000
Lease receivables	707,389	6,529	713,918
Capital assets			
Land	8,506,888	2,935,320	11,442,208
Works of art	-	55,000	55,000
Construction in progress	506,048	3,897,613	4,403,661
Buildings and improvements	148,328,757	38,601,242	186,929,999
Machinery and equipment	6,876,390	1,608,412	8,484,802
Less accumulated depreciation	(41,131,115)	(25,762,423)	(66,893,538)
Right-to-use lease and subscription assets	15,391,960	46,140	15,438,100
Less accumulated amortization	(5,236,103)	(38,935)	(5,275,038)
Total noncurrent assets	133,950,214	22,308,898	156,259,112
Total assets	182,014,902	29,918,108	211,933,010
Deferred outflows of resources			
Pension	535,594	391,836	927,430
Total deferred outflows of resources	535,594	391,836	927,430
Liabilities			
Current liabilities			
Accounts payable	1,882,371	526,898	2,409,269
Accrued salaries and related benefits	79,677	63,356	143,033
Accrued interest payable	299,344	15,279	314,623
Other accrued liabilities	1,252	293,670	294,922
Installment purchase revenue bonds payable	3,859,404	-	3,859,404
Revenue bonds payable	-	142,929	142,929
Subscriptions payable	11,752	-	11,752
Financed purchase obligations payable	-	35,648	35,648
Leases payable	1,228,209	6,988	1,235,197
Compensated absences payable	63,565	88,429	151,994
Deposits	259,754	38,943	298,697
Unearned revenue	100	1,685	1,785
Total current liabilities	7,685,428	1,213,825	8,899,253

(Continued)

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Business-type Activities Enterprise Funds		
	Parking Facilities	Nonmajor Enterprise Funds	Total
Liabilities (Continued)			
Noncurrent liabilities			
Net pension liability	$ 3,236,291	$ 2,018,225	$ 5,254,516
Installment purchase revenue bonds payable	27,117,057	-	27,117,057
Revenue bonds payable	-	574,927	574,927
Subscriptions payable	12,025	-	12,025
Financed purchase obligations payable	-	16,658	16,658
Leases payable	9,294,493	1,580	9,296,073
Compensated absences payable	58,624	76,591	135,215
Total long-term liabilities	39,718,490	2,687,981	42,406,471
Total liabilities	47,403,918	3,901,806	51,305,724
Deferred inflows of resources			
Pension	200,429	137,385	337,814
Deferred lease receipts	751,710	466,016	1,217,726
Total deferred inflows of resources	952,139	603,401	1,555,540
Net position			
Net investment in capital assets	91,719,885	20,563,639	112,283,524
Unrestricted	42,474,554	5,241,098	47,715,652
Total net position	$ 134,194,439	$ 25,804,737	$ 159,999,176

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2025

	Business-type Activities Enterprise Funds		
	Parking Facilities	Nonmajor Enterprise Funds	Total
Operating revenues			
Sales and services	$ 36,746,323	$ 7,892,014	$ 44,638,337
Revenues from use of monies and property	-	348,727	348,727
Donations	-	23,744	23,744
Other	368	7,803	8,171
Total operating revenues	36,746,691	8,272,288	45,018,979
Operating expenses			
Cost of sales and services	-	686,882	686,882
Personnel services	5,620,380	3,413,164	9,033,544
Utilities	607,093	437,964	1,045,057
Rent	574,867	-	574,867
Repairs and maintenance	8,232,398	715,736	8,948,134
Supplies	296,529	465,249	761,778
Other operating expenses	3,188,107	2,448,158	5,636,265
Depreciation and amortization	3,919,804	1,369,127	5,288,931
Total operating expenses	22,439,178	9,536,280	31,975,458
Operating income (loss)	14,307,513	(1,263,992)	13,043,521
Nonoperating revenues (expenses)			
Investment income	412,669	-	412,669
Interest expense	(848,376)	(56,970)	(905,346)
Insurance recoveries	12,216	12,830	25,046
Total nonoperating expenses, net	(423,491)	(44,140)	(467,631)
Income (loss) before capital contributions and transfers	13,884,022	(1,308,132)	12,575,890
Capital contributions	2,281	1,600,000	1,602,281
Transfers			
Transfers in	3,702,251	2,772,364	6,474,615
Transfers out	(17,119,316)	(152,024)	(17,271,340)
Total transfers	(13,417,065)	2,620,340	(10,796,725)
Change in net position	469,238	2,912,208	3,381,446
Total net position			
Beginning of year	133,725,201	22,892,529	156,617,730
End of year	$ 134,194,439	$ 25,804,737	$ 159,999,176

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Business-type Activities Enterprise Funds		
	Parking Facilities	Nonmajor Enterprise Funds	Total
Cash flows from operating activities			
Cash received from customers and users	$ 36,131,132	$ 8,502,473	$ 44,633,605
Cash paid to suppliers	(12,711,659)	(5,774,835)	(18,486,494)
Cash paid to employees	(5,545,672)	(3,461,795)	(9,007,467)
Other operating cash receipts	12,216	12,830	25,046
Net cash provided by (used in) operating activities	17,886,017	(721,327)	17,164,690
Cash flows from noncapital financing activities			
Transfers in	3,702,251	2,772,364	6,474,615
Transfers out	(17,119,316)	(152,024)	(17,271,340)
Net cash provided by (used in) noncapital financing activities	(13,417,065)	2,620,340	(10,796,725)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(691,462)	(3,445,794)	(4,137,256)
Principal payments on installment purchase revenue bonds payable	(3,741,521)	-	(3,741,521)
Principal payments on revenue bonds payable	-	(440,930)	(440,930)
Principal payments on financed purchase obligations	-	(37,659)	(37,659)
Principal payments on leases payable	(1,215,735)	(14,205)	(1,229,940)
Interest paid	(1,158,143)	(64,990)	(1,223,133)
Net cash used in capital and related financing activities	(6,806,861)	(4,003,578)	(10,810,439)
Cash flows from investing activities			
Interest received	412,669	-	412,669
Net cash provided by investing activities	412,669	-	412,669
Net change in cash and cash equivalents	(1,925,240)	(2,104,565)	(4,029,805)
Cash and cash equivalents			
Beginning of year	48,403,569	7,951,323	56,354,892
End of year	$ 46,478,329	$ 5,846,758	$ 52,325,087

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Business-type Activities Enterprise Funds		
	Parking Facilities	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	$ 14,307,513	$ (1,263,992)	$ 13,043,521
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	3,919,804	1,369,127	5,288,931
Other operating cash receipts	12,216	12,830	25,046
(Increase) decrease in:			
Accounts receivable	(275,377)	-	(275,377)
Other receivables	(340,182)	228,500	(111,682)
Inventories	-	(8,863)	(8,863)
Deferred outflows of resources - pension	14,361	14,673	29,034
Increase (decrease) in:			
Accounts payable	190,019	(1,190,769)	(1,000,750)
Accrued salaries and related benefits	33,638	13,109	46,747
Other accrued liabilities	(2,684)	178,786	176,102
Compensated absences payable	(7,443)	8,419	976
Unearned revenue	-	1,685	1,685
Deposits	117,187	-	117,187
Net pension liability	(104,663)	(106,929)	(211,592)
Deferred inflows of resources - pension	21,628	22,097	43,725
Total adjustments	3,578,504	542,665	4,121,169
Net cash provided by (used in) operating activities	$ 17,886,017	$ (721,327)	$ 17,164,690
Schedule of noncash capital and related financing activities			
Decrease in outstanding debt obligations due to amortization of premiums	$ 271,404	$ -	$ 271,404
Extinguishment of outstanding debt	-	(300,000)	(300,000)
Acquisition of capital assets through contributions	2,281	1,600,000	1,602,281
Assets acquired through subscriptions	23,777	-	23,777
Initiation of subscription liability	(23,777)	-	(23,777)

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
DECEMBER 31, 2025

	Custodial Fund
	Firemen's Insurance and Inspection Fund
Assets	
Cash and cash equivalents	$ 2,151,703
Liabilities	
Accounts payable	$ 2,121,183
Net Position	
Restricted	
Other governments	30,520
Total net position	$ 30,520

See Notes to Financial Statements.

CITY OF CHARLESTON, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Custodial Fund
	Firemen's Insurance and Inspection Fund
Additions	
Insurance premium tax	$ 2,150,258
Miscellaneous	11,633
Total additions	2,161,891
Deductions	
Fees paid to other governments	2,150,258
Total deductions	2,150,258
Change in net position	11,633
Total net position	
Beginning of year	18,887
End of year	$ 30,520

See Notes to Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Charleston, South Carolina (the "City"), a political subdivision of the State of South Carolina, was incorporated August 13, 1783. On September 21, 1976, the City issued a charter adopting the Council-Mayor form of government. The City provides a full range of services to its citizens including fire and police protection, sanitation, public improvements, parks, recreation, cultural, economic development, planning, parking facilities, golf course and general administration. The City is a municipal corporation governed by an elected mayor and a twelve-member council.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Charleston (the primary government) and its component unit. The blended component unit discussed below is included in the City's reporting entity because of the significant influence and financial relationship with the City.

The **City of Charleston Public Facilities Corporation** (the "Corporation") is a single purpose corporate entity, established in 1993, which has a leasehold interest in certain City facilities. Its Board is comprised of several employees of the City. The Corporation previously issued $30,000,000 of financing using certificates of participation which have since been paid off. Installment purchase revenue bonds were issued during 2015 of $31,270,000, during 2017 of $22,920,000, during 2020 of $27,395,000, during 2022 of $20,465,000, and during 2023 of $48,375,000 to finance the construction of parking facilities, public safety infrastructure, and public works facilities. The assets, debt and related accounts of the parking facilities are reported in a proprietary fund, which accounts for parking garage operations. All other assets, debts and activities are reported in the governmental activities. The Corporation does not have separately issued financial statements.

B. Government-wide and Fund Financial Statements

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements, but interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The City reports the following major governmental funds:

1. The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The **Capital Improvements Fund,** a capital projects fund, accounts for various capital projects primarily funded by various General Obligation Bonds, a portion of the Hospitality and Accommodations Fees, transfers from the General Fund, Land Sales Fund, King Street Gateway TIF Fund, and Public Safety Infrastructure Fund, and assets purchased under the City's lease purchase program. Contributions have also funded acquisitions during recent years.
3. The **King Street Gateway TIF Fund**, a capital projects fund, accounts for various projects in the King Street Gateway Tax Increment Financing District, primarily funded by special redevelopment bonds, property taxes, and special assessments levied on property owners in the district.
4. The **Drainage Fund,** a capital projects fund, accounts for stormwater management and other drainage infrastructure. Funding sources are primarily from tax revenues from the four mills assessed on real and personal property, certain business licenses, transfers of stormwater utility fees, federal and state grants, contributions, and stormwater revenue bonds.
5. The **Charleston Neck TIF Fund**, a capital projects fund, accounts for tax increment financing proceeds for the Charleston Neck Redevelopment Project Area Tax Increment Financing District (the TIF District). The fund also accounts for the proceeds of special redevelopment bonds issued for public infrastructure projects within the TIF District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The City reports the following major proprietary fund:

The **Parking Facilities Fund** accounts for the operation and maintenance of the on-street parking and off-street parking lots and garages owned and/or operated by the City.

In addition, the City reports the following nonmajor fund types:

The **Special Revenue Funds** account for revenue sources that are restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, other special purpose fees, and economic development.

The **Capital Project Funds** account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The **Debt Service Funds** account for the resources accumulated and payments made for principal and interest on long-term debt in governmental funds.

The **Permanent Fund** is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. All of the City's proprietary funds are enterprise funds.

The **Custodial Fund** is fiduciary in nature and is used to account for the collection and disbursement of monies by the City on behalf of others. The Firemen's Insurance and Inspection Fund accounts for the receipt and disbursement of a one-percent tax collected on all fire insurance premiums written in the state. The money is allocated to and distributed by counties to fire departments based on total assessed value of the county that constitutes a fire department's response or coverage area. The funds must be spent in one of three approved categories: retirement and insurance, training and education, and recruitment and retention.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; this period is extended to 120 days for grant reimbursements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, leases, subscription-based information technology arrangements, and certain claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt, leases, and subscription-based information technology arrangements for acquisitions are reported as other financing sources.

Custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available. This includes property taxes and special assessments, investment earnings, fines and forfeitures, certain charges for services and state-levied locally shared taxes. Sales and use and hospitality taxes are recorded when the underlying transaction is made. When revenue from grants, entitlements and donations are received in advance, revenue recognition is deferred until qualifying expenditures are made. Special assessments paid early are deferred until they are legally due. Other revenues, including permits, licenses, some franchise fees and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property and franchise taxes, sales and hospitality taxes, special assessments, fines and forfeitures, grants, entitlements and donations.

Amounts reported as *program revenues* in the government-wide financial statements include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The City's business-type activities accounted for in proprietary funds are chiefly parking, facilities rental, tourism-related activities and concessions, and operation of a municipal golf course. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents and Deposits

The "deposits" classification is used only in the notes, not on the face of the Statement of Net Position, Balance Sheet or Statement of Cash Flows. Deposits include only cash on hand, pooled money market funds and certificates of deposit.

The City considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

E. Inventories and Prepaid Items

The City's inventories are valued at cost, which approximates market, using the average cost method. The consumption method of accounting is used to record inventories under which the cost of inventory is recorded as an expenditure when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Notes and Mortgages Receivable and Allowance for Loan Losses

Amounts loaned to others, which were funded by federal or state grants, are recorded as mortgages receivable. Notes receivable, secured by property, are stated at unpaid principal balances net of an allowance for loan losses. An allowance for loan losses is increased by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experiences, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay the loan, estimated value of any underlying collateral and current economic conditions.

G. Receivables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

In the governmental fund financial statements, “advances to other funds” are offset equally by nonspendable fund balance, which indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following October on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - three percent, February 1 - an additional seven percent, March 16 - an additional five percent. On March 16, unpaid property tax bills are turned over to the delinquent tax office and the properties are subject to sale. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The taxpayer must provide proof of payment to the South Carolina Department of Motor Vehicles before that agency will renew the vehicle license.

Property taxes are assessed and collected by Charleston County and Berkeley County under joint billing and collection agreements. The City recognizes property taxes in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible, plus taxes levied on the assessed value of real and personal property, as of January 1, 2025. All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenue and thus not recognized as revenue until collected in the governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

The City's restricted accounts are established to account for assets restricted for specific purposes, typically by outside parties or legal agreement. Certain bond indentures require the establishment of an account to hold 1) maximum annual principal and interest payments, unless a surety bond was provided, and 2) the next succeeding principal and accrued interest payment.

I. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., drainage systems, roads, bridges, sidewalks and similar items), and right-to-use lease and subscription assets, are reported in the governmental activities in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the acquisition cost, construction cost or value of donated infrastructure assets is capitalized and reported in the government-wide financial statements regardless of their amounts. In the initial capitalization of such networks and subsystems, the City chose to include all items with an initial cost of $500,000 or greater. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated except land. Similarly, all right-to-use lease and subscription assets are amortized. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation and amortization are provided using the straight-line method over the following estimated useful lives:

Infrastructure	15 - 100 years
Buildings and improvements	20 - 80 years
Machinery and equipment	3 - 20 years
Right-to-use assets:	
Buildings and improvements	2 - 85 years
Machinery and equipment	2 - 6 years
Subscriptions	1 - 3 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Short-term Obligations

From time to time the City issues short-term obligations in the form of tax anticipation notes and bond anticipation notes to finance operations as well as the acquisition, construction, and installation of equipment relative to certain capital projects. The outstanding balances associated with tax anticipation notes are reported as fund liabilities in the City's governmental-type funds and have original maturity dates of less than one year from issuance. The outstanding balances associated with bond anticipation notes are reported as liabilities of the City's governmental activities on the Statement of Net Position. In the fund financial statements, governmental fund types report the face amount of the bond anticipation notes as other financing sources subject to the demonstration of the City's ability to consummate refinancing of the bond anticipation notes through (1) the issuance long-term obligations issued for the purpose of refinancing the short-term obligations, and (2) a financing agreement that refinances the short-term obligations on a long-term basis.

K. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts, and gains or losses on refunding and defeasance, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported as liabilities, net of the applicable bond premium or discount. Deferred gains or losses on refunding and defeasance are reported as deferred inflows or outflows of resources. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Deferred Outflows and Deferred Inflows of Resources

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City had three components that qualified for reporting in this category: deferred loss on bond refunding, items related to pensions, and items related to other postemployment benefits (OPEB).

Deferred loss on bond refunding:

A deferred loss on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is reported in the government-wide Statement of Net Position. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows and Deferred Inflows of Resources (Continued)

Deferred Outflows of Resources (Continued)

Pension items:

There are four items that comprise the deferred amounts related to the City's pension. The first item, experience losses, results from periodic studies by the actuary of the retirement plan, which adjusts the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members.

The second item, changes of assumptions, adjusts the net pension liabilities and is amortized into pension expense over the remaining service lives of plan members.

The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability over a four-year period.

The fourth item results from contributions made by the City to the pension plan before year end, but subsequent to the measurement date of the City's net pension liability. These are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability during the year ended December 31, 2026.

OPEB items:

There are three items that comprise the deferred amounts related to the City's OPEB plan. The first item results from contributions made by the City to the OPEB plan before year end, but subsequent to the measurement date of the City's net OPEB liability. These are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability during the year ended December 31, 2026.

The second item, changes of assumptions, adjusts the net OPEB liability and is amortized into OPEB expense over the remaining service lives of plan members.

The third item, differences between projected investment return on OPEB investments and actual return on those investments, is deferred and amortized against OPEB expense over a five-year period, resulting in recognition as a deferred outflow of resources.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City had five components that qualified for reporting in this category: deferred gain on bond refunding, deferred lease receipts, unavailable revenue, three items related to the City's pensions, and two items related to other post-employment benefits (OPEB).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows and Deferred Inflows of Resources (Continued)

Deferred Inflows of Resources (Continued)

Deferred gain on bond refunding:

A deferred gain on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is reported in the government-wide Statement of Net Position. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

Deferred lease receipts:

The City reports deferred inflows from lease receipts which are amortized into lease revenues over the remaining life of the individual leases. Such amounts are reported in the Governmental Funds Balance Sheet as well as the Statement of Net Position.

Unavailable revenue:

Unavailable revenue arises only under the modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Pension items:

There are three items that comprise the deferred amounts related to the City's pension. The first item, experience gains, results from periodic studies by the actuary of the Retirement Plan, which adjusts the net pension liability for actual experience for certain trend information that was previously assumed. These gains are amortized into pension expense over the expected remaining lives of the plan members.

The second item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. These changes are reported as deferred inflows of resources and will be amortized into pension expense over a four-year period.

The third item, differences between projected investment return on pension investments and actual return on those investments, is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred inflow of resources.

OPEB items:

There are two items that comprise the deferred amounts related to the City's OPEB. Accordingly, the first item, experience gains, results from periodic studies by the actuary of the OPEB Plan, which adjusts the net OPEB liability for actual experience for certain trend information that was previously assumed. These gains are amortized into OPEB expense over the expected remaining lives of the plan members.

The second item, changes of assumptions, adjusts the net OPEB liability and is amortized into OPEB expense over the remaining service lives of plan members.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Claims and Judgments

All claims and judgments are accrued in the government-wide and proprietary fund financial statements when they are both 1) probable that a liability has been incurred, and 2) the loss can be reasonably estimated. The City records claims and judgments for governmental funds under the modified accrual basis of accounting. This method provides that claims and judgments are reported as fund expenditures and liabilities when due and payable.

N. Compensated Absences

It is the City's policy to allow employees to accumulate unused annual leave and compensatory hours. If an employee has completed their probationary period, accumulated unused annual leave is payable upon termination - no more than two times the number of annual leave days the employee is eligible to earn due to the employee's years of service. Non-exempt employees can accumulate compensatory hours for work over the regular work schedule. In no case may an employee accrue more than 40 compensatory hours, which must be used before using annual leave.

All vacation and compensatory pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only to the extent they have matured, for example, as a result of employee resignations and retirements.

O. Leases

Lessee:
The City is a lessee for non-cancellable leases of real property, buildings, improvements, machinery and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and the proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Leases (Continued)

Lessee (Continued):
The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported separately from other capital assets on the Statement of Net Position, and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor:
The City is a lessor for non-cancellable leases of buildings and of real property. The City recognizes a lease receivable and deferred inflow of resources in the government-wide and fund-level financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate it is charging the lessee as the discount rate. When the lease agreement does not specify an interest rate to be charged, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments the City is reasonably certain to receive.

The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into certain noncancellable SBITAs of various IT software. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements and the proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of $5,000 or more. At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of the SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments:

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position.

Q. Net Position and Fund Balances

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position and Fund Balances (Continued)

Fund Balance (Continued) –

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council, the City's highest level of decision-making authority, through the passage of an ordinance and remain binding unless removed by the same authority.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. City Council delegates the authority to classify fund balance as "assigned" to the Mayor per the City's financial policy.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

The City policy targets General Fund unassigned fund balance at a minimum of 20% of annual budgeted expenditures for the following year.

Net Position – Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and the net OPEB liability; deferred outflows of resources and deferred inflows of resources related to pensions and OPEB and pension and OPEB expense; information about the fiduciary net position of the pension plans, South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and OPEB plan; and additions to/deductions from the pension plans, SCRS and PORS, and the OPEB plan fiduciary net position have been determined on the same basis as they are reported by the pension plans, SCRS and PORS, and the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Tax Abatement Agreements

As of December 31, 2025, the City did not have any such agreements, either entered into by the City or entered into by other governments that affect the City's tax revenues, which exceeded the quantitative threshold for disclosure.

U. Subsequent Events

In preparing these financial statements, the City's management has evaluated events and transactions for potential recognition or disclosure through August 24, 2026, the date the financial statements were available for issuance. See Note 17 for additional information.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Municipal Accommodations Fee Fund. The budgets must be adopted at public meetings by an ordinance that requires three readings by City Council with an interval of not fewer than six days between first and second readings. Supplemental appropriations require the same public hearing process that the original appropriation ordinance requires. Annual budgets are also adopted for all enterprise funds, the Hospitality Fee Fund, Stormwater Utility Fee Fund and Accommodations Tax Fund but are not required to be reported. Capital project funds budgets are prepared on a project-length basis, with budgetary control achieved through the approval of contracts in excess of $100,000 by City Council. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and state statutes) and sometimes span a period of more than one fiscal year. Formal budgetary policies are not employed for the debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

The General Fund appropriation ordinance for expenditures is prepared by function, department and division, whereas the Municipal Accommodations Fee Fund appropriation ordinance is prepared by project or function. Expenditures may not legally exceed appropriations at the fund level. Management may not amend the total appropriations in a budgeted fund without approval of City Council. Budget transfers are allowed within and between departments, provided that budget transfers in excess of $100,000 must be submitted to and approved by the Ways & Means Committee. However, management is also authorized in emergency situations and for increased efficiency in the administration of government to transfer funds from one department, division or administrative function to another without the approval of City Council.

While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance is expected within the next fiscal year) are re-appropriated and become part of the subsequent year's budget.

For 2025, there was a $15,888,964 increase in appropriations between the original and final amended budget for the General Fund. This increase resulted from a budget amendment in the amount of $15,888,964. The changes between the General Fund original and final budget also included management's increases and decreases within and between departments. Encumbrances carried over from the prior year of $4,673,799. For the Municipal Accommodations Tax Fee Fund there was a supplementary or a budget amendment in the amount of $682,213. There was a $13,189,670 increase in appropriations between the original and final amended budget for the Hospitality Fee Fund. There was a $1,368,879 increase in appropriations between the original and final amended budget for the Accommodations Tax Fund. There was no supplementary appropriation or budget amendment for the Stormwater Utility Fund.

B. Encumbrances

Encumbrances are recorded in order to reserve that portion of the applicable appropriation and are employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as assigned fund balance since they do not constitute expenditures or liabilities. Unencumbered amounts lapse at year end, while approved outstanding encumbrances are re-appropriated as part of the following year's budget. At year end, General Fund encumbrances were $4,673,799. No material encumbrances were outstanding in other governmental funds.

C. Deficit Fund Balance

As of December 31, 2025, the Justice Department Grants fund reported a deficit fund balance in the amount of $165,962. The deficit in the Justice Department Grants fund will be eliminated from future revenues.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2025, are summarized as follows:

Statement of Net Position	
Cash and cash equivalents	$ 396,892,352
Investments	212,496
Restricted cash and cash equivalents	350,753,538
Statement of Fiduciary Net Position	
Cash and cash equivalents	2,151,703
Total	$ 750,010,089

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Deposits of the City are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local governmental units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, and political subdivisions of South Carolina, the Federal National Mortgage Association (FNMA), the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation (FLMC). In accordance with the aforementioned statute, the City's policies require deposits to be secured by collateral valued at fair value or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) Insurance. Deposited funds may be invested in demand or time deposits, continuously and fully secured with direct obligations of or obligations guaranteed by the United States of America having a fair value not less than the amount of such monies. As of December 31, 2025, all of the City's deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the City's name.

See below for additional information regarding investment credit risk as of December 31, 2025:

	Fair Value	Percentage of Portfolio	Credit Rating
Commercial stocks	$ 212,496	0.03%	N/A
Local Government Investment Pool (LGIP)	319,321,520	42.58%	N/A
Carrying value of cash in banks and on hand	430,476,073	57.40%	
Total	$ 750,010,089	100.00%	

Custodial Credit Risk – Investments: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy to address custodial credit risk.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of December 31, 2025:

Investment	Level 1	Level 2	Level 3	Fair Value
Commercial stocks	$ 212,496	$ -	$ -	$ 212,496
Total investments measured at fair value	$ 212,496	$ -	$ -	212,496
Investments not subject to level disclosure:				
Local Government Investment Pool (LGIP)				319,321,520
Total investments				$ 319,534,016

The City's investment in commercial stocks classified in Level 1 of the fair value hierarchy is valued using prices quoted in active markets for those investments. The City has no investments classified in Level 2 or Level 3 of the fair value hierarchy.

The LGIP is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the LGIP within the fair value hierarchy.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy follows state statutes concerning allowable investments but does not specifically address interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted investment policies in accordance with state statutes, which authorize them to invest in the following:

1. Obligations of the United States and agencies thereof;
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. General obligations of the State of South Carolina or any of its political units;
4. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
5. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a fair value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk (Continued):

6. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the City to invest in the LGIP. The LGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The LGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The investment in the LGIP is valued at fair value. The LGIP is not registered with the SEC. It is similar to a money market fund in that it is offered at a stable price and is guided by risk control principles such as significant overnight repurchase agreements for liquidity; attention to credit quality, portfolio diversification, and maintenance of a short average maturity of fixed and floating rate investments. The LGIP is included as an investment trust fund in the State of South Carolina's Annual Comprehensive Financial Report. There is no regulatory oversight of the LGIP. The fair value of the City's position in the pool is the same as the value of the pool shares.

NOTE 4. RECEIVABLES

Receivables as of December 31, 2025, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Charleston Neck TIF	Drainage	Nonmajor Governmental Funds	Total Governmental
Receivables:					
Taxes	$ 58,129,201	$ 13,761,070	$ 3,827,996	$ 23,114,114	$ 98,832,381
Accounts	-	-	-	6,558,581	6,558,581
Other	6,033,355	-	-	1,904,890	7,938,245
Gross receivables	64,162,556	13,761,070	3,827,996	31,577,585	113,329,207
Less allowance for uncollectible:					
Taxes	(4,009,837)	-	(226,593)	(217,703)	(4,454,133)
Accounts	-	-	-	(1,829,158)	(1,829,158)
Other	(447,021)	-	-	-	(447,021)
Net receivables	$ 59,705,698	$ 13,761,070	$ 3,601,403	$ 29,530,724	$ 106,598,895

NOTE 4. RECEIVABLES (CONTINUED)

	Parking Facilities	Nonmajor Enterprise Funds	Total Enterprise
Receivables:			
Accounts	$ 4,294,439	$ -	$ 4,294,439
Other	476,380	956,573	1,432,953
Gross receivables	4,770,819	956,573	5,727,392
Less allowance for uncollectible:			
Accounts and other	(3,341,070)	-	(3,341,070)
Net receivables	$ 1,429,749	$ 956,573	$ 2,386,322

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2025, was as follows:

Due To/From Other Funds:

	Receivable Fund	Payable Fund
General Fund	$ 1,141,530	$ -
Nonmajor Governmental Funds	-	1,141,530
	$ 1,141,530	$ 1,141,530

Interfund balances largely result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

NOTE 6. NOTES AND MORTGAGES RECEIVABLE

Notes Receivable

Governmental Activities

In 2007, the City issued a note to the Housing Authority of the City of Charleston for the purpose of expanding its subsidized housing program. The City issued a 2007 General Obligation Bond in the amount of $10,000,000 to fund the note. The bond was refinanced during 2014 and the note was restructured to match the bond. The note is payable semi-annually, with interest rates between 4% and 5%. Principal payments are due annually in amounts from $105,000 to $675,000, between 2015 and 2032. The proceeds from the note payments service the City's general obligation bond payments.	$ 4,350,000
In 2013, the City issued a note to the Housing Authority of the City of Charleston for the purpose of expanding its subsidized housing program. The City issued a note in the amount of $700,000 with an interest rate of 2.5%. Monthly interest payments commenced June 2014 with monthly payments of principal and interest totaling $2,866 beginning in December 2014. A balloon payment of $406,687 is due in December of 2029.	496,195
In 2014, the City issued a promissory note secured by a mortgage on real property to Hampstead St. Andrews Gardens Partners, L.P. for the purpose of expanding low income housing. The note bears interest at 4%. Annual payments will begin upon completion of construction and will consist of the lesser of $36,791 or 25% of available cash flow as defined in the note, with any deferred amounts added to subsequent payments, which are still subject to cash flow. Any outstanding amounts of principal and interest are due in full November 2034.	300,000
Gross notes receivable - Governmental Funds Balance Sheet	5,146,195
Current portion of notes receivable - Statement of Net Position	(551,687)
Noncurrent portion of notes receivable - Statement of Net Position	$ 4,594,508

NOTE 6. NOTES AND MORTGAGES RECEIVABLE (CONTINUED)

Notes Receivable (Continued)

Business-type Activities

In 2025, the City entered into an infrastructure development agreement totaling $1,600,000 with the South Carolina Baseball Club, LP (the "Club") for capital improvements to the Joseph P. Riley Jr. Park baseball stadium. Under the terms of the non-interest-bearing note, total consideration consists of: (1) Debt Extinguishment: $300,000 through the settlement and extinguishment of an outstanding liability previously owed by the City to the Club. (2) Cash Installment Payments: $1,300,000 payable by the Club in four annual installments running from January 2026 through January 2029. The initial cash payment of $340,000 is due in January 2026, followed by three annual installments of $320,000 each due every January thereafter through 2029.

	1,300,000
Gross notes receivable - Business-type Activities	1,300,000
Current portion of notes receivable - Statement of Net Position	(340,000)
Noncurrent portion of notes receivable - Statement of Net position	$ 960,000

Mortgages Receivable

In its capacity as a subrecipient of a federally funded community development block grant, the City issues mortgages to qualified low-income individuals for housing purchases or renovations. At December 31, 2025, $3,175,821 of such mortgages were outstanding, less an allowance for uncollectible balances of $884,728, leaving a balance of $2,291,093, as reflected in the Statement of Net Position and the Governmental Funds Balance Sheet.

NOTE 7. UNAVAILABLE AND UNEARNED REVENUES

Governmental funds report *unavailable revenue* in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At December 31, 2025, the various components of *unavailable* and *unearned revenue* reported were as follows:

	Total Governmental Funds	Governmental Activities
Unavailable:		
Property taxes receivable	$ 4,334,328	$ -
Interest on notes	180,866	-
Sale of real estate	496,195	-
Franchise fees	5,454	-
Court fines	1,169,360	-
Grant revenue	17,717,229	-
Other	508,752	-
Total unavailable	$ 24,412,184	$ -
Unearned:		
Contributions and grants recorded prior to meeting all eligibility requirements	$ 6,682,729	$ 6,682,729
Cultural festival entry fees	99,330	99,330
Unearned rent revenue	380,241	380,259
Total unearned revenues	$ 7,162,300	$ 7,162,318

NOTE 8. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2025, consisted of the following:

	Transfers In	Transfers Out
General Fund	$ 42,032,158	$ 5,587,431
Capital Improvements Fund	8,082,494	13,451,305
Drainage Fund	3,676,744	845,947
Nonmajor Governmental Funds	18,474,204	41,584,192
Parking Facilities Fund	3,702,251	17,119,316
Nonmajor Enterprise Funds	2,772,364	152,024
	$ 78,740,215	$ 78,740,215

NOTE 8. INTERFUND TRANSFERS (CONTINUED)

Transfers into the General Fund were primarily for approved use of restricted revenue sources for operating expenditures and debt service obligations of the City. Transfers out of the General Fund consisted primarily of funds needed to meet the funding requirements of ongoing and future capital projects of the City and to meet the grant matching obligations as appropriated by City Council during the fiscal year. The transfers in and out of the Nonmajor Governmental Funds, King Street Gateway TIF Fund, Hospitality Fee Fund, Capital Improvements Fund, Drainage Fund and Enterprise Funds were processed primarily to cover operating expenditures, meet the funding requirements for ongoing and future capital projects and meet the City's debt service obligations.

NOTE 9. CAPITAL ASSETS

Capital asset activity for the City's governmental activities for the year ended December 31, 2025, is as follows:

	January 1, 2025	Increases	Decreases/ Reameasurements	Transfers	December 31, 2025
Governmental activities					
Capital assets not being depreciated					
Land	$ 126,974,534	$ 22,337,500	$ -	$ -	$ 149,312,034
Land improvements	6,857,564	-	-	-	6,857,564
Works of art	454,250	-	-	-	454,250
Land - rights of way	109,707,148	1,248,675	-	-	110,955,823
Construction in progress	165,514,715	98,421,466	(1,230)	(3,368,650)	260,566,301
Total capital assets not being depreciated	409,508,211	122,007,641	(1,230)	(3,368,650)	528,145,972
Capital assets being depreciated					
Infrastructure	415,296,487	1,537,825	-	975,922	417,810,234
Buildings and improvements	601,073,038	9,429,907	-	2,120,478	612,623,423
Machinery and equipment	119,765,311	17,234,998	(6,043,261)	272,250	131,229,298
Right-to-use buildings and improvements	19,464,415	2,074,053	(297,777)	-	21,240,691
Right-to-use machinery and equipment	239,140	-	(77,045)	-	162,095
Right-to-use subscriptions	10,486,741	163,469	(108,261)	-	10,541,949
Total assets being depreciated	1,166,325,132	30,440,252	(6,526,344)	3,368,650	1,193,607,690
Accumulated depreciation					
Infrastructure	(97,652,761)	(8,367,153)	-	-	(106,019,914)
Buildings and improvements	(115,312,686)	(6,317,604)	-	-	(121,630,290)
Machinery and equipment	(81,935,168)	(10,435,722)	5,242,377		(87,128,513)
Right-to-use buildings and improvements	(2,939,322)	(1,336,029)	231,343	-	(4,044,008)
Right-to-use machinery and equipment	(149,875)	(44,342)	77,045	-	(117,172)
Right-to-use subscriptions	(1,978,970)	(1,235,997)	108,261	-	(3,106,706)
Total accumulated depreciation	(299,968,782)	(27,736,847)	5,659,026	-	(322,046,603)
Total capital assets being depreciated, net	866,356,350	2,703,405	(867,318)	3,368,650	871,561,087
Governmental activities Capital assets, net	$ 1,275,864,561	$ 124,711,046	$ (868,548)	$ -	$ 1,399,707,059

NOTE 9. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the City's business-type activities for the year ended December 31, 2025, is as follows:

	January 1, 2025	Increases	Decreases/ Reameasurements	Transfers	December 31, 2025
Business-type activities					
Capital assets not being depreciated					
Land	$ 11,442,208	$ -	$ -	$ -	$ 11,442,208
Works of art	55,000	-	-	-	55,000
Construction in progress	1,355,206	3,610,493	-	(562,038)	4,403,661
Total capital assets not being depreciated	12,852,414	3,610,493	-	(562,038)	15,900,869
Capital assets being depreciated					
Buildings and improvements	186,367,961	-	-	562,038	186,929,999
Machinery and equipment	7,979,842	473,105	-	31,855	8,484,802
Right-to-use buildings and improvements	15,397,039	-	(84,795)	-	15,312,244
Right-to-use machinery and equipment	256,217	-	(210,077)	-	46,140
Right-to-use subscriptions	-	79,716	-	-	79,716
Total assets being depreciated	210,001,059	552,821	(294,872)	593,893	210,852,901
Accumulated depreciation					
Buildings and improvements	(58,331,762)	(3,306,072)	-	-	(61,637,834)
Machinery and equipment	(4,560,963)	(662,886)	-	(31,855)	(5,255,704)
Right-to-use buildings and improvements	(4,007,388)	(1,302,865)	80,130	-	(5,230,123)
Right-to-use machinery and equipment	(242,549)	(11,129)	214,742	-	(38,936)
Right-to-use subscriptions	-	(5,979)	-	-	(5,979)
Total accumulated depreciation	(67,142,662)	(5,288,931)	294,872	(31,855)	(72,168,576)
Total capital assets being depreciated, net	142,858,397	(4,736,110)	-	562,038	138,684,325
Business-type activities Capital assets, net	$ 155,710,811	$ (1,125,617)	$ -	$ -	$ 154,585,194

NOTE 9. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the City as follows:

Governmental activities		
General government	$	11,439,761
Public safety		7,327,832
Public service		3,469,844
Urban and community development		40,194
Culture and recreation		5,270,559
Health and welfare		130,829
Business development and assistance		57,828
Total governmental activities depreciation	$	27,736,847
Business-type activities		
J.P. Riley, Jr. Baseball Park	$	720,923
Municipal Golf Course		273,444
Parking Facilities		3,919,804
City Market		357,600
Slave Mart Museum		17,160
Total business-type activities depreciation	$	5,288,931

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NOTE 10. LONG-TERM OBLIGATIONS

The City has the following forms of long-term indebtedness as of December 31, 2025:

General Obligation Bonds - The City issues general obligation bonds primarily to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental fund and proprietary fund activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. The primary sources of revenue for repayment of bonds reported in the governmental activities are property taxes and proceeds from the payment on a note receivable. Parking fees are the primary sources for payment of general obligation bonds reported in the business-type (proprietary) funds. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Special Redevelopment Bonds - These bonds were issued to finance the redevelopment of the King Street Gateway, Charleston Neck, Cooper River Bridge, Morrison Drive, West Ashley and Horizon districts. Proceeds from the incremental increase in the tax base related to these properties will be used to repay the debt.

Revenue Bonds - The City's revenue bonds were used to finance construction, renovation and purchase of real estate, as well as to provide support for capital improvements at the International African American Museum, the Gibbes Museum of Art and the South Carolina Aquarium. Revenue bonds have been issued for both governmental and proprietary fund activities. The 2014, 2018, 2019, and 2022 revenue bonds are secured by both State of South Carolina accommodations taxes and City hotel accommodations taxes. The 2010 revenue bonds are also secured by both State and City accommodations taxes, as well as operating revenues of the City Market. The 2021 revenue bonds are secured by the net revenues of the Stormwater system.

Installment Purchase Revenue Bonds - The City's installment purchase revenue bonds were issued to finance construction and renovation of a parking garage, certain public safety infrastructure and facilities, and certain public works infrastructure. The City issued $26,270,000 (2015-A) and $5,000,000 (2015-B) of installment purchase revenue bonds during 2015 with interest rates ranging from 3.25% to 5.0% (2015-A) and 0.63% to 2.25% (2015-B). The proceeds and repayments for the 2015-A issue are split between Public Safety Infrastructure (80.77%) and Parking (19.23%). The 2015-B proceeds were for Parking. The bonds are secured by an interest in public safety facilities. Proceeds from parking and a separate millage to support public safety infrastructure will be used to repay the debt. The City also issued $19,830,000 (2017-A) and $3,090,000 (2017-B) of installment purchase revenue bonds during 2017 with interest rates of 5% (2017-A) and from 1.75% to 2.20% (2017-B). The proceeds and repayments for the 2017-A issue are split between Public Safety Infrastructure (25%) and Parking (75%). The 2017-B proceeds were for Parking. Further, the City issued $27,395,000 (2020) of installment purchase revenue bonds during 2020 with interest rates of 0.55% to 2.52%. The 2020 proceeds were for Parking. The City also issued $20,465,000 (2022) of installment purchase revenue bonds during 2022 with an interest rate of 5%. Additionally, the City issued $48,375,000 (2023) of installment purchase revenue bonds during 2023 with an interest rate of 5.00%. The 2023 proceeds were for constructing and equipping the City's new public works headquarters and the fire training center. The proceeds and payments for the 2023 issue are reported in the Charleston Neck TIF Fund.

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

Notes Payable from Direct Borrowings - These obligations represent the notes payable that are not general obligations of the City. Repayment is budgeted in the General Fund, the Other Special Revenue Fund, and a nonmajor enterprise fund.

Financed Purchase Obligations - The City uses financed purchase obligations to finance the purchase of various equipment. Repayment is budgeted in the General Fund, the Stormwater Utility Special Revenue Fund, and the Municipal Golf Course Proprietary Fund.

Leases - See Note 11 for additional information. These obligations represent non-cancellable leases in which the City is the lessee for various buildings, improvements, machinery and equipment. Repayment is primarily budgeted in the General Fund, the Daniel Island Tennis Center Renovation Special Revenue Fund, the Parking Proprietary Fund, and the Municipal Golf Course Proprietary Fund.

Subscription-Based Information Technology Arrangements (SBITAs) - See Note 11 for additional information. These obligations represent non-cancellable subscription-based information technology arrangements in which the City is obligated to pay for the right to use certain software. Repayment is primarily budgeted in the General Fund.

Net Pension Liability - See Note 12 for additional information. The net pension liability is primarily funded by the General Fund, Parking Facilities Fund, and the nonmajor enterprise funds.

Net OPEB Liability - See Note 15 for additional information. The net OPEB liability is primarily funded by the General Fund.

Claims and Judgments Payable - These include obligations for workers' compensation, health and dental insurance, probable litigation, liabilities, and other obligations. General Fund revenues not appropriated for other payments are used to fund these obligations. See Note 14.

Compensated Absences Payable - These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the General Fund.

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of long-term debt activity for the year ended December 31, 2025:

	January 1, 2025	Additions	Reductions/ Remeasurements	December 31, 2025	Due within One Year
Governmental activities					
Bonds					
General obligation	$ 42,591,000	$ 108,810,000	$ 19,676,000	$ 131,725,000	$ 8,800,000
Plus deferred amounts for issuance premiums	921,788	5,052,941	412,981	5,561,748	-
Total general obligation	43,512,788	113,862,941	20,088,981	137,286,748	8,800,000
Special redevelopment	84,229,702	72,435,000	6,341,116	150,323,586	13,271,326
Revenue	69,535,802	-	6,175,265	63,360,537	6,337,391
Plus deferred amounts for issuance premiums	2,750,127	-	388,566	2,361,561	-
Total revenue	72,285,929	-	6,563,831	65,722,098	6,337,391
Installment purchase revenue	81,354,929	-	4,198,479	77,156,450	4,430,596
Plus deferred amounts for issuance premiums	8,518,091	-	1,100,406	7,417,685	-
Total installment purchase revenue	89,873,020	-	5,298,885	84,574,135	4,430,596
Notes payable from direct borrowings	7,959,977	-	828,781	7,131,196	868,244
Financed purchase obligations	17,149,531	9,223,326	8,415,688	17,957,169	8,022,586
Leases	17,537,156	2,074,053	1,079,287	18,531,922	1,206,351
Subscriptions	8,897,088	163,469	1,048,623	8,011,934	1,021,920
Net pension liability	191,908,172	24,919,940	33,880,670	182,947,442	-
Net OPEB liability	32,389,028	5,453,807	14,553,908	23,288,927	-
Claims and judgments	6,024,128	29,263,488	29,453,012	5,834,604	5,211,472
Compensated absences	10,607,768	8,298,334	8,036,791	10,869,311	6,039,197
Total long-term liabilities	$ 582,374,287	$ 265,694,358	$ 135,589,573	$ 712,479,072	$ 55,209,083

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

	January 1, 2025	Additions	Reductions	December 31, 2025	Due within One Year
Business-type activities					
Bonds					
Revenue	$ 1,158,786	$ -	$ 440,930	$ 717,856	$ 142,929
Installment purchase revenue	34,065,071	-	3,741,521	30,323,550	3,859,404
Plus deferred amounts for issuance premiums	924,315	-	271,404	652,911	-
Total installment purchase revenue	34,989,386	-	4,012,925	30,976,461	3,859,404
Notes payable from direct borrowings	300,000	-	300,000	-	-
Financed purchase obligations	89,965	-	37,659	52,306	35,648
Leases	11,761,210	-	1,229,940	10,531,270	1,235,197
Subscriptions	-	23,777	-	23,777	11,752
Net pension liability	5,466,108	499,570	711,162	5,254,516	-
Compensated absences	286,233	138,166	137,190	287,209	151,994
Total long-term liabilities	$ 54,051,688	$ 661,513	$ 6,869,806	$ 47,843,395	$ 5,436,924

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

Bonds Payable

There are a number of limitations, restrictions, and covenants contained in the various bond indentures. Management believes the City is in compliance with all significant limitations, restrictions, and covenants. The following is a summary of each long-term bond obligation of the City at December 31, 2025:

Year Issued	Primary Use of Funds	Interest Rates and Payment Dates	Annual Principal Payments	Maturity	Original Issue	Outstanding at 12/31/25
Governmental activities						
General Obligation Bonds						
2014	Refunding of 2005 and 2007 bonds	2.0% - 5.0% 3/1 and 9/1	$450,000 to $1,245,000	2015 to 2032	$ 13,210,000	$ 4,350,000
2018	Parks and Capital Projects	3.0% - 5.0% 6/1 and 12/1	$500,000 to $2,250,000	2021 to 2032	15,000,000	11,500,000
2021	Affordable Housing	1.25% - 2.10% 3/1 and 9/1	$1,200,000 to $1,500,000	2021 to 2036	20,000,000	15,085,000
2022	Refunding of 2014 bonds	5.00% 3/1 and 9/1	$1,290,000 to $1,655,000	2022 to 2029	9,470,000	4,755,000
2025	Parks and Capital Projects	4.0% - 5.0% 3/1 and 9/1	$760,000 to 5,380,000	2025 to 2049	40,000,000	34,620,000
2025	Public Works and Capital Projects	4.0% - 5.0% 3/1 and 9/1	$2,025,000 to $7,395,000	2025 to 2049	68,810,000	61,415,000
Plus deferred amounts for issuance premiums					8,091,792	5,561,748
Total *General Obligation Bonds*					174,581,792	137,286,748
Special Redevelopment Bonds						
2013	Charleston Neck Direct Placement TIF Bonds	2.45% 3/1 and 9/1	$801,661 to $1,071,850	2014 to 2026	12,100,000	1,071,850
2017	Cooper River Bridge Direct Placement TIF Bonds	2.370% 3/1 and 9/1	$675,553 to $937,729	2018 to 2032	12,000,000	6,125,389
2017	Horizon Direct Placement TIF Bonds	2.370% 3/1 and 9/1	$168,888 to $234,432	2018 to 2032	3,000,000	1,531,347
2018	Charleston Neck Direct Placement TIF Bonds	3.450% 3/1 and 9/1	$480,000 to $2,165,000	2019 to 2033	18,000,000	14,300,000
2020	Charleston Neck Direct Placement TIF Bonds	2.110% 3/1 and 9/1	$455,000 to $605,000	2021 to 2035	7,900,000	5,535,000
2021	Horizon Direct Placement TIF Bonds	1.90% 3/1 and 9/1	$1,099,000 to $1,444,000	2021 to 2036	18,875,000	14,354,000
2022	Charleston Neck Direct Placement TIF Bonds	2.09% 3/1 and 9/1	$798,000 to $1,846,000	2022 to 2036	14,582,000	11,206,000
2023	Horizon Direct Placement TIF Bonds	5.49% 3/1 and 9/1	$1,233,000 to $2,470,000	2024 to 2038	26,500,000	23,765,000

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

Bonds Payable (Continued)

Year Issued	Primary Use of Funds	Interest Rates and Payment Dates	Annual Principal Payments	Maturity	Original Issue	Outstanding at 12/31/25
Governmental activities (continued)						
Special Redevelopment Bonds (Continued)						
2025	Charleston Neck Direct Placement TIF Bonds	3.48% 3/1 and 9/1	$1,289,000 to $1,941,000	2026 to 2039	$ 22,000,000	$ 22,000,000
2025	Cooper River Bridge Direct Placement TIF Bonds	3.56% 3/1 and 9/1	$4,641,000 to $5,603,000	2026 to 2032	35,500,000	35,500,000
2025	Morrison Drive Placement TIF Bonds	3.90% 3/1 and 9/1	$511,000 to $2,470,000	2026 to 2040	9,800,000	9,800,000
2025	West Ashley Placement TIF Bonds	3.64% 3/1 and 9/1	$272,000 to $433,000	2026 to 2040	5,135,000	5,135,000
Total *Special Redevelopment Bonds*					185,392,000	150,323,586
Revenue Bonds						
2014	Accom. Tax Direct Placement Revenue Bond IAAM	2.43% 3/1 and 9/1	$275,813 to $392,940	2015 to 2029	5,000,000	1,516,385
2018	Accom. Tax Direct Placement Revenue Bond IAAM	2.86% 3/1 and 9/1	$204,248 to $303,961	2018 to 2033	7,500,000	4,135,816
2019	Accom. Tax Direct Placement Revenue Bond IAAM	2.18% 3/1 and 9/1	$725,904 to $962,259	2020 to 2034	12,500,000	7,953,336
2021	Refunding of 2020 bonds	1.08% 1/1 and 7/1	$443,000 to $3,100,000	2022 to 2033	32,376,000	23,680,000
2022	Hospitality Tax Direct Placement Revenue Bond Low Battery Seawall	5.00% 3/1 and 9/1	$1,585,000 to $2,990,000	2022 to 2036	33,670,000	26,075,000
Plus deferred amounts for issuance premiums					3,747,402	2,361,561
Total *Revenue Bonds*					$ 94,793,402	$ 65,722,098

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

Bonds Payable (Continued)

Year Issued	Primary Use of Funds	Interest Rates and Payment Dates	Annual Principal Payments	Maturity	Original Issue	Outstanding at 12/31/25
Governmental activities (continued)						
Installment Purchase Revenue Bonds						
2015	Public Safety	3.25% - 5.0% 3/1 and 9/1	$807,700 to $2,435,216	2019 to 2030	$ 21,218,279	$ 10,956,450
2017	Public Safety	5.0% 3/1 and 9/1	$940,000 to $2,065,000	2030 to 2032	4,975,000	4,975,000
2022	Public Safety	5.0% 3/1 and 9/1	$870,000 to $1,875,000	2030 to 2036	20,465,000	15,900,000
2023	Public Safety / Public Works	5.0% 3/1 and 9/1	$1,250,000 to $7,115,000	2024 to 2039	48,375,000	45,325,000
Plus deferred amounts for issuance premiums					8,898,061	7,417,685
Total *Installment Purchase Revenue Bonds*					103,931,340	84,574,135
Total Bonds					$ 558,698,534	$ 437,906,567

The following is a summary of each long-term bond obligation of the business-type activities of the City at December 31, 2025:

Year Issued	Primary Use of Funds	Interest Rates and Payment Dates	Annual Principal Payments	Maturity	Original Issue	Outstanding at 12/31/25
Business-type activities						
Revenue Bonds						
2010	City Market Renovation	6.2% 3/1 and 9/1	$20,442 to $171,662	2010 to 2030	$ 2,100,000	$ 717,856
Total *Revenue Bonds*					2,100,000	717,856
Installment Purchase Revenue Bonds						
2015A	Parking Installment Purchase Revenue Bond	3.25% - 5.0% 3/1 and 9/1	$192,300 to $579,785	2019 to 2030	5,051,721	2,608,550
2017A	Parking Installment Purchase Revenue Bond	5.0% 3/1 and 9/1	$600,000 to $1,785,000	2020 to 2030	14,855,000	7,580,000
2020	Parking Installment Purchase Revenue Bond	0.55% - 2.52% 3/1 and 9/1	$1,800,000 to $2,210,000	2022 to 2035	27,395,000	20,135,000
Plus deferred amounts for issuance premiums					3,798,434	652,911
Total *Installment Purchase Revenue Bonds*					51,100,155	30,976,461
Total Bonds					$ 53,200,155	$ 31,694,317

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

Notes Payable from Direct Borrowings

Governmental Activities

Notes payable from governmental activities at December 31, 2025, are as follows:

Description	Outstanding
In 2017, the City entered into a financing agreement bearing interest of 2.333%, secured by a lien on building improvements. Semiannual payments range from $467,667 to $581,075. The agreement matures in 2033.	$ 7,131,196

Financed Purchase Obligations Payable

Governmental Activities

The City has entered into several financed purchase agreements with payment terms varying from 36 to 48 months and interest rates varying from 0.600% to 3.733%, secured by various vehicles, computer hardware and other equipment.

Amortization expense for the various equipment under agreements is included in depreciation expense.

At December 31, 2025, future debt service requirements for these financed purchase obligations were as follows:

	Governmental Activities	
Year	Financed Purchase Obligations	
Ending	Principal	Interest
2026	$ 8,022,586	$ 585,078
2027	5,814,132	309,752
2028	3,193,912	113,233
2029	926,539	17,586
Total	$ 17,957,169	$ 1,025,649

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

Financed Purchase Obligations Payable (Continued)

Business-type Activities

The City has entered into several financed purchase agreements with payment terms of 36 to 60 months and interest rates varying from 1.243% to 4%, secured by various vehicles, computer hardware and other equipment.

Amortization expense for the various equipment under agreements is included in depreciation expense.

At December 31, 2025, future debt service requirements for these financed purchase obligations were as follows:

Business-type Activities		
	Financed Purchase Obligations	
Year Ending	Principal	Interest
2026	$ 35,648	$ 1,465
2027	16,658	293
Total	$ 52,306	$ 1,758

Debt Service Requirements to Maturity

At December 31, 2025, future debt service requirements for bonds were as follows:

	Governmental Activities Bonds							
Year	General Obligation		Special Redevelopment		Revenue		Installment Purchase Revenue	
Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 8,800,000	$ 5,435,762	$ 13,271,326	$ 2,816,345	$ 6,337,391	$ 1,862,593	$ 4,430,596	$ 3,771,106
2027	9,365,000	5,052,068	13,497,614	2,629,494	6,503,516	1,699,009	4,676,751	3,549,576
2028	7,430,000	4,665,429	13,949,326	2,436,063	6,684,664	1,529,502	4,940,019	3,315,739
2029	8,125,000	4,377,682	14,417,620	2,224,200	6,869,862	1,353,510	5,168,868	3,112,838
2030	7,275,000	4,096,997	14,905,515	2,004,655	6,652,589	1,173,447	5,840,216	2,854,395
2031-2035	31,800,000	16,491,686	56,675,185	6,457,682	27,322,515	3,150,355	25,520,000	10,569,250
2036-2040	25,935,000	10,469,250	23,607,000	1,470,013	2,990,000	149,500	26,580,000	3,397,000
2041-2045	25,470,000	4,529,650	-	-	-	-	-	-
2046-2049	7,525,000	864,900	-	-	-	-	-	-
Subtotal	131,725,000	55,983,424	150,323,586	20,038,452	63,360,537	10,917,916	77,156,450	30,569,904
Plus net premium	5,561,748	-	-	-	2,361,561	-	7,417,685	-
Total	$ 137,286,748	$ 55,983,424	$ 150,323,586	$ 20,038,452	$ 65,722,098	$ 10,917,916	$ 84,574,135	$ 30,569,904

NOTE 10. LONG-TERM OBLIGATIONS (CONTINUED)

Debt Service Requirements to Maturity (Continued)

	Business-type Activities			
	Bonds			
	Revenue		Installment Purchase Revenue	
Year Ending	Principal	Interest	Principal	Interest
2026	$ 142,929	$ 42,325	$ 3,859,404	$ 898,032
2027	151,929	33,326	3,993,250	771,991
2028	161,494	23,761	4,134,979	637,338
2029	171,662	13,593	4,276,132	502,820
2030	89,842	2,787	3,494,785	349,931
2031-2034	-	-	10,565,000	768,271
Subtotal	717,856	115,792	30,323,550	3,928,383
Plus net premium	-	-	652,911	-
Total	$ 717,856	$ 115,792	$ 30,976,461	$ 3,928,383

Governmental Activities

At December 31, 2025, future debt service requirements for governmental activities notes payable are as follows:

Year Ending	Principal	Interest
2026	$ 868,244	$ 161,340
2027	909,231	140,847
2028	951,801	119,387
2029	996,004	96,926
2030	996,004	96,926
2031-2033	2,409,912	50,050
Total	$ 7,131,196	$ 665,476

Legal Debt Limit

The City's borrowing power is restricted by the State Constitution. This constitution provides that a local unit cannot at any time have total debt outstanding in an amount that exceeds eight percent of its assessed property value. Excluded from the limitation are: special revenue bonds; bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing on December 1, 1977, the effective date of amendment of Article X of the Constitution of South Carolina pertaining to bonded debt. The City's legal debt margin at December 31, 2025, was approximately $123,031,841.

NOTE 11. LEASES AND SUBSCRIPTIONS

Leases as Lessee

The City has entered into multiple non-cancelable leases as the lessee for various right-to-use assets. The incremental borrowing rate varies from 0.22% to 3.16%. As of December 31, 2025, the City has $18,531,922 outstanding in leases payable associated with its governmental activities and $10,531,270 outstanding in leases payable associated with its business-type activities.

The annual requirements to amortize all leases payable as of December 31, 2025, including interest payments, are as follows:

Governmental Activities			Business-type Activities		
Year Ending	Leases		Year Ending	Leases	
	Principal	Interest		Principal	Interest
2026	$ 1,206,351	$ 286,686	2026	$ 1,235,197	$ 135,651
2027	1,543,463	262,416	2027	1,242,105	125,979
2028	1,133,408	235,171	2028	438,058	118,018
2029	181,278	224,705	2029	29,863	116,927
2030	161,951	222,365	2030	30,303	116,487
2031-2035	1,019,456	1,071,248	2031-2035	158,363	575,587
2036-2040	1,323,234	985,038	2036-2040	225,692	562,190
2041-2045	1,783,206	870,246	2041-2045	235,283	543,562
2046-2050	2,360,363	715,716	2046-2050	172,883	528,787
2051-2055	3,052,738	513,281	2051-2055	211,227	513,503
2056-2060	3,880,535	253,457	2056-2060	276,322	495,514
2061-2065	885,939	13,699	2061-2065	325,386	471,814
Total	$ 18,531,922	$ 5,654,028	2066-2070	404,432	444,590
			2071-2075	466,434	410,491
			2076-2080	562,054	371,869
			2081-2085	639,623	324,992
			2086-2090	754,921	272,393
			2091-2095	851,171	209,904
			2096-2100	989,800	140,247
			2101-2105	1,108,416	58,769
			2106	173,737	1,340
			Total	$ 10,531,270	$ 6,538,614

NOTE 11. LEASES AND SUBSCRIPTIONS (CONTINUED)

Leases as Lessor

The City has entered into multiple non-cancellable leases of buildings and of real property. The incremental borrowing rate varies based on the terms of the individual lease. As of December 31, 2025, the City has $3,019,984 outstanding in leases receivable associated with its governmental activities and $1,268,428 outstanding in leases receivable associated with its business-type activities.

The annual required lease receipts, including principal and interest, to be received under the terms of the individual leases through maturity as of December 31, 2025, are as follows:

Governmental Activities			Business-type Activities		
Year Ending	Leases Receivable		Year Ending	Leases Receivable	
	Principal	Interest		Principal	Interest
2026	$ 439,445	$ 61,134	2026	$ 554,510	$ 18,761
2027	332,179	54,176	2027	159,336	13,464
2028	307,230	47,644	2028	162,128	10,672
2029	320,410	40,801	2029	164,988	7,812
2030	272,730	33,992	2030	102,657	5,043
2031-2035	1,262,886	70,190	2031-2033	124,809	4,120
2036-2038	85,104	1,192			
Total	$ 3,019,984	$ 309,129	Total	$ 1,268,428	$ 59,872

Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into certain noncancellable SBITAs of various IT software. The incremental borrowing rate varies based on the terms of the individual agreement. As of December 31, 2025, the City has $8,011,934 outstanding in SBITAs payable associated with its governmental activities and $23,777 outstanding in SBITAs payable associated with its business-type activities.

The annual requirements to amortize all SBITAs payable as of December 31, 2025, including interest payments, are as follows:

Governmental Activities			Business-type Activities		
Year Ending	Subscriptions		Year Ending	Subscriptions	
	Principal	Interest		Principal	Interest
2026	$ 1,021,920	$ 190,518	2026	$ 11,752	$ 553
2027	982,232	166,166	2027	12,025	280
2028	891,686	142,985			
2029	933,602	121,763			
2030	976,931	99,543			
2031-2033	3,205,563	154,826			
Total	$ 8,011,934	$ 875,801	Total	$ 23,777	$ 833

NOTE 11. LEASES AND SUBSCRIPTIONS (CONTINUED)

Lease and Subscription Right-to-Use Assets

Right-to-use asset (including lease assets and subscription assets) activity for the City's governmental activities for the year ended December 31, 2025, was as follows:

	January 1, 2025	Increases	Decreases/ Remeasurements	December 31, 2025
Governmental Activities				
Right-to-use assets				
Buildings and improvements	$ 19,464,415	$ 2,074,053	$ (297,777)	$ 21,240,691
Machinery and equipment	239,140	-	(77,045)	162,095
Subscription assets	10,486,741	163,469	(108,261)	10,541,949
Total assets being amortized	30,190,296	2,237,522	(483,083)	31,944,735
Accumulated amortization				
Buildings and improvements	(2,939,322)	(1,336,029)	231,343	(4,044,008)
Machinery and equipment	(149,875)	(44,342)	77,045	(117,172)
Subscription assets	(1,978,970)	(1,235,997)	108,261	(3,106,706)
Total accumulated amortization	(5,068,167)	(2,616,368)	416,649	(7,267,886)
Governmental activities right-to-use assets, net	$ 25,122,129	$ (378,846)	$ (66,434)	$ 24,676,849

Right-to-use asset (including lease assets and subscription assets) activity for the City's business-type activities for the year ended December 31, 2025, was as follows:

	January 1, 2025	Increases	Decreases/ Remeasurements	December 31, 2025
Business-type Activities				
Right-to-use assets				
Buildings and improvements	$ 15,397,039	$ -	$ (84,795)	$ 15,312,244
Machinery and equipment	256,217	-	(210,077)	46,140
Subscription assets	-	79,716	-	79,716
Total assets being amortized	15,653,256	79,716	(294,872)	15,438,100
Accumulated amortization				
Buildings and improvements	(4,007,388)	(1,302,865)	80,130	(5,230,123)
Machinery and equipment	(242,549)	(11,129)	214,742	(38,936)
Subscription assets	-	(5,979)	-	(5,979)
Total accumulated amortization	(4,249,937)	(1,319,973)	294,872	(5,275,038)
Business-type activities right-to-use assets, net	$ 11,403,319	$ (1,240,257)	$ -	$ 10,163,062

NOTE 11. LEASES AND SUBSCRIPTIONS (CONTINUED)

Amortization expense on lease and subscription right-to-use assets was charged to functions of the City as follows:

Governmental activities	
General government	$ 1,581,377
Public safety	277,650
Public service	53,939
Urban and community development	2,904
Culture and recreation	700,498
Total governmental activities amortization	$ 2,616,368
Business-type activities	
Municipal Golf Course	$ 11,129
Parking Facilities	1,308,844
Total business-type activities amortization	$ 1,319,973

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Plan Description:
The City contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

In addition to the SCRS pension plan, the City contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership:
Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is described below.

South Carolina Retirement System – Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election.

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

South Carolina Police Officers Retirement System – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Benefits:
Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for both systems is presented below:

South Carolina Retirement System – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active or retired members of employees who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1 percent or $500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

South Carolina Police Officers Retirement System – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1 percent or $500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Contributions:
Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded. For the year ended December 31, 2025, the City contributed $12,014,807 to the SCRS plan and $16,130,207 to the PORS plan.

Required employee contribution rates for the year ended December 31, 2025, are as follows:

South Carolina Retirement System

9.00% of earnable compensation from January 1st through December 31st

South Carolina Police Officers Retirement System

9.75% of earnable compensation from January 1st through December 31st

Required employer contribution rates for the year ended December 31, 2025, are as follows:

South Carolina Retirement System

18.41% of earnable compensation from January 1st through June 30th
18.41% of earnable compensation from July 1st through December 31st
Employer incidental death benefit: 0.15% of earnable compensation

South Carolina Police Officers Retirement System

20.84% of earnable compensation from January 1st through June 30th
20.84% of earnable compensation from July 1st through December 31st
Employer incidental death benefit: 0.20% of earnable compensation
Employer accidental death program: 0.20% of earnable compensation

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability:

The June 30, 2025, (the measurement date), total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2024. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2025, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position.

As of December 31, 2025, (measurement date of June 30, 2025), the net pension liability amounts for the employers' proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	City's Proportionate Share of the Net Pension Liability
SCRS	$ 63,956,318,760	$ 42,347,352,061	$ 21,608,966,699	66.2%	0.426599%
PORS	10,857,734,777	8,092,430,248	2,765,304,529	74.5%	3.472254%
Totals	$ 74,814,053,537	$ 50,439,782,309	$ 24,374,271,228		

Actuarial Assumptions and Methods:

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2025, is based on the experience study report for the period ending June 30, 2023.

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):
The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2022, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.25% (varies by service)	3.5% to 11.0% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or $500	lesser of 1% or $500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Long-term Expected Rate of Return:
The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Long-term Expected Rate of Return (Continued):

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2025 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the seven percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	**46.0%**	5.87%	2.70%
Bonds	**26.0%**	3.20%	0.83%
Private Equity	**9.0%**	8.50%	0.77%
Private Debt	**7.0%**	7.40%	0.52%
Real Assets:	**12.0%**		
Real Estate	9.0%	5.00%	0.45%
Infrastructure	3.0%	7.70%	0.23%
		Total expected return	5.50%
		Inflation for actuarial purposes	2.25%
			7.75%

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Discount Rate:
The discount rate used to measure the TPL was seven percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the net pension liability to changes in the discount rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	$ 124,571,560	$ 92,183,551	$ 65,231,853
PORS	145,836,812	96,018,407	63,657,534
Total	$ 270,408,372	$ 188,201,958	$ 128,889,387

Pension Expense:
For the year ended December 31, 2025, the City recognized its proportionate share of collective pension expense of $5,377,619 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $3,613,794 for a total of $8,991,413 for the SCRS plan. Additionally, for the year ended December 31, 2025, the City recognized its proportionate share of collective pension expense of $9,573,819 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $534,163 for a total of $10,107,982 for the PORS plan. Total pension expense amounted to $19,099,395 for the year ended December 31, 2025.

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,325,044	$ -
Changes of assumptions	1,089,481	-
Net difference between projected and actual earnings on pension plan investments	-	5,918,526
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,125,781	-
Employer contributions subsequent to the measurement date	6,040,497	-
Total	$ 17,580,803	$ 5,918,526

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,272,635	$ -
Changes of assumptions	1,276,020	-
Net difference between projected and actual earnings on pension plan investments	-	9,042,692
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,217,765	2,173,599
Employer contributions subsequent to the measurement date	8,089,074	-
Total	$ 23,855,494	$ 11,216,291

City contributions subsequent to the measurement date of $6,040,497 and $8,089,074 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	SCRS	PORS
2026	$ 7,192,601	$ 7,510,231
2027	1,315,714	866,616
2028	(1,522,065)	(1,767,425)
2029	(1,364,470)	(2,059,293)

Total deferred outflows of resources and deferred inflows of resources from pensions amounted to $41,436,297 and $17,134,817, respectively, as of December 31, 2025.

NOTE 12. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)

Retirement Plan (Continued)

Pension Plan Fiduciary Net Position:
Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for SCRS and PORS. The ACFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Deferred Compensation Plans

Internal Revenue Code Section 457 Plan

The City offers its employees a deferred compensation plan, through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability or an approved hardship.

All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The plan is administered by the State of South Carolina.

Internal Revenue Code Section 401(k) Plan

The City also offers its employees participation in a deferred compensation plan, through the State of South Carolina, created in accordance with Internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 plan, although the withdrawal provisions are more lenient under the 401(k). All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The funds are administered by the State of South Carolina.

NOTE 13. COMMITMENTS, CONTINGENCIES AND LITIGATION

Commitments

The City had various contractual commitments of approximately $106 million at December 31, 2025, for construction, drainage, streetscape and various parks and recreational projects.

1. Marine Science Museum - A marine science museum, commonly referred to as the South Carolina Aquarium, was officially opened to public visitation on May 19, 2000. The land on which the Aquarium was constructed is leased rent-free from the National Parks Service through 2045. The building was constructed by and is owned by the City.

A separate South Carolina Aquarium Corporation (SCA), a not-for-profit corporation, has been formed, which does not qualify as a component unit of the City. During 1997, the City entered into an agreement with the SCA whereby the SCA will lease the Aquarium from the City rent-free through July 2045. This lease is expected to be extended for an additional 50 years. The SCA will be responsible for all operations and related costs, and construction and funding of interior exhibits. SCA will pay to the City 50% of any remaining cash flow after operating expenses, debt service, depreciation reserve provisions and a cumulative $2 million operating shortfall reserve. No funds were received by the City in 2025.

2. Charleston Maritime Center and PRC Agreement - During 1995, the City entered into a master lease with the Charleston County Parks and Recreation Commission (PRC). In 1997, a revised agreement was established which provides that, in the event the City desires to sell the Charleston Maritime Center (Center) within 50 years, the City grants a right of first refusal to PRC, at the offered price less $1,500,000. If PRC declines its right to purchase, $1,500,000 shall be paid to PRC from the proceeds. If the City elects to lease the special events pier in a manner to deny public use within the 50 years, the City shall pay PRC the $1,500,000 plus interest. The City's intention is to retain and operate the Center within the terms of the Agreement and in a manner to avoid the return of PRC's contribution of $1,500,000. Accordingly, the potential obligation to repay the contribution, or possible impairment of the asset value, has not been recorded, as it is unlikely that such events will occur.

3. Daniel Island - The City has entered into an agreement with The Daniel Island Company, Inc. and related entities, whereby the parties commit to certain planned development of Daniel Island. The City has committed to the establishment of various public safety, public service, recreation and other governmental services, including the development of several parks and the building of certain municipal facilities.

4. WestEdge - On September 13, 2016, the City, WestEdge Foundation (the “Foundation”), and the Medical University of South Carolina Foundation (MUSCF) entered into a Tri-Party agreement to provide interim funding for WestEdge’s infrastructure costs. The Foundation will be responsible for funding the Infrastructure Escrow account to cover the costs. In the event that the developer requests reimbursement for infrastructure costs in excess of the funds held in escrow, the City and MUSCF have agreed to guarantee payment of the expenses by each contributing 50% of those costs. Both the WestEdge Foundation and the Medical University of South Carolina Foundation issue audited financial statements.

NOTE 13. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Commitments (Continued)

5. Charleston Digital Corridor Foundation and CTC Center Garage - On January 19, 2016, the City entered into an agreement with Charleston Digital Corridor Foundation (CDC) for CDC to lease 999 Morrison Drive from the City for a term of 30 years plus three 10-year extensions. Under the agreement CDC will complete certain significant improvements to the property, including construction of a 728-space parking deck. Upon completion of the parking deck, the City will reimburse CDC for all related costs. The agreement was amended on January 9, 2018, to extend the term to 30 years plus three 23-year extensions, and to allow for up to 814 spaces in the parking deck. On May 21, 2019, there was a 2nd amendment to the agreement which allowed the CDC to sublet their space from the developer for a 10-year term with the right to extend the term for four 5-year terms. A Garage Development Agreement was also executed for the construction of an 816-space parking deck which was completed in December 2020.

6. The Charleston Area Convention and Visitors Bureau and Visitors Center Complex - On May 25, 2019, the City entered into an agreement with The Charleston Area Convention and Visitors Bureau (CACVB) for the City owned Charleston Visitor Center facility. The CACVB will oversee the renovation of the Visitor Reception and Transportation Center (VRTC) and the City will reimburse the CACVB for the costs of the renovations, in an amount not-to-exceed $7,691,031. The renovation was completed in August 2020. The CACVB will manage the operations of the facility, which include the VRTC, Bus Shed, Best Friend Train Museum and adjoining areas and grounds until June 30, 2030.

7. Charleston Digital Corridor and 22 West Edge - On June 18, 2019, the City entered into a two-year agreement with the Charleston Digital Corridor Foundation (CDC) for the CDC to oversee the upfit and management of 8,000 square feet on the 4th floor of 22 West Edge that the City committed to leasing in May 2018. Under the agreement, the City will reimburse the CDC in an amount not-to-exceed $50,000 for design, $75,000 for furniture, fixtures and equipment and $320,000 for construction costs. Additionally, the City will pay the CDC an annual management fee in the amount of $100,000. On April 11, 2020, the City amended the agreement to allow for an additional reimbursement of $105,000 to the CDC for construction costs. The City reimbursed the CDC for the remaining construction costs, thereby fulfilling this commitment. Another amendment to the agreement was adopted on May 27, 2021, extending the term of the management agreement for an additional 12 months at the same fee of $100,000. An additional amendment to the agreement was adopted on July 19, 2022, extending the term of the management agreement for an additional 12 months at the same fee of $100,000. Another amendment to the agreement was adopted on June 20, 2023, extending the term of the management agreement on a month-to-month basis through April 1, 2025, as the same fee of $100,000.

Contingencies and Litigation

1. Grants - Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 13. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Contingencies and Litigation (Continued)

2. Litigation - The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of City management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not materially affect the City's financial position.

3. Unemployment Compensation - The City makes payments to the South Carolina Employment Security Commission on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at December 31, 2025, are not significant.

NOTE 14. RISK MANAGEMENT

The City establishes liabilities for claims and judgments based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability. Adjustments to claim liabilities are charged or credited to expense in the period in which they are made.

1. Health and Dental Insurance - The City is self-insured for medical, dental and prescription coverage within certain individual employee limits of $300,000 for all medical and pharmacy payments in 2025 plus claims incurred during 2025 and subsequently paid. Health claims are handled by an administrator and the stop-loss provision is incurred as of December 31, 2025. The incurred but not reported (IBNR) claims are estimated by the City's management.

2. Workers' Compensation Insurance - The City self-insures workers' compensation and general liability programs. The City accounts for the workers' compensation program in the General Fund to the extent of available financial resources. Claims liability in excess of available financial resources is recorded in the Statement of Net Position. The specific stop-loss and aggregate retention provisions for workers' compensation are $1,000,000 and $7,129,706, respectively.

3. Other Claims and Judgments - The City is exposed to various other risks of loss and maintains coverage with the South Carolina Insurance Reserve Fund (SCIRF), a self-sustaining, public entity risk pool, for certain property damage, tort and general liability, for which premiums are paid. Additional funding is provided by Federal Emergency Management Agency (FEMA) in the case of certain disasters. Additionally, amounts not subject to insurance coverage, in excess of coverage limits or not reimbursable from other governments (including legal settlements) are included in this category.

NOTE 14. RISK MANAGEMENT (CONTINUED)

Property and casualty coverage policies are accounted for in the General Fund, as well as other insurance policies, such as surety bond coverage and miscellaneous floaters. Funds are expended based on premium amounts and administrative charges. The City had no significant reductions in insurance coverage during the year. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act are $600,000 per occurrence. For those risks covered by insurance, claims did not exceed coverage during the past three years.

Changes in the balance of liabilities for claims and judgments during the last two years were as follows:

	Year	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
Health and Dental	2025	$ 1,900,000	$ 26,747,418	$ (26,877,418)	$ 1,770,000
Insurance	2024	1,800,000	22,603,070	(22,503,070)	1,900,000
Workers' Compensation	2025	4,005,525	2,516,070	(2,572,814)	3,948,781
Insurance	2024	3,790,152	1,714,596	(1,499,223)	4,005,525
Other Claims and	2025	118,603	-	(2,780)	115,823
Judgments	2024	2,871,536	4,207	(2,757,140)	118,603
Total Claims and	2025	6,024,128	29,263,488	(29,453,012)	5,834,604
Judgments	2024	8,461,688	24,321,873	(26,759,433)	6,024,128

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City's defined benefit post-employment healthcare plan (the “Plan”) provides medical and dental insurance to eligible retirees under the Medicare eligible age. Employees become eligible when the employee qualifies for retirement benefits under the SCRS or PORS and has 15 years of service with the City. Information regarding SCRS and PORS eligibility may be obtained from SC PEBA. The Plan is approved each year by City Council; the contribution requirements of the City and plan members are established and amended by City Council. These contributions are neither guaranteed nor mandatory. City Council has retained the right to unilaterally modify its payments toward retiree health care benefits.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Membership

Membership of the Plan consisted of the following at December 31, 2025:

Active participants	1,471
Retirees and beneficiaries currently receiving benefits	223
Total	1,694

Benefits and Contributions

The City established the contribution requirements of plan members which may be amended by City Council. The City contributes a fixed dollar amount indexed each year by the Consumer Price Index (CPI). In 2025, the contributions by both the City and retirees remained flat. The City contributed, on a monthly basis, $555 for retiree-only healthcare coverage and $1,160 for retiree family healthcare coverage. For the healthcare plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount. The retiree pays 100% of the actuarially calculated dental costs. The health and dental plans pay a percentage of allowed charges after the plan's deductible. For 2025, the retiree healthcare monthly contribution was $157 for the HRA plan or $176 for the PPO plan and $32 for the dental plan.

The City is contributing an amount in addition to the claims according to the City's Funding Policy as determined annually by City Council during the budget process. For 2025, the total contribution was $3,312,466.

Net OPEB Liability of the City

The City's net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as December 31, 2024.

Actuarial assumptions. The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	4.75%
Long-term expected rate of return on OPEB investments:	4.75%, net of investment expenses, including inflation
Healthcare Cost Trend Rate:	7.00% for 2025 decreasing to an ultimate rate of 4.50% by 2035
Inflation Rate:	2.25%
Salary increase:	3.00% - 11.00%
Participation rate:	70% for eligible retirees; 30% spouse coverage

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability of the City (Continued)

Mortality rates were based on the PUB-2010 Mortality Tables for Employees with a 135% multiplier to better reflect the anticipated experience and provide margin for future improvements. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2024 valuation were based on the results of the 2020 actuarial experience study adopted by the SCRS and PORS pension plans (both of which the City is a participant).

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the December 31, 2024 valuation were based on a review of recent plan experience done concurrently with the December 31, 2024 valuation.

Actuarial assumptions (continued). The long-term expected rate of return on OPEB plan investments is based on 35-year capital market assumptions, as well as current consensus expectations and market-based inputs. The long-term expected rates of return represent assumptions developed using a building-block approach and are presented net of investment fees. There are no municipal bond rate assumptions used in deriving the discount rate, and the discount rate forecast period extends for 50 years. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation for the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected Real Rate of Return
Fixed income:			
U.S. Government Agency	58.00%	4.40%	2.55%
U.S. Government MBS, CMO,CMBS	40.00%	4.90%	1.96%
Cash and short duration (net)	2.00%	3.85%	0.08%
Total	100.00%		4.59%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flow used to determine the discount rate assumed that the City will contribute to the Plan using its existing policy and based on contributions made over the previous five years. Based on those assumptions, the OPEB Trust Fund's fiduciary net position was projected to be available to make projected future benefit payments of all current Plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all of the future projected benefit payments to determine the total OPEB liability.

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Net OPEB Liability of the City

The changes in the components of the net OPEB liability of the City for the year ended December 31, 2025, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	$ 52,062,106	$ 19,673,078	$ 32,389,028
Changes for the year:			
Service cost	1,835,274	-	1,835,274
Interest	2,423,398	-	2,423,398
Changes in assumptions	(11,024,848)	-	(11,024,848)
Difference between expected and actual experience	1,177,807	-	1,177,807
Contributions - employer	-	3,110,906	(3,110,906)
Net investment income	-	418,154	(418,154)
Benefit payments, including refunds of employee contributions	(2,110,906)	(2,110,906)	-
Administrative expense	-	(17,328)	17,328
Other changes	-	-	-
Net changes	(7,699,275)	1,400,826	(9,100,101)
Balances, end of year	$ 44,362,831	$ 21,073,904	$ 23,288,927

The City's fiduciary net position as a percentage of the total OPEB liability: 47.50%

The required schedule of changes in the City's net OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.75%) or one percentage point higher (5.75%) than the current discount rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate		
1% Decrease (3.75%)	Discount Rate (4.75%)	1% Increase (5.75%)
$ 28,429,635	$ 23,288,927	$ 18,757,650

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates		
1% Decrease (6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
$ 17,817,679	$ 23,288,927	$ 29,839,563

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2025, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the City recognized OPEB expense of $1,742,303. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,382,958	$ 7,648,535
Changes of assumptions	2,457,638	12,117,551
Net difference between projected and actual earnings on OPEB plan investments	2,288,203	-
City contributions subsequent to the measurement date	3,312,466	-
Total	$ 9,441,265	$ 19,766,086

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

City contributions subsequent to the measurement date of $3,312,466 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2026	$ (1,530,330)
2027	(1,729,272)
2028	(2,391,127)
2029	(2,413,109)
Thereafter	(5,573,449)

NOTE 16. RELATED PARTY

Commissioners of Public Works of the City of Charleston, SC (CPW), also known as *Charleston Water System*, provides water and wastewater services to the citizens of the City and certain surrounding areas, generally excluding the larger municipalities. CPW is dependent on the City for substantial approval for all bond issuances and provides financial benefit to the City in the form of a subsidy in lieu of taxes.

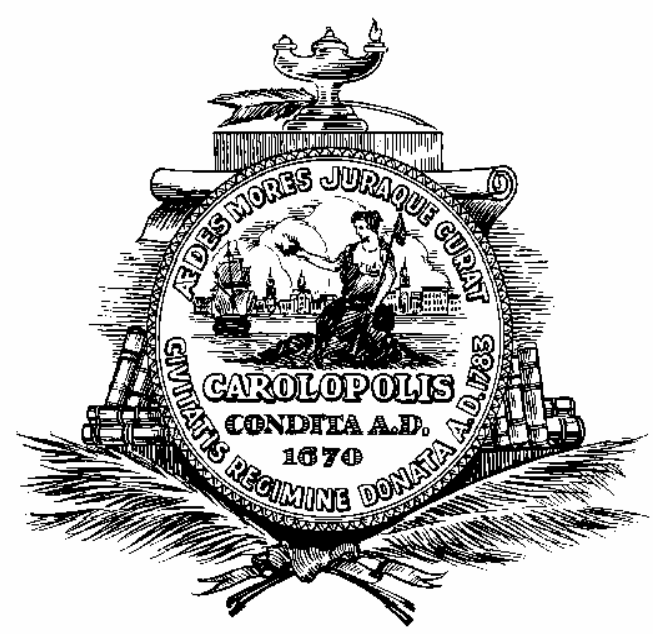
During the year ended December 31, 2025, CPW contributed $2,938,665 to the City. The City reports the payment as revenue from state and local governments, while CPW reports it as an intergovernmental fee expense.

NOTE 17. SUBSEQUENT EVENTS

Subsequent to December 31, 2025, the following material transactions occurred:

- In December 2025, the City entered in a financed purchase agreement in the amount of $7,546,466 bearing interest at 3.8 percent and maturing in December 2030. The agreement is for the purchase of public safety equipment which was received and put into service in January 2026.
- In April 2026, the City entered in financed purchase agreements in the amounts of $2,300,000 and $9,229,031 bearing interest at 3.31 percent and 3.33 percent and maturing in April 2029 and April 2030, respectively. The proceeds are to be used for the purchase of vehicles and equipment.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF CHARLESTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY
AND RELATED RATIOS
YEAR ENDED DECEMBER 31,

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 1,835,274	$ 1,844,701	$ 2,541,416	$ 2,455,474	$ 2,569,178	$ 2,452,676	$ 2,719,720	$ 2,590,210
Interest on total OPEB liability	2,423,398	2,339,544	2,279,802	2,716,517	2,584,177	2,447,334	2,450,959	2,240,937
Difference between expected and actual experience	1,177,807	452,423	(3,244,067)	(7,360,741)	(164,575)	(5,308,469)	(550,000)	-
Changes of assumptions and other inputs	(11,024,848)	(546,704)	1,966,430	(3,539,667)	-	4,699,164	-	-
Benefit payments	(2,110,906)	(2,533,446)	(2,043,933)	(2,088,961)	(1,526,315)	(1,217,070)	(1,393,145)	(1,446,231)
Net change in total OPEB liability	(7,699,275)	1,556,518	1,499,648	(7,817,378)	3,462,465	3,073,635	3,227,534	3,384,916
Total OPEB liability - beginning	52,062,106	50,505,588	49,005,940	56,823,318	53,360,853	50,287,218	47,059,684	43,674,768
Total OPEB liability - ending (a)	$ 44,362,831	$ 52,062,106	$ 50,505,588	$49,005,940	$56,823,318	$53,360,853	$ 50,287,218	$ 47,059,684
Plan fiduciary net position								
Contributions - employer	$ 3,110,906	$ 3,533,446	$ 3,043,933	$ 3,088,961	$ 2,526,315	$ 2,217,070	$ 2,393,145	$ 2,396,231
Net investment income	418,154	764,230	(2,845,811)	(426,696)	1,045,208	842,922	112,932	356,612
Benefit payments	(2,110,906)	(2,533,446)	(2,043,933)	(2,088,961)	(1,526,315)	(1,217,070)	(1,393,145)	(1,446,231)
Administrative expenses	(17,328)	-	-	(14,465)	(13,969)	(12,907)	(15,016)	(23,079)
Other	-	-	-	750	-	2,000	39,743	-
Net change in plan fiduciary net position	1,400,826	1,764,230	(1,845,811)	559,589	2,031,239	1,832,015	1,137,659	1,283,533
Plan fiduciary net position - beginning	19,673,078	17,908,848	19,754,659	19,195,070	17,163,831	15,331,816	14,194,157	12,910,624
Plan fiduciary net position - ending (b)	$ 21,073,904	$ 19,673,078	$ 17,908,848	$19,754,659	$19,195,070	$17,163,831	$ 15,331,816	$ 14,194,157
City's net OPEB liability - ending (a) - (b)	$ 23,288,927	$ 32,389,028	$ 32,596,740	$29,251,281	$37,628,248	$36,197,022	$ 34,955,402	$ 32,865,527
Plan fiduciary net position as a percentage of the total OPEB liability	47.50%	37.79%	35.46%	40.31%	33.78%	32.17%	30.49%	30.16%
Covered payroll	$ 101,940,354	$ 101,940,354	$ 98,500,000	$85,800,000	$98,400,000	$96,500,000	$ 81,200,000	$ 79,600,000
Net OPEB liability as a percentage covered payroll	22.85%	31.77%	33.09%	34.09%	38.24%	37.51%	43.05%	41.29%

This schedule will present ten years of information once it is accumulated.

CITY OF CHARLESTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OPEB CONTRIBUTIONS
YEAR ENDED DECEMBER 31,

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 3,511,907	$ 3,525,735	$ 4,306,530	$ 4,837,023	$ 4,837,023	$ 4,865,004	$ 4,191,347	$ 4,443,309	$ 4,204,692
Contributions in relation to the actuarially determined contribution	3,312,466	3,110,906	3,533,446	3,043,933	3,088,961	2,526,315	2,217,070	2,393,145	2,396,231
Contribution deficiency	$ 199,441	$ 414,829	$ 773,084	$ 1,793,090	$ 1,748,062	$ 2,338,689	$ 1,974,277	$ 2,050,164	$ 1,808,461
Covered payroll	$ 114,919,123	$ 101,940,354	$ 101,940,354	$ 98,500,000	$ 85,800,000	$ 98,400,000	$ 96,500,000	$ 81,200,000	$ 79,600,000
Contributions as a percentage of covered payroll	2.88%	3.05%	3.47%	3.09%	3.60%	2.57%	2.30%	2.95%	3.01%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	December 31, 2024
Measurement Date	December 31, 2024
Employer's Reporting Date	December 31, 2025
Cost Method	Entry Age Normal Actuarial Cost Method
Actuarial Asset Valuation Method	Fair Value of Assets
Assumed Rate of Return on Investments	4.75%, net of investment expenses, including inflation
Projected Salary Increases	3.0% - 11.0% per annum
Cost-of-living Adjustment	2.25%
Remaining Amortization Period	30 years, open
Health Care Cost Trends	7.0% decreasing to an ultimate rate of 4.5% over 10 years

This schedule will present ten years of information once it is accumulated.

CITY OF CHARLESTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31,

South Carolina Retirement System

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.426599%	$ 92,183,551	$ 56,642,736	162.7%	66.2%
2024	0.412423%	96,714,455	56,642,736	170.7%	61.8%
2023	0.392137%	94,804,874	49,532,398	191.4%	58.6%
2022	0.352987%	85,567,833	42,029,855	203.6%	57.1%
2021	0.376953%	81,573,619	42,582,124	191.6%	60.7%
2020	0.391964%	100,153,783	43,734,748	229.0%	50.7%
2019	0.392010%	89,512,108	41,387,941	216.3%	54.4%
2018	0.376436%	84,347,411	39,022,828	222.3%	54.1%
2017	0.372793%	83,921,700	37,758,361	222.3%	53.3%
2016	0.374119%	79,911,266	36,230,714	220.6%	52.9%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	3.47225%	$ 96,018,407	$ 66,153,284	145.1%	74.5%
2024	3.35557%	100,659,825	66,153,284	152.2%	70.5%
2023	3.51602%	107,031,104	61,588,373	173.8%	67.8%
2022	3.36162%	100,814,368	53,093,713	189.9%	66.4%
2021	3.41252%	87,801,136	51,263,787	171.3%	70.4%
2020	3.36640%	111,636,956	50,762,493	219.9%	58.8%
2019	3.48544%	99,890,592	50,254,422	198.8%	62.7%
2018	3.38296%	95,857,692	46,738,277	207.0%	61.7%
2017	3.34863%	91,737,727	44,325,508	207.0%	60.9%
2016	3.24769%	82,376,760	41,388,588	199.0%	60.4%

CITY OF CHARLESTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CITY PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31,

South Carolina Retirement System

Year Ended December 31,	Actuarially required contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2025	$ 12,014,807	$ 12,014,807	$ -	$ 64,734,953	18.56%
2024	11,203,033	11,203,033	-	60,361,171	18.56%
2023	9,534,714	9,534,714	-	52,756,292	18.07%
2022	7,474,356	7,474,356	-	43,694,966	17.11%
2021	6,682,709	6,682,709	-	41,541,708	16.09%
2020	7,045,908	7,045,908	-	45,282,184	15.56%
2019	6,463,076	6,463,076	-	42,900,601	15.07%
2018	5,552,635	5,552,635	-	39,903,155	13.92%
2017	4,802,207	4,802,207	-	38,205,794	12.57%
2016	4,216,802	4,216,802	-	37,275,131	11.31%

South Carolina Police Officers Retirement System

Year Ended December 31,	Actuarially required contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2025	$ 16,130,207	$ 16,130,207	$ -	$ 75,942,595	21.24%
2024	14,747,600	14,747,600	-	69,437,426	21.24%
2023	13,227,635	13,227,635	-	63,747,978	20.75%
2022	10,992,036	10,992,036	-	55,553,988	19.79%
2021	9,700,193	9,700,193	-	51,652,127	18.78%
2020	9,669,864	9,669,864	-	53,014,608	18.24%
2019	9,059,478	9,059,478	-	51,084,900	17.73%
2018	7,875,592	7,875,592	-	48,178,383	16.35%
2017	6,947,652	6,947,652	-	45,563,075	15.25%
2016	6,017,278	6,017,278	-	43,005,518	13.99%

CITY OF CHARLESTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CITY PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31,

Notes to the Schedules of City Pension Contributions:

The assumptions used in the preparation of the schedules on the previous page are as follows:

System	SCRS	PORS
Calculation date	July 1, 2023	July 1, 2023
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	24 years maximum, closed period	24 years maximum, closed period
Investment return	7.00%	7.00%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.	3.50% plus step-rate increases for members with less than 21 years of service.
Mortality	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale UMP from the year 2020. Male rates are multiplied by 97%. Female rates are multiplied by 107%.	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale UMP from the year 2020. Male rates are multiplied by 127%. Female rates are multiplied by 107%.

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APPENDIX B

THE CITY OF CHARLESTON

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DESCRIPTION OF THE CITY OF CHARLESTON AND ITS SURROUNDING AREA

Description of the City of Charleston

The City of Charleston, South Carolina (the "City"), located on the southeastern coast of the State of South Carolina (the "State"), is the major coastal city and principal seaport of the State. The first settlement of Charleston took place in 1670 on the east banks of the Ashley River. In 1680 the settlement was moved to the peninsula formed by the convergence of the Ashley and Cooper Rivers. The City serves as the county seat of Charleston County. In addition, a portion of the City, including Daniel Island and the Clements Ferry Road corridor, is located in Berkeley County.

Government of the City of Charleston

The City Council of the City is comprised of a Mayor and twelve Council members who are elected for staggered four-year terms from single member districts.

The Mayor is the presiding officer of City Council. He has no veto power but casts a vote similar to those cast by each member of the Council. Regular meetings open to the public are normally held twice in each month during the year, with the exception of the summer months when a single meeting is held. Special meetings may likewise be called by the Mayor or upon petition of one-third of the members of City Council.

The Mayor is the chief executive and administrative officer of the City which has no City Manager. Financial matters are supervised by the Chief Financial Officer.

William S. Cogswell, Jr. was elected Mayor in November 2023. Mayor Cogswell received his undergraduate degree from Sewanee: The University of the South and his Master's degree from Columbia University. For more than two decades, Mayor Cogswell led large-scale commercial redevelopment projects, including the Cigar Factory in the City and Garco Mill in the Park Circle area of the City of North Charleston. Mayor Cogswell also served three terms in the South Carolina General Assembly from 2016 – 2022 where he represented portions of the City and the Town of Mount Pleasant.

Amy K. Wharton is the Chief Financial Officer of the City. Ms. Wharton received her bachelor of science degree in accounting from LeMoyne College. She is also a Certified Public Accountant, licensed in the State. She began her career with a local public accounting firm, where she worked on the audited financial statements of the City, prior to starting her career with the City in November of 2000 as an Internal Auditor. In 2002 she was promoted to Director of Internal Audit and eleven years later was named Deputy Chief Financial Officer before being appointed to the position of Chief Financial Officer in 2016.

The City's fiscal affairs are budgeted annually. Article X, Section 7, of the South Carolina Constitution requires that the City "prepare and maintain annual budgets which provide for sufficient income to meet its estimated expenses for each year." The City's fiscal condition is audited annually by a firm of independent certified public accountants who have no personal interest in the City's fiscal affairs as required by S.C. Code Section 5-7-240.

The Chief Financial Officer obtains in writing from each department head an estimate of the needs of such department for the ensuing year. The Budget Office staff and the Chief Financial Officer combine all of the requests from the departments and present them to the Ad Hoc Budget Committee, which consists of the Mayor and five Councilmembers. The Chief Financial Officer, Budget Office staff and the Ad Hoc Budget Committee meet several times to review and prioritize requests. Thereafter, the Budget Office staff and the Chief Financial Officer prepare a draft budget which is presented to the Mayor for review. Upon approval by the Mayor, the draft budget is presented to Council for review in an open public meeting. This budget is then submitted to the Ways and Means Committee and thereafter presented to City Council. It must be adopted at public meetings by ordinance that requires three readings with an interval of not less than six days between first and second reading. Supplemental appropriations and budget transfers in excess of $100,000 must be submitted and approved by the Ways and Means Committee. All appropriations, with the exception of encumbered amounts, lapse at year-end.

The current members of City Council are as follows:

Name	Principal Occupation	Term Expires
William S. Cogswell, Jr.	Mayor	January 2028
Ross A. Appel	Attorney	January 2028
Stephen Bowden	Attorney	January 2030
Karl L. Brady, Jr.	Major Gifts Officer (Carolina Youth Dev. Center)	January 2028
Ben D'Allesandro	Business Owner	January 2030
Boyd Gregg	Professional Engineer	January 2028
Jim McBride	Remote Patient Monitoring Technology Company	January 2028
Aaron Tobias Polkey	President & CEO of Palmetto Project	January 2030
Michael S. Seekings	Attorney	January 2030
Kevin Shealy	Kevin Shealy Insurance Agency	January 2030
Leslie Skardon	CEO of an environmental sustainability organization	January 2030
William P. Tinkler	Attorney	January 2028
Perry K. Waring	Financial Planner	January 2028

Services Provided

The City provides a broad range of services, as reflected in its annual budget for the fiscal year ending December 31, 2026, that include:

(1) Public Safety (including law enforcement, fire protection and emergency preparedness)
(2) Municipal Court
(3) Traffic and Transportation
(4) Street, Sidewalk and Drainage Maintenance
(5) Waste Disposal
(6) Planning, Zoning and Urban Development
(7) Code Enforcement
(8) Business Support and Development
(9) Parks Development and Maintenance
(10) Recreational Facilities and Program Initiatives
(11) Children, Youth, Family, Senior and Disabled Citizens Programs
(12) Tourism Management
(13) Arts and Cultural Programs and Events

CERTAIN FISCAL MATTERS

Assessment of Property in Charleston and Berkeley Counties

Article X of the State Constitution mandates that the assessment of all property, both real and personal, shall be equal and uniform and that the following ratios shall apply in the appropriate classifications of property:

(i) Real and personal property owned by or leased to manufacturers, utilities and mining operations and used in the conduct of such business – 10.5% of fair market value. Certain real property owned by or leased to manufacturers for use in "research and development," office buildings and warehousing and wholesale distribution of wearing apparel is excluded from this classification, and would be subject to the six percent assessment ratio for other real property. Pursuant to Act No. 228 of 2022, certain property of manufacturers is subject to a 42.8571% credit. Political subdivisions and school districts are required to be fully reimbursed by the State for this exemption, which is not to exceed $300 million per year, in the same manner as from the Trust Fund for Property Tax Relief. Certain new industrial facilities may be entitled to pay a "fee-in-lieu-of-taxes" computed on an assessment ratio of not less than 6% (4% for certain larger investments) of original cost less depreciation;

(ii) Real and personal property owned by or leased to companies primarily engaged in transportation for hire of persons or property and used in the conduct of such business - 9.5% of fair market value;

(iii) Legal residence and not more than five contiguous acres – four percent of fair market value (if the property owner makes proper application and qualifies);

(iv) Agricultural real property used for such purposes owned by individuals and certain corporations – four percent of use value (if the property owner makes proper application and qualifies);

(v) Agricultural property and timberlands belonging to corporations having more than ten shareholders – six percent of use value (if property owner makes proper application and qualifies);

(vi) All other real property - six percent of fair market value;

(vii) Business inventories - six percent of fair market value (as of 1988, an exemption is available from taxation of property in this category, hence this item is no longer significant, except that the assessed value of business inventory as of tax year 1987 ($6,275,150 for the City) is taken into account in determining total assessed value for purposes of the bonded debt limit);

(viii) All other personal property -10.5% of fair market value; and

(ix) Motor vehicles for personal use - 6.00%.

Charleston County and Berkeley County can negotiate fees in lieu of taxes for certain industrial projects which have a minimum investment of at least $2.5 million. Such fees in lieu of taxes may result in a reduction of taxes which would be received if the property were assessed at a higher ratio.

All counties within the State are required to insure that all taxable properties are assessed on a uniform basis. Upon completion of statutorily required reassessment programs, the increase in total ad valorem taxes for any city or any other political subdivision of the State may not exceed the total ad valorem tax of such city or political subdivision for the year immediately prior to completion of reassessment by more than 1% if such increase is caused by the reassessment program. The Act provides further, however, that the cities and other political subdivisions of the State are not prohibited from increasing ad valorem taxes as a result of assessments for property or improvements not previously taxed, for new construction, nor are they prohibited from increasing the millage on all taxable property for the purpose of providing increased or new services or for providing debt service on future or then outstanding bonded indebtedness.

The South Carolina Department of Revenue ("DOR") has been charged with the responsibility of taking steps necessary to ensure equalization of assessments state-wide in order that all property is assessed uniformly and equitably throughout the State, and may require reassessment of any part or all of the property within the City. State statutes provide that, notwithstanding any other provision of law, each county will appraise and equalize the properties within its jurisdiction once every five years. The latest reassessment was completed in and implemented in 2025 and 2024 for Charleston County and Berkeley County, respectively.

The Comptroller General of the State may extend the time for assessment and collection of taxes by county officials. Unpaid property taxes, both real and personal, constitute a first lien against the property taxed.

The County Assessor appraises and assesses all the real property and mobile homes located within such county and certifies the results to the County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property and airplanes. The DOR furnishes guides for use by the counties in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers and also of business equipment.

Each year the DOR certifies its assessments to the County Auditors each of whom prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares tax bills and then in September charges the County Treasurer with the collection. South Carolina has no statewide property tax.

Homestead Exemption

The State provides, among other exemptions, an exemption for homesteads. This is a general exemption from all ad valorem property taxes and applies to the first $50,000 of value of the dwelling place of persons who are at least 65 years of age, totally and permanently disabled or legally blind (the "Homestead Exemption"). The revenues that would have been received by various taxing entities but for the exemptions are replaced by funds from the State. The State pays each taxing entity the amount to which it is entitled by April 15 of each year from the State's general fund. The Homestead Exemption reimbursement to the City for the 2025 Fiscal Year amounted to $1,621,821.

The second exemption (the "Property Tax Relief Exemption") applies only to ad valorem taxes levied for school operating budgets (exclusive of amounts in those budgets for the payment of lease-purchase agreements for capital construction) and has no effect on county and municipal taxes.

Property Tax Reform

Sales Tax Imposition; Exemption of Owner-Occupied Residential Property from School Operating Taxes

Beginning in 2007, S.C. Code Section 12-36-1110 imposes an additional one percent sales tax State-wide. The additional tax does not apply to certain items, including certain accommodations (e.g., hotels, motels, and campgrounds), items taxed at a defined maximum tax (e.g., automobiles), and unprepared food (upon which the prior 5% tax was eliminated in October, 2007). Receipts from this 1% sales tax are credited to the "Homestead Exemption Fund."

Effective beginning with fiscal year 2008, all owner-occupied residential real property in the State is exempted from ad valorem real property taxes levied for school district operations (the "New Homestead Exemption"). Proceeds of the sales tax deposited in the Homestead Exemption Fund are distributed to the school districts in substitution for the ad valorem real property taxes not collected as a consequence of the New Homestead Exemption. S.C. Code Section 11-11-156 provides that a minimum of $2,500,000 of sales taxes per county will be distributed to the school district or districts within such county. Owner-occupied residential real property is not exempt from millage imposed for the payment of general obligation indebtedness incurred by school districts.

The amount of the reimbursements in fiscal year 2008 was equal to the amount estimated to have been otherwise collected (but for the New Homestead Exemption) in fiscal year 2008 by the school district from school operating millage imposed on owner occupied residential property therein, subject to the minimum of $2,500,000 described above. Beginning in fiscal year 2009 and continuing each year thereafter, the aggregate reimbursement to the school districts will increase by an amount equal to the Consumer Price Index, Southeast Region, plus the percentage increase in the previous year in the population of the State. The aggregate amount of the reimbursement increase in any year will be distributed among the school districts proportionately based on each school district's weighted pupil units as a percentage of statewide weighted pupil units as determined annually pursuant to the South Carolina Education Finance Act.

Any amounts remaining in the Homestead Exemption Fund after the distribution of moneys as described in the preceding paragraphs will be distributed to the counties of the State, proportionately based upon population, to be applied as a credit against ad valorem real property taxes levied against, first, owner-occupied residential real property, and, thereafter, to all other classes of taxable property, for county operating purposes.

To the extent revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements to the school districts as described above, S.C. Code Section 11-11-156 provides that the difference is to be paid from the State's general fund. Enforcement of this provision is not self-executing, and will in each applicable year be subject to the appropriation of the necessary amounts by the General Assembly.

Limitation on Millage Increases

S.C. Code Section 6-1-320 imposes a limitation on increases in millage levied for operational purposes by all political subdivisions in the State. State law provides that annual millage levies may increase only at a rate equal to the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political

subdivision. There may be added to the operating millage increase any such increase permitted under clauses (a) or (b) of the prior sentence, that was allowed but not previously imposed, for the three property tax years preceding the year to which the current limit applies. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision, but only for the following purposes and only in a year in which such condition exists:

(1) a deficiency of the preceding year;

(2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;

(3) compliance with a court order or decree;

(4) taxpayer closure due to circumstances outside the control of the governing body that decreases by 10% or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or

(5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

Local Option Sales Tax for Additional Tax Relief

S.C. Code Section 4-10-730 authorizes the imposition within any county, subject to approval by referendum, of a local sales tax to provide additional property tax relief. The local sales tax may only be imposed to the extent necessary to provide a 100% credit to all classes of taxable property against (a) county operating taxes, (b) school operating taxes, or (c) both, as set forth on the referendum ballot. The rate of such local sales tax may not exceed 1%. Charleston County has not implemented the provisions of S.C. Code Section 4-10-730 as of this date.

Reassessment Valuations Limited

S.C. Code Section 12-37-3140 has provided that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property are exempt from this restriction. Except for property classified as "all other real property" subject to the 6% assessment ratio, upon the sale of any parcel of real property or other "assessable transfer of interest," including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value.

History of Assessed Values of the City of Charleston

Fiscal Year Ended Dec. 31	Assessed Value of Real Property	Assessed Value of Personal Property	Total
2025	$2,263,472,687	$245,300,322	$2,508,773,009
2024	1,886,178,465	243,490,081	2,129,668,546
2023	1,774,733,038	217,959,806	1,992,692,844
2022	1,680,453,020	197,707,863	1,878,160,883
2021	1,566,949,428	190,286,620	1,757,236,048

City of Charleston Tax Levy

As described under the heading "Local Option Sales Tax" below, the amount the City receives from this revenue source is shown as a credit on a taxpayer's bill to be applied to ad valorem taxes. The following table shows

total millage before calculation of the credit arising by virtue of the Local Option Sales Tax. The effective millage resulting in Charleston County from the calculation is shown in the table in the next succeeding section.

Fiscal Year Ended December 31	Mills Levied for City Operations & Debt	Drainage	Public Safety Infrastructure	Parks & Recreation Capital Improvements	Total Millage
2026	72.5	4.0	3.0	2.5	82.0
2025	80.3	4.0	3.0	2.5	89.8
2024	80.3	4.0	3.0	2.5	89.8
2023	80.3	4.0	3.0		87.3
2022	77.3	4.0	3.0		84.3

Local Option Sales Tax

At the general election held on November 6, 1990, each county in the State voted on an initiative to levy an additional 1% to the 5% sales tax, which additional 1% would be used by counties and municipalities located in counties which approved imposition of the Local Option Sales Tax at that time. Both Charleston County and Berkeley County approved imposition of Local Option Sales Taxes. The additional 1% sales tax was imposed in Charleston County in 1991 and in Berkeley County in 1999. The City received $35,308,823 in Local Option Sales Tax collections during the fiscal year ending December 31, 2025, and, based on the formula for distribution of funds generated by such levy which will be supplied to participating local governments retroactively on a monthly basis, the City estimates receipt of approximately $38,072,418 during the fiscal year ending December 31, 2026. City Council has historically applied nearly all of this amount to a reduction of property taxes.

The effective City millage rates following application of local option sales tax revenues for homeowners in Charleston County whose property is assessed at 4%, as well as these properties assessed at 6% and 10.5%, are shown in the following table:

Fiscal Year Ended December 31	Effective Millage after Local Option Sales Tax Credit (4%) Applied to Ad Valorem Tax	Effective Millage after Local Option Sales Tax Credit (6%) Applied to Ad Valorem Tax	Effective Millage after Local Option Sales Tax Credit (10.5%) Applied to Ad Valorem Tax
2026	61.25	68.17	74.10
2025	61.45	68.28	74.14
2024	67.30	74.80	81.23
2023	64.30	71.97	78.54
2022	60.80	68.63	75.35

The State legislation mandating that the initiative be placed before the voters at the November 6, 1990 general election, provides that a petition signed by 15% of the qualified electors in a county may place before the voters at a subsequent election an initiative to rescind the Local Option Sales Tax.

Retirement Plan

All full-time City employees except certain public safety employees are under the South Carolina Governmental Employees' Retirement System ("SCRS") established by the State. Police officers and certain other public safety employees are covered by the South Carolina Police Officers' Retirement System ("PORS"), also a defined benefit plan. As described below, the City and its employees contribute to these plans at the rates established by the State. The following table sets forth the City's actual contributions for the Fiscal Years 2021-2025.

Retirement Plan Costs

Pension System	2021	2022	2023	2024	2025
SC Retirement System	$ 6,682,709	$ 7,474,356	$ 9,534,714	$11,203,033	$12,014,807
SC Police Officers' Retirement System	9,700,193	10,992,036	13,227,635	14,747,600	16,130,207
Total Pension Payments	$16,382,902	$18,466,392	$22,762,349	$25,950,633	$28,145,014

Each year employees (other than certain public safety employees) contribute 9% of their salary. Certain public safety employees contribute 9.75% of salary. The City's share is 21.24% (including death benefit contributions) on certain public safety employees' salaries and 18.56% (including death benefit contributions) on all other employees. Certain public safety employees are generally eligible for retirement at age 55 or after 25 years of service. All other employees are generally eligible for retirement at age 65 or after 28 years of service. Employees with a membership date on or after July 1, 2012 are subject to different rules. Certain public safety employees with an effective date on or after July 1, 2012 with eight or more years of service are generally eligible for retirement at age 55 or after 27 years of service. All other employees with an effective date on or after July 1, 2012 with eight or more years of service are generally eligible for retirement when the employer's age and years of service total 90.

For the year ended December 31, 2025, the City recognized its proportionate share of collective pension expense of $5,377,619 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $3,613,794 for a total of $8,991,413 for the SCRS plan. Additionally, for the year ended December 31, 2025, the City recognized its proportionate share of collective pension expense of $9,573,819 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $534,163 for a total of $10,107,982 for the PORS plan. Total pension expense amounted to $19,099,395 for the year ended December 31, 2025.

GASB 75

Governmental Accounting Standards Board Statement No. 75 ("GASB 75") requires the City to recognize a net OPEB (other post-employment benefits) liability and any related deferred outflows and inflows of resources along with a more comprehensive measure of OPEB expense for the City's OPEB plan on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and requires more extensive note disclosures. The City's OPEB expense for fiscal year 2025 was $1,742,303 and the City's contribution was $3,312,466. The following table sets forth the changes in the components of the net OPEB liability of the City as of December 31, 2025.

	Total OPEB Liability(a)	Plan Fiduciary Net Position(b)	Net OPEB Liability (a)-(b)
Balances, beginning of year	$52,062,106		
Changes for the year:			
Service cost	1,835,274		1,835,274
Interest	2,423,398		2,423,398
Changes in assumption	(11,024,848)		(11,024,848)
Difference between expected and actual experience	1,177,807		1,177,807
Contributions - employer		$3,110,906	(3,110,906)
Net investment income		418,154	(418,154)
Benefit payments, including refunds of employee contributions	(2,110,906)	(2,110,906)	
Administrative expense		(17,328)	17,328
Other changes			
Net changes	(7,699,275)	1,400,826	(9,100,101)
Balances, end of year	$44,362,831	$21,073,904	$23,288,927

Method by Which Tax Levy is Made

Local taxes for counties, schools and special purpose districts in the State are levied as a single tax bill which each taxpayer must pay in full. In Charleston County, the County Treasurer collects all current taxes. Delinquent tax collections are made through the Charleston County Delinquent Tax Office which is under the County Administrator.

Notices are mailed in October of each year or as soon thereafter as is practicable. All taxes may be paid without penalty through January 15. A 3% penalty plus costs is added on January 16. An additional 7% penalty is added on February 1, and an additional 5% penalty is added on March 16, at which time delinquent taxes are forwarded to the Delinquent Tax Office. Because the City's fiscal year is on a calendar year basis, tax notices for a fiscal year beginning January 1 are not mailed until October of such fiscal year. As a consequence, the penalty date for payment of taxes for taxes due during one fiscal year does not occur until January 15 of the subsequent fiscal year.

Tax Collection Record of the City of Charleston

As of December 31, 2025 tax collections for the years indicated are as follows:

Charleston County

Fiscal Year Ended Dec. 31	Total Taxes Levied[1]	Current Taxes Collected	Delinquent Taxes Collected	Total Taxes Collected	Total % Collected
2025	$139,931,411	$ 72,303,965[2]	N/A[3]	N/A[3]	N/A[3]
2024	127,916,519	115,823,408	$11,630,889	$127,454,297	99.6%
2023	117,110,969	100,503,006	16,120,799	116,623,805	99.6
2022	105,344,226	90,581,778	14,398,780	104,980,558	99.7
2021	99,341,971	86,656,333	12,316,634	98,972,967	99.6

(1) Net of Local Option Sales Tax. Includes four mills for drainage and three mills for public safety infrastructure in each of the years. In addition, it includes two and a half mills for park and recreation in fiscal year 2024 and 2025.

(2) 2025 taxes were due by January 15, 2026 and became delinquent on March 16, 2026. The due date for automobiles is staggered and is billed throughout the succeeding year. The City is still receiving tax payments from Charleston County.

(3) This information is not yet available from Charleston County.

Source: Annual Comprehensive Financial Reports of the City for the corresponding years

Berkeley County

Fiscal Year Ended Dec. 31	Total Taxes Levied[1]	Current Taxes Collected	Delinquent Taxes Collected	Total Taxes Collected	Total % Collected
2025	$28,302,353	$17,852,210[2]	N/A[3]	N/A[3]	N/A[3]
2024	28,657,154	26,879,892	$1,689,950	$28,569,842	99.7%
2023	23,134,152	21,667,848	1,347,868	23,015,716	99.5
2022	20,699,658	19,504,089	1,122,630	20,626,719	99.6
2021	18,032,706	16,831,141	1,173,237	18,004,378	99.8

(1) Net of Local Option Sales Tax. Includes four mills for drainage and three mills for public safety infrastructure in each of the years. In addition, it includes two and a half mills for park and recreation in fiscal year 2024 and 2025.

(2) 2025 taxes were due by January 17, 2026 and became delinquent on March 16, 2026. The due date for automobiles is staggered and is billed throughout the succeeding year. The City is still receiving tax payments from Berkeley County.

(3) This information is not yet available from Berkeley County.

Source: Annual Comprehensive Financial Reports of the City for the corresponding years

Largest Taxpayers in the City of Charleston

The largest Charleston County taxpayers in the City for the fiscal year ending December 31, 2025 are as follows:

Name	December 31, 2025 Assessed Value	Estimated City Taxes Paid
Dominion Energy SC	$ 37,157,880	$2,858,113
Charleston Place Propco LLC	17,403,540	1,189,242
Morrison Yard Owner LLC	9,085,380	620,834
Jasper Development LLC	8,815,940	602,423
Mt Pleasant Investments LLC	8,080,170	552,426
VTT Meeting LLC	6,632,850	453,321
PR/GS Guild Subsidiary LLC	6,313,500	431,423
MSP KB 55 Romney LLC	6,225,820	425,525
LMC Cormac SPE LLC	5,868,350	399,474
VTT Spyglass Seaside LLC	5,445,300	372,171
Totals	$111,028,730	$7,904,952

City of Charleston Annual General Fund Budget for Fiscal Year Ending 12/31/2026

Anticipated Revenues

Ad Valorem Property Taxes	$132,635,000
Licenses	60,522,351
Local Option Sales Tax	36,275,000
Sales and User Charges	3,392,200
Permits & Fees	8,345,390
Rents	1,907,037
Fines & Forfeitures	560,000
Penalties	887,500
Intergovernmental – State & Local	5,268,051
Contributions & Donations	3,217,500
Franchise Fee	15,360,000
Miscellaneous	1,259,967
Interest Income	3,200,000
Transfers In	44,966,075
Appropriated Reserves	2,838,238
Total Revenues:	$320,634,309

Anticipated Expenditures*:*

General Government	$ 58,623,821
Public Safety	166,786,994
Public Service	21,940,532
Urban and Community Development	7,054,619
Culture and Recreation	36,330,448
Community Promotions	2,083,995
Health & Welfare	2,279,579
Business Development & Assistance	1,208,034
Other Financing Sources (Uses)	1,826,832
Debt Service	22,499,455
Total Expenditures	$320,634,309

Five Year Summary of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Year Ended December 31

	2021	2022	2023	2024	2025
Revenues					
Property taxes	$ 91,641,421	$101,344,615	$117,371,592	$126,140,133	$130,728,354
Licenses, fees and permits	59,844,286	64,906,320	72,198,186	77,422,858	83,414,523
Fines and forfeitures	1,115,125	1,715,967	1,476,315	1,034,488	1,343,099
Intergovernmental - federal	4,726,324	3,964,593	6,160,893	883,953	985
Intergovernmental - state and local (includes local option sales tax)	33,288,438	37,652,865	32,291,152	33,454,982	35,308,823
Other	-	-	7,464,259	8,396,253	7,884,588
Charges for services	3,362,220	4,226,902	4,310,244	3,606,257	3,649,046
Revenues from use of moneys and property	2,464,401	3,100,966	6,822,156	7,459,174	5,767,055
Donations and settlements	810,392	227,876	261,886	369,457	330,193
Other	478,099	594,969	580,406	1,365,332	1,789,562
Total revenues	$197,730,706	$217,735,073	$248,937,089	$260,132,887	$270,216,228
Expenditures					
Current					
General government	42,995,317	48,866,510	55,315,350	47,778,766	53,514,217
Public safety	98,850,798	106,921,905	124,090,663	134,182,296	151,549,524
Public service	13,236,978	15,893,101	17,662,852	19,067,967	19,298,990
Urban and community development	3,599,945	3,961,465	4,832,441	5,446,681	6,067,393
Culture and recreation	18,173,393	20,038,919	24,139,385	31,322,199	30,932,774
Community promotions	1,196,244	1,315,509	1,457,234	1,521,755	1,644,762
Health and welfare	556,853	708,554	771,322	1,100,537	1,336,537
Business development and assistance	671,777	628,599	832,591	887,345	850,448
Capital outlay	-	102,097	921,128	11,779,496	4,552,475
Debt service					
Principal retirement	12,810,508	26,025,259	15,761,757	15,073,257	23,366,364
Interest and fiscal charges	1,709,489	1,560,271	1,674,858	1,897,321	2,765,333
Bond issue costs	-	152,633	-	-	281,662
Total expenditures	193,801,302	226,174,822	247,459,581	270,057,620	296,160,479
Excess (deficiency) of revenues over expenditures	3,929,404	(8,439,749)	1,477,508	(9,924,733)	(25,944,251)
Other financing sources (uses)					
Transfers in	12,871,050	16,544,049	23,501,696	36,438,018	42,032,158
Transfers out	(2,653,282)	(2,611,353)	(6,202,428)	(3,865,337)	(5,587,431)
Insurance recoveries	342,080	564,837	763,626	752,656	697,281
Sale of capital assets	210,208	677,393	315,858	115,389	241,458
Payments to refunding bond escrow agent	-	(167,888)	-	-	-
General obligation bonds issued	-	9,470,000	-	-	-
Leases issued	-	102,097	675,725	305,448	2,074,053
Subscription arrangements issued	-	-	245,403	9,894,143	163,469
Premium on bonds issued	-	1,400,520	-	-	3,577,866
Total other financing sources (uses)	10,770,056	25,979,655	19,299,880	43,640,317	43,198,854
Net change in fund balances	14,699,460	17,539,906	20,777,388	33,715,584	17,254,603
Fund balances at beginning of year	101,304,461	116,003,921	133,543,827	154,321,215	188,036,799
Fund balances at end of year	$116,003,921[1]	$133,543,827[2]	$154,321,215[3]	$188,036,799[4]	$205,291,402[5]

1) Unassigned fund balance at 12-31-21 was approximately $55,595,418. The difference was reserved for continuing projects.
2) Unassigned fund balance at 12-31-22 was approximately $65,489,765. The difference was reserved for continuing projects.
3) Unassigned fund balance at 12-31-23 was approximately $73,850,654. The difference was reserved for continuing projects.
4) Unassigned fund balance at 12-31-24 was approximately $82,270,321. The difference was reserved for continuing projects.
5) Unassigned fund balance at 12-31-25 was approximately $93,209,955. The difference was reserved for continuing projects.

Management's Discussion & Analysis

For the fiscal year ending December 31, 2025, the City's General Fund revenues increased by 3.9%, including a 3.6% increase in property taxes, and General Fund expenses increased by 9.6%. From Fiscal Year 2021 to Fiscal Year 2025, the City increased its total General Fund balance by 77% and its unassigned General Fund balance by approximately 67.7%. The largest revenue increases were for business license and permit collections, and the largest expense increases were for general government and public safety.

DEBT STRUCTURE

Outstanding General Obligation Bonds

The City has outstanding a total of $123,925,000 general obligation bonds (of which $74,555,000 is chargeable against the 8% debt limit) consisting of the following issues:

(a) the outstanding $3,800,000 of an original issue of $13,210,000 General Obligation Refunding Bonds of 2014 (the "2014 Refunding Bonds") of the City of Charleston, South Carolina, dated December 3, 2014. The final maturity of the 2014 Refunding Bonds is March 1, 2032.

(b) the outstanding $11,500,000 of an original issue of $15,000,000 General Obligation Bond of 2018 (the "2018 Bond") dated December 3, 2018. The final maturity of the 2018 Bond is December 1, 2032. The 2018 Bond was authorized by the 8% debt limit of the State Constitution.

(c) the outstanding $13,815,000 of an original issue of $20,000,000 General Obligation Bonds of 2021 (Taxable) (the "2021 Bonds") dated May 26, 2021. The final maturity of the 2021 Bonds is March 1, 2036.

(d) the outstanding $3,665,000 of an original issue of $9,470,000 General Obligation Refunding Bonds of 2022 (the "2022 Bonds") dated February 17, 2022. The final maturity of the 2022 Bonds is March 1, 2029. The 2022 Bonds were authorized by the 8% debt limit of the State Constitution.

(e) the outstanding $31,755,000 of an original issue of $40,000,000 General Obligation Bonds, Series 2025A (the "2025A Bonds") dated May 20, 2025. The final maturity of the 2025A Bonds is September 1, 2049.

(f) the outstanding $59,390,000 of an original issue of $68,810,000 General Obligation Bonds, Series 2025B (the "2025B Bonds") dated May 20, 2025. The final maturity of the 2025B Bonds is September 1, 2044. The 2025B Bonds were authorized by the 8% debt limit of the State Constitution.

The following table provides the debt service requirements on the outstanding general obligation bonds.

Calendar Year	Principal and Interest on Outstanding Bonds
2026	$ 14,235,761
2027	14,417,068
2028	12,095,429
2029	12,502,681
2030	11,371,996
2031	11,320,083
2032	11,499,477
2033	8,488,650
2034	8,496,280
2035	8,487,200
2036	8,491,300
2037	6,979,550
2038	6,977,300
2039	6,978,550
2040	6,977,550
2041	6,973,900
2042	6,974,900
2043	6,976,900
2044	6,974,500
2045	2,099,450
2046	2,098,625
2047	2,099,425
2048	2,096,625
2049	2,095,225
Total	$184,798,424

The City of Charleston Public Facilities Corporation has issued the following series of bonds:

(i) $26,270,000 Installment Purchase Revenue Bonds (City of Charleston Project), Series 2015A, now outstanding in the principal amount of $11,150,000 and maturing September 1, 2030;

(ii) $19,830,000 Installment Purchase Revenue Bonds (City of Charleston Project), Series 2017A, now outstanding in the principal amount of $11,015,000 and maturing September 1, 2032;

(iii) $27,395,000 Installment Purchase Revenue Bonds (City of Charleston Project), Series 2020 (Taxable), now outstanding in the principal amount of $18,280,000 and maturing September 1, 2035;

(iv) $20,465,000 Installment Purchase Revenue Bonds (City of Charleston Project), Series 2022, now outstanding in the principal amount of $14,730,000 and maturing September 1, 2036; and

(v) $48,375,000 Installment Purchase Revenue Bonds (City of Charleston Project), Series 2023, now outstanding in the principal amount of $44,015,000 and maturing September 1, 2039.

The Series 2015A Bonds will be refunded with a portion of the proceeds of the City of Charleston Public Facilities Corporation Installment Purchase Revenue Bonds (City of Charleston Project), Series 2026.

Outstanding Lease Purchase Obligations

As of December 31, 2025, the City had an aggregate of approximately $9,876,683 of lease purchase equipment obligations maturing within four years.

The City entered into Energy Performance Contracts with Johnson Controls secured by liens on building improvements. In 2017, the City entered into a financing agreement secured by a lien on building improvements that had an outstanding principal amount of $7,131,377 as of December 31, 2025 and matures in 2033.

Tax Increment Financing Bonds

The City currently has outstanding eleven issues of tax increment financing bonds. Such borrowings do not constitute general obligation debt of the City but are secured by certain revenues within the respective redevelopment project areas.

Dated	Original Principal Amount	Tax Increment District	Maturity	Currently Outstanding
9/18/2017	$12,000,000	Cooper River Bridge	9/1/2032	$ 5,310,607
9/28/2017	3,000,000	Horizon	9/1/2032	1,327,652
12/03/2018	18,000,000	Charleston Neck	9/1/2033	13,695,000
2/27/2020	7,900,000	Charleston Neck	9/1/2035	5,030,000
5/27/2021	18,875,000	Horizon	3/1/2036	13,169,000
3/16/2022	14,582,000	Charleston Neck	9/1/2036	10,363,000
11/28/2023	26,500,000	Horizon	9/1/2038	22,465,000
9/30/2025	22,000,000	Charleston Neck	9/1/2039	20,696,000
9/30/2025	35,500,000	Cooper River Bridge	9/1/2032	30,859,000
9/30/2025	5,135,000	West Ashley	9/1/2040	4,858,000
9/30/2025	9,800,000	Morrison Drive	9/1/2040	9,279,000

Accommodations Tax and Hospitality Tax Revenue Bonds

The City currently has outstanding four issues of accommodations tax revenue bonds secured in part by a pledge of State and Local Accommodations Tax revenues.

Dated	Original Principal Amount	Project	Maturity Date	Currently Outstanding
2/01/2010	$ 2,100,000	City Market Renovations	3/1/2030	$ 574,927
8/09/2014	5,000,000	International African American Museum	9/1/2029	1,150,911
4/11/2018	7,500,000	International African American Museum	3/1/2033	3,633,913
11/01/2019	12,500,000	International African American Museum	9/1/2034	7,144,312

The City issued $33,670,000 Hospitality Tax Revenue Bonds, Series 2022, dated May 5, 2022 to defray the construction cost of the Low Battery Seawall and other tourism-related infrastructure projects, secured by a pledge of and lien upon the Hospitality Tax revenues. The principal now outstanding is $24,240,000, and such bonds mature on September 1, 2036.

Stormwater System Revenue Bonds

The City has outstanding $20,854,000 of an original issue of $32,376,000 Stormwater System Refunding Revenue Bond, Series 2021, dated October 4, 2021, which matures January 1, 2033.

Anticipated Additional General Obligation Bonds

The City expects to issue additional general obligation bonds during the next three years to defray the cost of constructing, acquiring, renovating and equipping certain City facilities. At the election on November 7, 2023, voters approved the issuance of general obligation bonds in the aggregate principal amount of not exceeding $70 million to defray the cost of parks and recreation capital improvement projects in the City as described in the Charleston Parks and Recreation Master Plan. In order to pay the debt service on such voter-approved general obligation bonds, the City is levying additional dedicated mills. $40 million of the voter-approved general obligation bonds were issued by the City in May 2025. The City intends to issue the remaining $30 million of voter approved general obligation bonds along with additional general obligation bonds in the spring of 2027 to fund additional parks and recreation capital improvements.

ECONOMIC CHARACTERISTICS AND DATA

Population

	Census 2000	Census 2010	Census 2020
City of Charleston	96,950	120,083	150,227
Charleston County	309,969	350,209	408,235
Berkeley County	142,651	177,843	229,861
Dorchester County	96,413	136,555	161,540
Total MSA (Tri-County)	549,033	664,607	799,636

Unemployment

The average unemployment rate in Charleston County for each of the last 12 months for which data is available is shown below:

Month	Unemployment Rate
August 2026	3.5%
July 2026	3.4
June 2026	3.5
May 2026	3.0
April 2026	3.4
March 2026	3.4
February 2026	4.5
January 2026	4.4
December 2025	3.9
November 2025	4.0
October 2025	*
September 2025	3.7

*October 2025 unemployment was not generated due to the Federal Government shutdown.
Source: U.S. Department of Labor, Bureau of Labor Statistics

The average annual unemployment rates in the County, the State, and the United States for the years indicated are as set forth below.

Year	Charleston County	State	United States
2025	3.6%	4.5%	4.3%
2024	3.4	4.1	4.0
2023	2.5	3.0	3.6
2022	2.7	3.2	3.6
2021	3.5	3.9	5.3

Source: South Carolina Employment Security Commission, Labor Market Information

Per Capita Personal Income

The per capita income in the County and the State for the years indicated is set forth below.

Year	County	State
2024	$90,550	$60,776
2023	85,852	57,766
2022	78,790	54,561
2021	74,887	53,390
2020	68,095	48,760

Source: South Carolina Division of Research and Statistical Services and Bureau of Economic Analysis, U.S. Department of Commerce. Selected State data tables were discontinued September 27, 2024, and selected county tables were discontinued on November 14, 2024, due to budget constraints.

Major Employers

Some of the largest employers located within the Charleston MSA (as defined below) and the approximate number of employees are listed below:

Entity	Product or Service	Employees
Joint Base Charleston – Weapons Station	U.S. Military tenants and installations including NIWC Atlantic	24,900
Medical University of South Carolina	Hospital, post-secondary education, research	17,000
The Boeing Company	Aircraft Manufacturing	8,253
Charleston County School District	Education/public school system	7,100
Roper St. Francis Healthcare	Roper and Bon Secours St. Francis Hospitals	6,100
Trident Health System	Hospital System	3,100
Charleston County	Local Government	2,800
Mercedes-Benz Vans, LLC	Semi-knocked down (SKD) production of Mercedes Sprinter Vans for the U.S. market	2,000
U.S. Postal Service	Postal Service	2,000
College of Charleston	Post-secondary education	1,800
City of Charleston	Local Government	1,700
Publix Supermarkets	Retail Grocery Stores	1,500

Source: Charleston Regional Development Alliance (2025)

Tourism

Tourism is a vital part of the economy in Charleston. Charleston was named the "No. 1 City in the U.S. and Canada" by Travel + Leisure World's Best Awards for twelve consecutive years (2013 through 2024). Charleston has received the similar designation of "Best Small City in the U.S." from Condé Nast Traveler Reader's Choice Awards 14th time in the past 15 years. Southern Living ranked Charleston the South's Best City for the ninth consecutive year. Travel + Leisure magazine readers also designated Charleston as the No. 19 City in the world.

The historic character, architecture, moderate climate and coastal location of Charleston all make the area a major national tourist attraction. The Charleston Regional Development Alliance estimates that more than 7.6 million tourists visit Charleston annually and 51,000 direct and indirect jobs in the Charleston-region are generated by this industry, with an economic impact of approximately $12.8 billion.

The following table shows the City's collection of accommodations taxes and fees and the Hospitality Fees during the years indicated. Since 2021, the total of such taxes and fees increased by more than 40%.

Fiscal Year	City's Share of State Accommodations Taxes	Municipal Accommodations Fee	Hospitality Fee	Total
2025	$11,656,545	$13,379,841	$27,408,353	$52,444,739
2024	11,886,041	10,936,516	26,494,506	49,317,063
2023	11,433,619	11,907,073	25,141,894	48,482,586
2022	11,685,276	10,407,564	23,115,838	45,208,678
2021	8,340,979	8,803,458	20,076,722	37,221,159

Higher Education

The Medical University of South Carolina has its campus in the City. The Medical University consists of six academic colleges (medicine, dental medicine, nursing, pharmacy, health professions and graduate studies) that award graduate and undergraduate degrees exclusively in the fields of health and biomedical sciences. The programs of the Medical University are enhanced by the institution's participation in the Charleston Higher Education Consortium, which also includes the College of Charleston, The Citadel, Trident Technical College, Clemson University, Charleston Southern University and South Carolina Wildlife and Marine Resources Center.

Port of Charleston

The South Carolina Ports Authority ("SCPA") operates the Port of Charleston (the "Port"), which is the eighth largest seaport in the United States. The Port along with the State are in the midst of a $3 billion capital campaign. The list of major capital improvement projects includes the construction of the new Hugh K. Leatherman Terminal (HLT) on the former Naval Base, construction of the Navy Base Intermodal Facility (NBIF) adjacent to HLT, deepening the harbor to 52 feet, modernizing the Wando Welch terminal, and other road/rail access and terminal modernization projects. Phase I of the new 280-acre terminal opened in March of 2021, marking history as the nation's newest container terminal in over 10 years. At completion, the terminal will nearly double the Port's total container capacity.

The Port handled more than 2.4 million twenty-foot equivalent units in fiscal year 2026 (ending on June 30, 2026). According to an October 2023 economic impact analysis of the Port, as an economic development engine for the State, Port operations facilitate more than 180,000 of direct and indirect statewide jobs and generate more than $73 billion of annual economic activity.

Charleston International Airport

The Charleston International Airport serves the greater Charleston region. The airport, located in the City of North Charleston, is currently being served by 11 commercial airlines and is classified as a "small hub" by the Federal Aviation Administration. Scheduled airline carriers enplaned approximately 3,167,903 passengers and deplaned approximately 3,173,242 passengers during 2025.

The airport is adjacent to Charleston Air Force Base and uses the airfield facilities at the Air Force Base jointly with the U.S. Air Force ("USAF"). The runways, taxiways, navigational aids and other airfield facilities are owned, operated and maintained by the USAF. Charleston International Airport primarily serves passengers whose travel originates or terminates in the three-county – Berkeley, Charleston and Dorchester – Charleston Metropolitan Statistical Area ("Charleston MSA").

Charleston Air Force Base is located in the middle of Charleston County. It is one of three military transport service aerial ports on the Atlantic seaboard. It provides airlift support for military installations in Europe, Africa, the Middle East and South America.

Military

The military has continued to be a significant presence in the area even after the 1995 closure of much of the Charleston Naval Complex. A 2017 statewide study conducted by the University of South Carolina and the South Carolina Military Base Task Force estimated the annual economic impact to be nearly $11 billion with more than 68,000 jobs supported. Joint Base Charleston remains the single largest employer in the region, employing 24,900 uniformed, civilian, and reservist personnel located within the Naval Weapons Station, the Navy Nuclear Power Training School, and the Naval Information Warfare Center. Joint Base Charleston is home to the 437th Airlift Wing and its squadrons of C-17 transport planes, the 628th Air Base Wing and the 315th Airlift Wing (the reserve unit). These planes play a vital role of carrying supplies to active-duty troops stationed all over the world.

The U.S. Coast Guard operates a station in the Charleston area, as well. At the 2020 annual "State of the Coast Guard" address, the City was identified as a "future Coast Guard operational center of gravity." The Admiral indicated the Coast Guard plans to make the City a base for new assets and infrastructure including the first Offshore Patrol Cutter that "will comprise almost seventy percent of the [Coast Guard's] offshore presence." This announcement came on the heels of a 2019 announcement that five National Security Cutters will be located at a new "superbase" located in the Charleston area. Construction on the new "superbase" began in 2024 and is expected to be completed in late 2026.

Construction

The following table shows the approximate number of all construction building permits issued in Charleston County and the approximate cost of construction represented by those permits in each of the last five years for which information is available.

	Single Family Residential		Multi-Family Residential		Commercial	
Year	Number of Permits	Estimated Construction Costs	Number of Permits	Estimated Construction Costs	Number of Permits	Estimated Construction Costs
2025	1,814	$1,102,087,538	108[1]	$386,747,793[1]	852[1]	$2,688,118,502[1, 2]
2024	1,625	1,052,011,477	22[3]	73,636,525[3]	595[3]	846,006,558[3]
2023	2,477	1,011,461,936	75[4]	176,237,413[4]	428[4]	788,698,680[4]
2022	2,086	1,158,476,335	96[5]	171,136,292[5]	451[5]	399,368,717[5]
2021	2,272	1,081,871,317	109[6]	293,608,474[6]	429[6]	324,304,385[6]

Source: BCD Council of Governments
[1]The mixed use values are: 7 permits for $440,640,078.
[2]Includes $1.4 billion for two manufacturing expansions and $100 million for a new, upscale hotel downtown.
[3]The mixed use values are: 9 permits for $47,800,049.
[4]The mixed use values are: 6 permits for $67,821,083.
[5]The mixed use values are: 6 permits for $323,379,859.
[6]The mixed use values are: 4 permits for $143,698,744.

Retail Sales

The State imposes a 6% sales tax on all retail sales and Charleston County has adopted a 1% local option sales tax. The following table shows the level of gross retail sales over the last five years for which information is available for businesses located in Charleston County and the percentage increase (decrease) over the previous year:

Year Ended December 31	Total Retail Sales	Increase Over Previous Year
2025	$23,487,360,638	0.5%
2024	23,362,767,546	5.0
2023	22,252,740,829	2.5
2022	21,704,500,876	11.0
2021	19,559,795,726	19.8

Source: South Carolina Department of Revenue, Administrative Division

APPENDIX C

FORM OF BASE LEASE AGREEMENT, MUNICIPAL FACILITIES PURCHASE AND OCCUPANCY AGREEMENT AND TRUST AGREEMENT

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BASE LEASE AGREEMENT

between

CITY OF CHARLESTON, SOUTH CAROLINA
as Lessor

and

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION
as Lessee

Dated as of December 1, 2026

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EXHIBIT A - Legal Description of the Real Property A-1

BASE LEASE AGREEMENT

THIS BASE LEASE AGREEMENT dated as of December 1, 2026 (the "Base Lease") made and entered into by and between the CITY OF CHARLESTON, SOUTH CAROLINA, a municipal corporation organized and existing under the laws of the State of South Carolina (the "City") as lessor, and CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION, a non-profit corporation duly organized and existing under the laws of the State of South Carolina (the "Corporation"), as lessee,

W I T N E S S E T H

WHEREAS, the Corporation is a non-profit corporation formed under the provisions of Sections 33-31-10 through 33-31-180, inclusive, Code of Laws of South Carolina 1976, as amended; and

WHEREAS, the City is a duly organized and existing municipal corporation organized and existing under the laws of the State of South Carolina and is authorized under the provisions of Title 5, Chapter 7, Code of Laws of South Carolina 1976, as amended, to enter into this Base Lease; and

WHEREAS, the City is the owner of certain land described in Exhibit A hereto (the "Real Property") upon which the City's new office building in West Ashley will be constructed (the "Project Facilities"); and

WHEREAS, in order to finance the acquisition, construction, installation, furnishing and equipping of the Project Facilities and the acquisition, construction, installation, furnishing and equipping of the police fleet and garage facility, and the acquisition of land for new fire stations (collectively, the "Ancillary Facilities") in an efficient and economical manner, and mindful of the public functions served by the Project Facilities and the Ancillary Facilities, the City desires to lease to the Corporation the Real Property so that the Corporation may provide for the acquisition, construction, installation, furnishing and equipping of the Project Facilities and the Ancillary Facilities; and

WHEREAS, the payments to be made under the Municipal Facilities Purchase and Occupancy Agreement dated as of December 1, 2026 (the "Facilities Agreement") between the Corporation and the City and the rights of the Corporation thereto (except for certain reserved rights as provided therein) are to be assigned to U.S. Bank Trust Company, National Association, as Trustee (the "Trustee") pursuant to the terms of a Trust Agreement dated as of December 1, 2026 (the "Trust Agreement") between the Corporation and the Trustee in order to secure and provide a source of payment for certain bonds, the proceeds of which are to be used for the payment of the costs of acquiring, constructing, installation and equipping of the Project Facilities and the Ancillary Facilities; and

WHEREAS, the City desires to enter into this Base Lease in order to achieve the foregoing purposes;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements, including the payments of the Base Lease Rent (as hereinafter defined) herein set forth the City and the Corporation do hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Definitions of Words and Terms. Capitalized terms not otherwise defined herein are used with the meanings provided therefor in the Trust Agreement or the Facilities Agreement or shall have the following meanings, unless some other meaning is plainly intended:

"Acquisition Payments" means those payments required to be made by the City by Sections 4.1 and 4.2 of the Facilities Agreement.

"Base Lease Rent" means those items referred to as such in Section 3.4 of this Base Lease.

"Base Lease Term" means the term of this Base Lease which ends on September 1, 2051.

"City" means the City of Charleston, South Carolina.

"City Council" means the City Council of the City of Charleston, the governing body of the City, and any successor body.

"Corporation" means City of Charleston Public Facilities Corporation, a non-profit corporation formed under the laws of the State, and its successors and assigns.

"Corporation Representative" means the person or persons at the time designated to act on behalf of the Corporation in matters relating to this Base Lease, the Facilities Agreement and the Trust Agreement as evidenced by a written certificate furnished to the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President or Vice President. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the City or the Corporation.

"Event of Default" means (a) with respect to the Facilities Agreement, any Event of Default as defined in Section 8.1 of the Facilities Agreement, and (b) with respect to the Trust Agreement, any Event of Default as defined in Section 7.1 of the Trust Agreement.

"Fiscal Year" means the 12-month period adopted by the City as its fiscal year for financial reporting purposes. Currently, such Fiscal Year for the City begins on January 1 of each calendar year and ends on the succeeding December 31.

"Ordinance" means the Ordinance enacted by the City Council on November 3, 2026 authorizing this Base Lease and the Facilities Agreement and consenting to the Trust Agreement.

"Real Property" means property owned by the City and leased to the Corporation, as described on Exhibit A, with such releases as may from time to time be permitted pursuant to the provisions of Section 3.6 of this Base Lease and Section 5.1(c) of the Facilities Agreement and with such additions as may from time to time be permitted pursuant to the provisions of Section 3.6 of this Base Lease and Section 5.1(e) of the Facilities Agreement.

"State" means the State of South Carolina.

"Trust Estate" means the Trust Estate described in the granting clauses of the Trust Agreement.

"Trustee" means U.S. Bank Trust Company, National Association, a banking association or corporation organized and existing under the laws of the United States, and its successor or successors and any other trustee which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Trust Agreement.

Section 1.2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.3. Accounting Terms. Accounting terms used herein and not otherwise specifically defined shall have the meaning ascribed to such terms by accounting principles generally accepted in the United States as from time to time in effect.

ARTICLE II
REPRESENTATIONS

Section 2.1. Representations by the City. The City represents and warrants as follows:

(a) The City is a duly constituted municipal corporation organized and existing under the laws of the State.

(b) The demise and lease of the Real Property to the Corporation, as provided in this Base Lease, in order to allow the Corporation to provide for the acquisition, construction, installation, furnishing and equipping of the Project Facilities and the Ancillary Facilities, has been undertaken to enable the City to provide for a new City office building, new police fleet and garage facility and land for new fire stations in the City.

(c) The City Council has full power and authority to enact the Ordinance, and the City has full power and authority to enter into the transactions contemplated by this Base Lease and to carry out its obligations hereunder.

(d) Neither the execution and delivery of this Base Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound.

(e) The City has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the City's interests in the Real Property shall be or may be impaired, changed or encumbered in any manner whatsoever except as permitted by this Base Lease or the Facilities Agreement.

(f) The City is (or, prior to subjection thereof to this Base Lease, shall be) the fee owner of the Real Property free and clear of all liens, encumbrances and restrictions (including, without limitation, leases) other than Permitted Encumbrances.

Section 2.2. Representations by the Corporation. The Corporation represents and warrants as follows:

(a) The Corporation is a non-profit corporation duly incorporated under the laws of the State and has corporate power to enter into this Base Lease, the Facilities Agreement and the Trust Agreement. By proper corporate action the officers of the Corporation have been duly authorized to execute and deliver this Base Lease, the Facilities Agreement and the Trust Agreement.

(b) The execution and delivery of this Base Lease, the Facilities Agreement and the Trust Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under the Corporation's articles of incorporation or bylaws or any bond, debenture, note or other evidence of indebtedness of the Corporation, or any contract, agreement, or instrument to which the Corporation is a party or by which it is bound.

(c) To provide funds to finance the Project Facilities and the Ancillary Facilities, the Corporation will enter into the Trust Agreement pursuant to which it will issue the Series 2026 Bonds payable from and secured by the Acquisition Payments under the Facilities Agreement.

(d) The Corporation has made certain representations and covenants in Section 2.6 of the Trust Agreement that are for the benefit of the Holders and also to protect the interests of the City in the property subject to this Base Lease. The Corporation hereby affirms that such covenants are intended to benefit the City and may be enforced by it upon the failure of the Trustee to do so.

ARTICLE III
LEASE OF THE REAL PROPERTY; ACQUISITION OF THE PROJECT FACILITIES; RENT

Section 3.1. Lease of the Real Property. For and in consideration of the agreement of the Corporation to provide funds to acquire, construct, install and equip the Project Facilities and the Ancillary Facilities, subject to the provisions of Section 3.6 hereof, the City hereby demises and leases to the Corporation and the Corporation hereby leases from the City the Real Property for a Base Lease Term which ends on September 1, 2051 (the "Base Lease Term") for the rentals and other consideration set forth in Section 3.4 hereof and in accordance with the provisions of this Base Lease. The parties hereto agree to amend Exhibit A to this Base Lease to release parcels of Real Property or portions thereof in accordance with the provisions of Section 3.6 hereof, or to add parcels of Additional Real Property if the City acquires or makes available Additional Real Property if such Additional Real Property is the site of Additional Project Facilities, with prior written notice to the Trustee.

Section 3.2. Purchase of the Project Facilities. Pursuant to the terms of the Facilities Agreement, the Corporation will acquire, construct and equip the Project Facilities, but subject to the Trust Agreement and the reservation of certain rights under this Base Lease.

Section 3.3. Assignments, Subleases and Mortgages. Except as contemplated by the Trust Agreement or permitted by the Facilities Agreement, the Corporation may not (i) mortgage or otherwise encumber or assign its rights under this Base Lease, (ii) mortgage or otherwise encumber, or lease, assign, transfer or otherwise dispose of its interest in the Real Property or the Project Facilities or any portion thereof or (iii) remove, modify or alter the Real Property or the Project Facilities, without the consent of the City.

Section 3.4. Rent and Other Consideration. In consideration for the leasing of the Real Property to the Corporation hereunder, the Corporation agrees (i) to pay to the City the sum of $26 at closing as a prepayment of the annual Base Lease Rent of One Dollar per year for periods beginning on each January 1 and ending on each December 31 with an initial period beginning December __, 2026, and ending on December 31, 2026, and (ii) to fulfill its obligations with respect to the Project Facilities as provided in the Facilities Agreement.

Section 3.5. Taxes and Insurance. The City shall pay and have responsibility for all taxes on and insurance of the Real Property and the Project Facilities for so long as this Base Lease shall remain in force, except as provided in Section 4.1(b) herein. All insurance shall provide that the proceeds shall be payable to the City, the Corporation or the Trustee as their interests may appear.

Section 3.6. Granting of Easements and Rights of Way, Release of Real Property or Portions Thereof. From time to time during the term hereof and so long as there is not an existing Event of Default under the Facilities Agreement and there has not occurred an Event of Nonappropriation that has not been waived by the Trustee, the Corporation, at the request of the City, may execute such instruments as are necessary to provide for the granting of easements or rights of way for road construction, utilities or in such other instances as the City certifies are not inconsistent or incompatible with the continued use of the balance of the Real Property for their intended purposes. Such instruments may include a termination of this Base Lease with respect to such portion of the Real Property as is affected thereby or an acceptance or acknowledgment of the right of the grantee of any such easement or right-of-way to continue to use such property notwithstanding the exercise of any rights or remedies afforded to the Corporation hereunder or under the Facilities Agreement. Any request from the City hereunder shall be accompanied by copies of any instruments proposed to be executed together with a certificate from the City to the effect that (i) the continued use of the Real Property affected thereby will not be impaired or hampered thereby; (ii) access to the Real Property for ingress and egress will be adequate; and (iii) that the value of the Real Property to the City will not be significantly diminished thereby.

The Corporation may also terminate this Base Lease with respect to any portion of the Real Property deemed excess or unneeded for the continued operation of the Project Facilities and the related facilities for the purposes for which they were designed or are then being used, and release its interest in such portion to the City, upon receipt by the Corporation of the following: (i) a plat showing the location of the Project Facilities and related facilities and the portion of the Real Property deemed excess or unneeded; (ii) an amendment to Exhibit A hereto revising the description of the affected parcel of property; (iii) a certificate from an engineer or architect stating that the remaining Real Property (including Additional Real Property, if any, substituted or exchanged for such portion of the Real Property being released as provided in Section 5.1(c) of the Facilities Agreement) will be adequate for the continued operation of the Project Facilities and related facilities for the purpose for which they were designed or are then being used including a certification that there will be adequate access to the remaining Real Property for ingress and egress; and (iv) a certification from the City that the portion of the Real Property being released from the provisions hereof is excess to or unneeded for the continued operation of the Project Facilities and related facilities for the purposes for which they were designed or are then being used.

The City shall not be obligated to compensate the Corporation for the removal of any property or for any conveyance or grant of an easement or right-of-way under the provisions hereof and any consideration paid in connection therewith shall be turned over to the City so long as there is not an existing Event of Default under the Facilities Agreement and no Event of Nonappropriation has occurred that has not been waived by the Trustee. The Corporation shall have no obligation or responsibility to prepare or record any instrument authorized hereunder.

ARTICLE IV
TERMINATION

Section 4.1. Termination.

(a) This Base Lease shall terminate upon the completion of the Base Lease Term specified in Section 3.1 hereof; provided, however, in the event the City exercises the option to purchase the Project Facilities as provided in Section 9.1(a) of the Facilities Agreement and satisfies the conditions thereof, then this Base Lease shall be considered terminated through merger of the leasehold interest with the interest of the City and, provided further, that upon any partition of the Project Facilities pursuant to Section 2.4 of the Facilities Agreement, this Base Lease shall be terminated with respect to that portion of the Real Property (the "Municipal Real Property") relating to any Municipal Facilities (as defined in the Facilities Agreement) and the Municipal Real Property shall no longer be subject to this Base Lease and the Corporation shall have no interest therein. Notwithstanding the termination of the Facilities Agreement as a consequence of an Event of Default or Event of Nonappropriation, the City may thereafter purchase the Project Facilities not previously purchased by it upon payment of the applicable Purchase Option Price and the satisfaction of all other terms and conditions set forth in Section 9.1(a) of the Facilities Agreement.

(b) The Corporation agrees, upon any termination or completion of the Base Lease Term or the exercise by the City of its option to purchase as provided in Section 9.1(a) of the Facilities Agreement, to quit and surrender the Real Property and that all title and interest in the Project Facilities and Real Property shall vest in the City free and clear of the encumbrance of this Base Lease and any other encumbrances except those permitted by Section 9.2(a) of the Facilities Agreement. The Corporation agrees, upon any partition of the Project Facilities provided for in Section 2.4 of the Facilities Agreement, to quit and surrender the Municipal Real Property and that in those circumstances all title and interest in the Municipal Facilities and the Municipal Real Property shall vest in the City free and clear of the encumbrance of this Base Lease and any other encumbrances except those permitted by Section 9.2(a) of the Facilities Agreement.

If an Event of Default under the Facilities Agreement occurs or if the City fails to continue the Facilities Agreement for the entire term thereof for any reason, the Corporation shall have the right to possession of portions of the Real Property (the "Corporation Real Property") relating to the Corporation Facilities (as defined in the Facilities Agreement) as the result of a partition as provided for in Section 2.4 of the Facilities Agreement for the remainder of the Base Lease Term and shall have the right to sublease the Corporation Facilities or transfer its leasehold interest in the Corporation Real Property and in this Base Lease upon whatever terms and conditions it deems prudent; provided that the Corporation Facilities shall always be operated in compliance with all applicable governmental rules, regulations and orders. Both parties acknowledge that the City has an insurable interest in the Corporation Facilities but not in any additions, alterations, furnishings and fixtures provided in connection with use of the Corporation Facilities by the Corporation or any person to whom the Corporation enters into a lease, license or other such agreement providing for occupancy, temporary or long-term. Therefore, the City's obligation to provide insurance and pay taxes under the provisions of Section 3.5 hereof shall be limited to the portions of the Real Property and the Project Facilities and related property as they existed as of the Division Date (as defined in the Facilities Agreement). As to any additions, alterations, furnishings and fixtures provided in connection with use of the Corporation Facilities by the Corporation or any person to whom the Corporation enters into a lease, license or other such agreement providing for occupancy temporary or long-term, the Corporation shall provide the City with adequate public liability and comprehensive risk insurance covering such additions, alterations, furnishings and fixtures and the use thereof by the Corporation or such person, and shall pay all taxes relating thereto for the remainder of the Base Lease

Term and will furnish the City with evidence thereof promptly upon written request from the City. In the event that the Corporation shall receive a payment for the transfer of its leasehold interest or total rental payments for subleasing that are, after the payment of the Corporation's expenses in connection therewith, including fees and expenses of the Trustee, in excess of the principal amount of the Outstanding Bonds at the time of termination or default and the interest and premium, if any, due and to become due thereon (with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the City by the Corporation, its assigns or its lessee.

Section 4.2. Default by the Corporation. The City shall not have the right to exclude the Corporation from the Real Property or the Project Facilities or to take possession of the Real Property and the Project Facilities (except pursuant to the Facilities Agreement) or to terminate this Base Lease prior to the termination of the Base Lease Term notwithstanding any default by the Corporation hereunder; except that if, upon exercise of the option to purchase the Corporation's entire interest in the Project Facilities granted to the City in Article IX of the Facilities Agreement and after the payment of the purchase price specified therein and the other sums payable under the Facilities Agreement, the Corporation fails to convey its interest in the Project Facilities to the City pursuant to said option, then the City shall have the right to terminate this Base Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Corporation. However, in the event of any default by the Corporation hereunder, the City may maintain an action, if permitted in equity, for specific performance.

Section 4.3. Quiet Enjoyment. Subject to the Facilities Agreement, the Corporation at all times during the term of this Base Lease shall peaceably and quietly have and enjoy the Real Property and Project Facilities.

Section 4.4. No Merger. Except as expressly provided herein, no union of the interests of the City and the Corporation herein or in the Facilities Agreement shall result in a merger of this Base Lease and the title to the Project Facilities. The Corporation and City confirm that the Project Facilities shall be property of the Corporation and title thereto shall remain vested in the Corporation as the Project Facilities are constructed and shall not merge into the leasehold estate of the Corporation in the Real Property subject to the provisions of this Base Lease and the Facilities Agreement; except that title to the Project Facilities shall revert to and be vested in the City upon termination of this Base Lease, irrespective of any Event of Nonappropriation or Event of Default under the Facilities Agreement. The Corporation shall have the power to convey undivided interests in the Project Facilities to the City from time to time as Acquisition Payments are made as contemplated by the Facilities Agreement.

Section 4.5. Waiver of Personal Liability. All liabilities under this Base Lease on the part of the Corporation are strictly and exclusively liabilities of the Corporation as a corporation. To that end and for that purpose, the City hereby releases each and every incorporator, member, director and officer of the Corporation of and from any personal or individual liability under this Base Lease, including without limitation the obligation to make payment of the Base Lease Rent. No incorporator, member, director or officer of the Corporation shall at any time or under any circumstances be individually or personally liable under this Base Lease for anything done or omitted to be done by the Corporation hereunder.

Section 4.6. Maintenance of Premises. Subject to the provisions of the Facilities Agreement, the Corporation covenants that it will maintain or cause to be maintained the Real Property, and will not cause, permit or suffer to be caused or permitted waste thereto. At the conclusion of the term hereof, the Real Property shall be returned to the City, together with the Project Facilities and any other improvements thereto, in substantially the condition thereof as of the date hereof or the date the Real Property is added hereto, subject to normal wear and tear. Except as contemplated under the Facilities Agreement, the Corporation shall not make or consent to any other improvements, modifications or alterations to the Real Property or the Project Facilities or any portion thereof, or remove any part thereof

without the written consent of the City. Prior to an Event of Nonappropriation that has not been waived by the Trustee, in the event of any damage, destruction or condemnation of any of the Real Property, the provisions of Article VII of the Facilities Agreement shall be deemed to apply with respect to the Real Property in like manner as provided therein with respect to Project Facilities, and the net proceeds from any insurance policies, performance bonds or condemnation awards shall be applied in the same manner for the benefit of Real Property as are Net Proceeds under Section 7.2 of the Facilities Agreement. After an Event of Nonappropriation that has not been waived by the Trustee, in the event of any damage, destruction or condemnation of any of the Real Property, the proceeds of any insurance, performance bonds, or condemnation awards allocable to the Corporation's interest in the Real Property shall be applied either in the manner provided in Section 7.2 of the Facilities Agreement or to the retirement of any Bonds or indebtedness with respect thereto and the balance, if any, remaining thereafter to such use as the City may direct.

ARTICLE V
CONTROL OF REAL PROPERTY AND PROJECT FACILITIES
DURING BASE LEASE TERM

Section 5.1. Control of Real Property and Project Facilities During Base Lease Term. Subject to the Facilities Agreement, during the Base Lease Term the Corporation shall have complete control over the Real Property and the Project Facilities and their operation, provided however, that the Corporation shall not create any encumbrance against the Real Property and the Project Facilities, except pursuant to the Trust Agreement, during the Base Lease Term without the written consent of the City.

ARTICLE VI
MISCELLANEOUS

Section 6.1. Binding Effect. This Base Lease shall inure to the benefit of and shall be binding upon the City, the Corporation and their respective successors and assigns.

Section 6.2. Severability. In the event any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

Section 6.3. Amendment, Changes and Modifications. This Base Lease may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Trustee as provided in the Trust Agreement, except to the extent anticipated (i) in Section 3.1 hereof in connection with amendment of Exhibit A hereto to include additional parcels of Real Property herein, and (ii) in Section 3.6 hereof in connection with the granting of easements, releases and substitutions.

Section 6.4. Execution in Counterparts. This Base Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

Section 6.5. Applicable Law. This Base Lease shall be governed by and construed in accordance with the laws of the State.

Section 6.6. Captions. The Section and Article headings herein are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions hereof.

Section 6.7. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Base Lease to be given to or filed with the City, the Corporation or the Trustee if the same is given or filed in the manner and at the addresses specified in the Trust Agreement.

WITNESS the due execution of this Base Lease as of the date first above written.

LESSOR:

CITY OF CHARLESTON, SOUTH CAROLINA

WITNESS:

_____ By:_____
Mayor

_____ Attest:_____
City Clerk

LESSEE:

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION

WITNESS:

_____ By:_____
President

_____ Attest:_____
Secretary

EXHIBIT A

Legal Description of the Real Property

A-1

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

I, the undersigned, Notary Public for the State of South Carolina, do hereby certify that the President and Secretary of the City of Charleston Public Facilities Corporation personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this ____ day of December, 2026.

Notary Public, State of South Carolina
Notary Name Printed: _____
My Commission Expires:_____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

I, the undersigned, Notary Public for the State of South Carolina, do hereby certify that the Mayor and City Clerk of the City of Charleston, South Carolina, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this ____ day of December, 2026.

Notary Public, State of South Carolina
Notary Name Printed: _____
My Commission Expires:_____

MUNICIPAL FACILITIES PURCHASE AND OCCUPANCY AGREEMENT

between

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION
as Seller

and

CITY OF CHARLESTON, SOUTH CAROLINA
as Buyer

DATED AS OF DECEMBER 1, 2026

All right, title and interest of City of Charleston Public Facilities Corporation in the revenues derived under this Municipal Facilities Purchase and Occupancy Agreement (except for certain reserved rights) have been assigned to U.S. Bank Trust Company, National Association, as Trustee, under a Trust Agreement dated as of December 1, 2026, between City of Charleston Public Facilities Corporation and the Trustee.

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MUNICIPAL FACILITIES PURCHASE AND OCCUPANCY AGREEMENT

This MUNICIPAL FACILITIES PURCHASE AND OCCUPANCY AGREEMENT dated as of December 1, 2026 (the "Facilities Agreement") is made and entered into by and between CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION (together with its successors and assigns, the "Corporation"), a non-profit corporation formed under the laws of the State of South Carolina, as Seller, and CITY OF CHARLESTON, SOUTH CAROLINA (the "City"), a municipal corporation organized and existing under the laws of the State of South Carolina, as buyer.

W I T N E S S E T H

WHEREAS, the Corporation is a non-profit corporation formed under the provisions of Sections 33-31-10 through 33-31-180, inclusive, Code of Laws of South Carolina 1976, as amended; and

WHEREAS, the City is a municipal corporation organized and existing under the laws of the State of South Carolina and is authorized under the provisions of Title 5, Chapter 7, Code of Laws of South Carolina 1976 as amended, to enter into this Facilities Agreement; and

WHEREAS, the City is the owner of certain land described in Exhibit A hereto (the "Real Property") upon which the City's office building in West Ashley will be constructed (the "Project Facilities"); and

WHEREAS, the Corporation and the City have agreed to enter into a Base Lease Agreement, dated as of December 1, 2026 (the "Base Lease") pursuant to which the City is leasing the Real Property to the Corporation so that the Corporation may provide for the acquisition, construction, installation, furnishing and equipping of the Project Facilities; and

WHEREAS, in accordance with the terms of a Trust Agreement dated as of September 17, 2015 between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), the Corporation issued Installment Purchase Revenue Bonds (City of Charleston Project) Series 2015A, dated September 17, 2015 (the "Series 2015 Bonds") in order to finance public safety capital improvements and the acquisition of the Midtown Parking Garage; and

WHEREAS, in order to provide funds for the costs of refunding all or a portion of the Series 2015 Bonds, and the costs of the acquisition, construction, installation, furnishing and equipping of the Project Facilities and certain facilities, equipment and improvements (as more particularly described herein) which will not be situated on the Real Property and will not be subject to the Base Lease or this Facilities Agreement (the "Ancillary Facilities"), the Corporation intends to issue $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project) Series 2026, dated the date of their delivery (the "Series 2026 Bonds") under and by the terms of a Trust Agreement dated as of December 1, 2026 (the "Trust Agreement") by and between the Corporation and the Trustee; and

WHEREAS, the City has agreed to make certain payments (the "Acquisition Payments") for its acquisition of the Project Facilities on an installment basis and, in accordance with the terms hereof, shall be entitled to the use and occupancy of the Real Property and the Project Facilities; and

WHEREAS, the right to receive Acquisition Payments is being assigned to the Trustee under the Trust Agreement as security and the source of payment for the Series 2026 Bonds;

NOW, THEREFORE, in consideration of the undertaking of the Corporation to acquire, construct, renovate and equip the Project Facilities, the undertaking of the City to pay the Acquisition Payments hereunder, the mutual covenants and agreements of the parties hereto, and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Corporation and the City, intending to be legally bound, do hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings provided therefor in the Base Lease or the Trust Agreement or as set forth below:

"Acquisition Payments" means the payments to be paid by the City pursuant to Sections 4.1 and 4.2 hereof, including Base Payments and Additional Payments, subject to an Event of Nonappropriation as provided in Section 4.7 hereof.

"Acquisition Price" shall mean the sum of all Base Payments to be made hereunder on a semi-annual basis, on such dates as shown on Exhibit C hereto, in order for the City to acquire the Project Facilities; subject, however, at all times to Sections 2.2 and 2.3 hereof, which Acquisition Price may be recalculated in the event of any prepayment of Base Payments provided for in Section 9.1 hereof.

"Additional Payments" means that portion of the Acquisition Payments specified in Sections 4.1 and 4.2 hereof as Additional Payments.

"Additional Project Facilities" means any facilities, other than the Project Facilities, proposed to be acquired, constructed or renovated by the Corporation with proceeds of Additional Bonds. Such Additional Project Facilities may be made subject to this Facilities Agreement.

"Additional Real Property" means any real property that is or will become the site of Additional Project Facilities. Such Additional Real Property may be made subject to the Base Lease.

"Ancillary Facilities" means the following improvements: a new police fleet and garage facility, and the acquisition of land for new fire stations. Such improvements and the real property upon which such improvements may be situated shall not be subject to the Base Lease or the Facilities Agreement.

"Base Payments" means that portion of the Acquisition Payments specified in Section 4.1 hereof as Base Payments.

"Bond Counsel" means a firm of nationally recognized bond counsel experienced in matters of tax-exempt finance that shall be acceptable to the Trustee.

"Bond Fund" means the fund of such name established pursuant to Section 5.5 of the Trust Agreement.

"Bond Proceeds" means the gross proceeds received from the issuance and sale of the Series 2026 Bonds.

"Certificate of Completion" means the Direction to Make Final Disbursement and Certificate of Completion filed with the Trustee in accordance with Section 3.4 hereof.

"City Council" means the City Council of the City of Charleston, the governing body of the City, and any successor body.

"Completion Date" means the date on which the City provides a Certificate of Completion.

"Corporation Facilities" means that portion of the Project Facilities allocated to the Corporation as the result of a partition under the provisions of Section 2.4 hereof.

"Environmental Regulations" means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

"Event of Default" means the events set forth in Section 8.1 of this Facilities Agreement.

"Event of Nonappropriation" means a termination of this Facilities Agreement pursuant to Section 4.7 herein.

"Facilities Component" means an entire building, or a portion thereof, including any related auxiliary buildings and other structures, together with the Real Property associated therewith, or portion thereof, on which such building is located.

"Fiscal Year" means the fiscal year of the City, currently beginning on each January 1 and ending on the succeeding December 31.

"Force Majeure" means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes, flood; fire; storms, droughts; pandemic; endemic; explosion; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the party seeking the benefit of force majeure and not due to its own negligence.

"Hazardous Substances" means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project Facilities or to persons on or about the Project Facilities or (ii) cause the Project Facilities to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project Facilities or the owners and/or occupants of property adjacent to or surrounding the Project Facilities, or any other person coming upon the Project Facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

"Municipal Facilities" means that portion of the Project Facilities allocated to the City as the result of a partition under the provisions of Section 2.4 hereof.

"Ordinance" means that certain ordinance enacted by the City Council on November 3, 2026, which, inter alia, authorizes the financing of the Project Facilities and the Ancillary Facilities and expresses the intent of the City to enter into this Facilities Agreement.

"Net Proceeds" when used with respect to any proceeds from policies of insurance required hereby or any condemnation award, or proceeds from damages, refunds, adjustments or otherwise in connection with claims against any suppliers, vendors, contractors or subcontractors and/or materialmen or similar persons, including payments from sureties or on performance bonds with respect thereto, or from any liquidation of any part of the Project Facilities, means the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, reasonable attorney's fees and costs) incurred in the collection of such proceeds or award.

"Permitted Encumbrances" means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to the provisions of Sections 4.1 and 4.2 respectively of this Facilities Agreement; (ii) the Security Documents; (iii) utility, access and other easements and other rights-of-way, restrictions and exceptions which an officer of the City certifies will not interfere with or impair the use of the Real Property or Project Facilities by the Corporation or the City as contemplated hereby, including rights or privileges in the nature of easements; (iv) any financing statements filed to notice security interests pursuant to this Facilities Agreement or the Trust Agreement; and (v) the matters described on Exhibit B hereto.

"Project Facilities" means the projects designated as such by the Corporation and the City to be acquired or constructed and includes the assets and improvements, the cost of acquisition, construction, renovation or equipping for which is or has been paid from amounts disbursed from the Project Fund and includes any Additional Project Facilities. Ancillary Projects are not included with the Project Facilities.

"Project Facilities Contracts" means those contracts entered into by or on behalf of the Corporation in connection with the Project Facilities.

"Project Fund" means the fund of such name established pursuant to Section 5.2 of the Trust Agreement.

"Purchase Option Price" means an amount equal to the amount required to defease or otherwise discharge the Bonds under the Trust Agreement plus the amount of any Additional Payments which are due or accrued hereunder at the time which any purchase option hereunder is exercised.

"Real Property" means that certain real property leased to the Corporation under the Base Lease, as more particularly described on Exhibit A, as may be amended from time to time pursuant to Section 3.6 of the Base Lease in accordance with Section 10.6 herein.

"Security Documents" means this Facilities Agreement, the Base Lease, the Trust Agreement, financing statements, if any, and any other instruments or documents providing security for the Owners of the Bonds.

"State" means the State of South Carolina.

"Verification Agent" means a firm recognized in the field of verifying the sufficiency of defeasance escrows for tax-exempt or taxable bonds.

"Waiver Period" means the period of time commencing on the date notice is received by the City pursuant to Section 4.7(b) hereof of the occurrence of an Event of Nonappropriation and ending on and including the January 31 following the commencement of a Fiscal Year affected by an Event of Nonappropriation.

Section 1.2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.3. Terms Defined in the Trust Agreement; Rights of the Trustee. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Trust Agreement unless the context clearly indicates to the contrary. The parties hereto acknowledge that the rights of the Corporation hereunder have been assigned to the Trustee to the extent and in the manner provided in the Trust Agreement. Accordingly, wherever in this Facilities Agreement reference is made to the Corporation for enforcement of any right or remedy, the parties agree that the Trustee may enforce such right or remedy regardless of whether so stated. The parties acknowledge that the Trustee is a third-party beneficiary of the obligations of the City hereunder and may act directly, in its own name, in enforcing such obligations.

Section 1.4. City Representations, Warranties and Covenants. The City makes the following representations, warranties and covenants:

(a) The City is a municipal corporation organized and existing under the laws of the State and has full power and legal right to enter into this Facilities Agreement and the Base Lease and to perform its obligations hereunder and thereunder. The City's actions in making and performing this Facilities Agreement and the Base Lease have been duly authorized by all necessary governmental action and do not and will not violate or conflict with any law or governmental rule or regulation, or any mortgage, agreement, instrument or other document by which the City or its properties are bound.

(b) The City is a political subdivision within the meaning of Section 103(c)(1) of the Code.

(c) The City will take such action as is necessary to assure that the Project Facilities are completed, furnished and occupied by the City. In the event the amounts available from the proceeds from the Series 2026 Bonds appear to be insufficient for such purpose, the City shall cooperate with the Corporation to make such modifications or changes in the Project Facilities as will assure the completion, provided that under no circumstances shall the City be required to expend any monies for Project Facilities other than monies in the Project Fund. Nothing herein shall prohibit the payment by the City of costs of Project Facilities from other sources available to it.

(d) The City will take such action as is necessary to ensure that the proceeds from Series 2026 Bonds, other than amounts set aside in the Trust Agreement for payment of costs of issuance, funding of reserves or payment of interest, are applied solely for the payment of the costs of acquiring the Project Facilities and the Ancillary Facilities.

(e) No portion of the Project Facilities or the Ancillary Facilities will be used in the trade or business of a person who is not a "political subdivision" within the meaning of Section 103(c)(1) of the Code, without the written approval of Bond Counsel.

(f) The amounts, if any, spent by the City from its own funds to pay costs of the acquisition, construction, renovation and equipping of the Project Facilities or the Ancillary Facilities were not expended more than 60 days prior to the enactment by the City Council of the Ordinance, except with respect to certain preliminary expenditures for architectural, engineering, surveying, soil testing and similar costs. No site preparation or similar costs incident to the commencement of construction were incurred prior to 60 days prior to November 3, 2026.

(g) There is no fact that is not disclosed in the Official Statement for the Series 2026 Bonds which will materially and adversely affect the properties, activities, operations, revenues, prospects or condition (financial or otherwise) of the City, its status as a political subdivision of the State within the meaning of Section 103(c)(1) of the Code, its ability to own and operate its property in the manner such property is currently operated or its ability to perform its obligations under this Facilities Agreement or the Base Lease.

(h) There are no proceedings pending or, to the knowledge of the City, threatened against or affecting the City, except as disclosed in the Official Statement for the Series 2026 Bonds, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, operations, prospects or condition (financial or otherwise) of the City, or the corporate existence or powers or ability of the City to enter into and perform its obligations under this Facilities Agreement or the Base Lease.

(i) The execution and delivery of this Facilities Agreement and the Base Lease (collectively, the "City Agreements"), and the consummation of the transactions provided for herein and therein, and compliance by the City with the provisions of the City Agreements:

(i) are within the governmental powers and have been duly and validly authorized by all necessary governmental and other action on the part of the City;

(ii) do not and will not conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the City pursuant to, any indenture, loan agreement or other agreement or instrument (other than this Facilities Agreement) or any governmental restriction to which the City is a party or by which the City, its properties or operations may be bound or with the giving of notice or the passage of time or both would constitute such a breach or default or result in the creation or imposition of any such lien, charge or encumbrance, which breach, default, lien, charge or encumbrance could materially and adversely affect the validity or the enforceability of the City Agreements or the City's ability to perform fully its obligations under the City Agreements; nor will such action result in any violation of any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the City, its properties or operations are subject.

(j) No event has occurred and no condition exists that constitutes an Event of Default or which, upon the execution and delivery of this Facilities Agreement, and/or the passage of time or giving of notice or both, would constitute an Event of Default. The City is not in violation in any material respect, and has not received notice of any claimed material violation (except such violations as do not, and shall not, have any material adverse effect on the transactions herein contemplated and the compliance by the City with the terms hereof, or the Security Documents), of any terms of any court order, statute, regulation, ordinance, agreement, or other instrument to which it is a party or by which it, its properties or its operations may be bound.

(k) This Facilities Agreement is a legal, valid and binding obligation and agreement of the City, enforceable against the City in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity; anything herein to the contrary notwithstanding, this Facilities Agreement is subject in its entirety to the right of the City to terminate this Facilities Agreement and all the terms and provisions hereof by failing to budget and appropriate moneys specifically to pay Acquisition Payments, as provided in Sections 2.2, 4.6 and 4.7 hereof.

(l) The operation of the Real Property and the Project Facilities in the manner contemplated will not conflict in any material respect with any zoning, water or air pollution or other ordinance, order, law, rule, or regulation applicable to the Real Property and the Project Facilities including, without limitation, Environmental Regulations. The City has caused or will cause the Project Facilities to be designed in accordance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, planning, building, safety and environmental quality. The City will operate or will cause the Real Property and the Project Facilities to be operated in compliance with the requirements of all such laws, ordinances, rules and regulations, including, without limitation, Environmental Regulations. The City further covenants and agrees to comply in all material respects with and materially conform to, and to use its reasonable efforts to cause other persons whose obligations it is to so comply, by contract or pursuant to law, to comply in all material respects with and materially conform to, all present and future laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations and every applicable governmental authority, including Environmental Regulations, applicable to the Real Property and the Project Facilities, and all covenants, restrictions and conditions now or hereafter of record which may be applicable to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Real Property and the Project Facilities, including building and zoning codes and ordinances (collectively, the "Legal Requirements"), provided that the City shall not be in default hereunder so long as the City promptly after receiving an actual written notice of any noncompliance, files a copy thereof with the Trustee and the City commences and uses its diligent efforts to cause compliance with such Legal Requirements, as long as the failure to comply does not subject the Real Property or the Project Facilities to any material danger of being forfeited or lost as a result thereof. The City possesses or will possess, and the City hereby agrees to maintain and obtain in the future, all necessary licenses and permits, or rights thereto, to operate the Real Property and the Project Facilities as proposed to be operated, and all such licenses, permits or other approvals required in connection with the operation of the Real Property and the Project Facilities have been duly obtained and are in full force and effect except for any such licenses, permits or other approvals that are not yet required and that will be duly obtained not later than the time required or the failure to obtain which will not materially and adversely affect the operation of the Real Property and the Project Facilities. The City covenants and agrees to do all things necessary to preserve and keep in full force and effect its franchises, rights, powers and privileges as the same relate to the Real Property and the Project Facilities.

(m) The City has approved the issuance by the Corporation of the Series 2026 Bonds.

(n) The City has not as of the date hereof terminated any lease, lease-purchase agreement or installment purchase agreement to which it has been party by nonappropriation.

Section 1.5. Corporation Representations, Warranties and Covenants. The Corporation makes the following representations, warranties and covenants:

(a) The Corporation is a duly organized and existing non-profit corporation created under the laws of South Carolina, has the requisite power to carry on its present and proposed activities, and has full

power, right and authority to enter into this Facilities Agreement, the Trust Agreement and the Base Lease and to perform each and all of the obligations of the Corporation provided therein.

(b) The Corporation has taken or caused to be taken all requisite corporate action to authorize the execution and delivery of, and the performance of its obligations under this Facilities Agreement, the Base Lease, the Trust Agreement and each of the Project Facilities Contracts to which it is or will be a party.

(c) By proper corporate action the officers of the Corporation have been duly authorized to execute and deliver this Facilities Agreement, the Base Lease, and the Trust Agreement.

(d) The execution and delivery by the Corporation of this Facilities Agreement, the Base Lease and the Trust Agreement and the consummation by the Corporation of the transactions contemplated hereby and thereby have not and will not conflict with or constitute a breach of or default under the Corporation's articles of incorporation or bylaws or any bond, debenture, note or other evidence of indebtedness of the Corporation, or any contract, agreement, or instrument to which the Corporation is a party or by which it is bound.

(e) Each of this Facilities Agreement, the Base Lease, the Trust Agreement and each Project Facilities Contract to which the Corporation is or will be a party has been or will be duly executed and delivered by the Corporation and constitutes or will constitute a legal and valid obligation of the Corporation, enforceable against the Corporation in accordance with its terms, except as enforcement may be limited by laws affecting creditors' rights generally and except as equitable remedies may be limited by judicial discretion.

(f) Other than as disclosed in writing by the Corporation, there is no litigation pending or threatened against the Corporation that challenges the Corporation's authority to execute, deliver or perform this Facilities Agreement or the Trust Agreement or to issue the Series 2026 Bonds, and the Corporation has disclosed any threatened litigation with respect to such matters of which the Corporation is aware.

(g) The Corporation is in material compliance with all applicable laws, regulations and ordinances, including but not limited to those applicable to the Corporation's activities in connection with this Facilities Agreement.

(h) The Corporation is a South Carolina nonprofit, public benefit corporation, no part of the net income of which inures to the benefit of any private individual or organization.

(i) In order to finance the Project Facilities and the Ancillary Facilities and the purchase of land therefor, the Corporation will enter into the Trust Agreement pursuant to which it will issue the Series 2026 Bonds payable from and secured by the Acquisition Payments under this Facilities Agreement.

ARTICLE II
ACQUISITION AND USE OF PROJECT FACILITIES

Section 2.1. Acquisition and Use of Project Facilities; Term. The Corporation hereby agrees to sell the Project Facilities on an installment basis to the City in accordance with the provisions hereof. Upon each payment of Base Payments from funds other than amounts constituting Bond Proceeds (including any amounts deposited from the sale of Series 2026 Bonds as provided in Section 5.1 of the

Trust Agreement and income from the investment of such amounts), title to an undivided interest in the Project Facilities equal to that percentage of the Acquisition Price represented by such payment will transfer from the Corporation to the City without further action by either party hereto.

In conjunction therewith, the Corporation hereby conveys and grants to the City an undivided interest in the Project Facilities which undivided interest shall increase pro rata based on the percentage of the Acquisition Price represented by each Base Payment. At the request of the City, the Corporation agrees to execute such quitclaim or special warranty deed(s) to the City indicating the undivided interest so acquired by the City.

Any prepayment of Base Payments will result in a recalculation of the Acquisition Price to take account of such prepayment and, upon the making of such prepayment, the City shall be credited with an undivided interest in the Project Facilities equal to that percentage of the total Acquisition Price, as adjusted, represented by the total of all Base Payments made, including the prepayment on such date.

Subject to the provisions of Section 4.7 and Article VIII hereof, the City shall have the exclusive right to occupy and use the Real Property and the Project Facilities until this Facilities Agreement is terminated.

The City may permit agencies of the State or any other political subdivision thereof to use portions of the Real Property and the Project Facilities subject to the following limitations: (i) the Real Property or Project Facilities shall not be used in any manner that interferes with the use of such property by the City for the purposes for which it was designed or is then being used; and (ii) except in the case of single event uses, the City shall have received an opinion from Bond Counsel stating that the proposed use will not adversely affect the Federal income tax treatment of interest on the Series 2026 Bonds. The City shall monitor all such use to ensure continued compliance with the provisions of the Tax Regulatory Agreement and Section 5.3 hereof.

Section 2.2. Termination. This Facilities Agreement shall terminate upon the earliest of any of the following events:

(a) The earlier of (i) the last day of the Fiscal Year during which there occurs an Event of Nonappropriation as provided in Section 4.7(a) hereof, or (ii) the January 31 following any January 1 on which the City shall fail to specifically budget and appropriate moneys sufficient to pay the Acquisition Payments due hereunder during the Fiscal Year beginning such January 1, pursuant to Article IV hereof (which Event of Nonappropriation is not thereafter duly waived);

(b) The purchase by the City of the Project Facilities as provided in Article IX of this Facilities Agreement;

(c) The occurrence of an Event of Default under and termination of this Facilities Agreement by the Corporation or Trustee under Article VIII of this Facilities Agreement; or

(d) September 1, 2046, or such later date as all Acquisition Payments due hereunder shall be paid.

Termination of this Facilities Agreement shall terminate all obligations of the City under this Facilities Agreement, including its obligations to pay any future Acquisition Payments (except as specifically provided herein), and, subject to identification as provided in Section 2.4 hereof, shall terminate the City's rights of possession under this Facilities Agreement to the Corporation Facilities (except to the extent of any conveyance pursuant to Article IX of this Facilities Agreement); but all other

provisions of this Facilities Agreement, including all obligations of the Corporation with respect to the Owners of the Series 2026 Bonds and the receipt and disbursement of funds and all rights and remedies of the Corporation specifically provided herein, shall be continuing until the Trust Agreement is discharged as provided therein. Notwithstanding the foregoing, termination of this Facilities Agreement shall not impair the City's rights as landlord or the Corporation's rights as tenant under the Base Lease, except as provided in the Base Lease.

Section 2.3. Post-Termination Payments. In the event the City fails to deliver possession of the Corporation Facilities or any part thereof at the time required under Section 2.4 hereof, the City shall be liable for the payment of Acquisition Payments, including Additional Payments, for successive six-month periods commencing on the Bond Payment Date following the last due date of Base Payments hereunder until the City delivers possession of the Corporation Facilities to the Corporation.

Section 2.4. Surrender of Possession Upon Termination; Partition of Undivided Interests. Upon the occurrence of an Event of Default or an Event of Nonappropriation which results in termination hereof, the respective interests of the City and the Corporation in the Project Facilities and the Real Property shall be partitioned, so that the parties' respective undivided interests in the Project Facilities and the Real Property will be divided, to the extent feasible, into separate interests comprising the Facilities Components in accordance with the following provisions. The date upon which the Trustee gives notice of the occurrence of any such event under the provisions of Section 4.7(b) hereof or Section 7.2 of the Trust Agreement shall be the "Division Date."

Appointment of Consultant; Report. Not later than 10 days after the Division Date, the Trustee shall at the expense of the City appoint an advisor (the "Consultant") experienced in public finance and in the valuation of municipal facilities to propose a division of the respective interests in the Project Facilities and the Real Property. In preparing the proposed partition, the Consultant shall endeavor, as nearly as possible, to allocate Project Facilities so that entire Facilities Components are assigned to the City and the Corporation, respectively, and that the Project Facilities and Facilities Components assigned to the Corporation will be those which will protect the interests of the Owners.

Valuation of Facilities Components. In making the determinations of which portions of Project Facilities are to be allocated to the Corporation to protect the interests of the Owners, the Consultant may take into account the market value of Facilities Components, any Permitted Encumbrances that may affect the uses that may be made of such property and the relative importance of such Facilities Components to the City, all to determine which Facilities Components will best protect the interests of the Owners.

Partial Divisions. In the event that the Consultant is unable to devise a partition that results in a division of the Project Facilities and Real Property solely into separate Facilities Components for the City and the Corporation, then the Consultant shall endeavor to identify Facilities Components with the least residual interest in the Corporation, such being designated as the "Partial Municipal Facilities." With respect to Partial Municipal Facilities, the City may (i) continue to occupy the Facilities Component which encompasses a Partial Municipal Facility if it agrees to make payments in an amount to be determined by the Consultant as the proper charge for use of the Corporation's interest in such Facilities Component; (ii) purchase the balance of the Corporation's interest in such Facilities Component by the payment of the amount determined by the Consultant; or (iii) cede occupancy rights to the Corporation for the duration of the term of the Base Lease. In determining the purchase price, if the City elects to purchase the balance of the Corporation's interest, the Consultant shall determine the prepayment amount that would be required under the second paragraph of Section 2.1 of this Facilities Agreement to result in the allocation of the Facilities Component to the City. In setting the payments to be made by the City if it chooses to continue to occupy the Facilities Component which includes a Partial Municipal Facility, the Consultant shall set a payment that is not less than the amount of total Base Payments allocable to such

Facilities Component that would have been payable from and after the date of partition if this Facilities Agreement or the rights of the City hereunder had not been terminated.

Proposal; Finality. The Consultant shall be required to make its proposal not later than 45 days after the Division Date. The City, the Corporation and the Trustee shall have 7 days from the receipt of the Consultant's proposal to object to the partition recommended therein, and if there is no objection, the report shall be final. If there is any objection, the Consultant shall issue a final partition report not later than 7 days after the last date on which objection could be made and such report shall be conclusively binding upon all parties.

Instruments of Conveyance. Not later than 10 days after the Consultant's report becomes final, the City and the Corporation shall exchange deeds, leases or other instruments conveying title to such of the Project Facilities as is required to effect such partition; provided, however, that any conveyance deed or other instrument made by the Corporation shall be made in the manner and subject to the conditions set forth in Section 9.2 hereof. Immediately thereafter, upon demand made by the Corporation or by the Trustee, (a) the City shall deliver up or cause to be delivered up peaceable possession of the Corporation Facilities to the Corporation, together with the related portions of the Real Property upon which it is located, without delay, in good repair and operating condition, excepting reasonable wear and tear; and (b) the Corporation shall deliver up or cause to be delivered up peaceable possession of the Municipal Facilities to the City, together with the related portions of the Real Property upon which it is located, without delay, upon demand made by the Trustee, in good repair and operating condition, excepting reasonable wear and tear; provided, however, that in the event of a partial division, the terms relating to Partial Municipal Facilities described above shall control. Any Facilities Component delivered to the Corporation in connection with such partition shall remain, at all times, subject to the terms of the Base Lease.

ARTICLE III
THE PROJECT FACILITIES; FINANCING

Section 3.1. Acquisition, Construction and Equipping of the Project Facilities. The Corporation and the City acknowledge that the City will be responsible for any and all contracts necessary or appropriate for the acquisition, construction and equipping to be performed in connection with the completion of the Project Facilities and the City shall be the agent of the Corporation for all such purposes. The City and the Corporation agree and acknowledge that all contracts relating to the Project Facilities shall be entered into in compliance with the procurement procedures of the City.

Section 3.2. Administration of Project Facilities Contracts. The City shall be responsible for preparing, administering, amending and enforcing the contracts to be entered into with respect to the Project Facilities and for litigating or settling all claims thereunder. The City and the Corporation, as their interests may appear, will be entitled to the benefit of all warranties, guaranties and indemnities provided under the Project Facilities Contracts and by law.

Section 3.3. Notices and Permits. The Corporation shall cooperate in any request made by the City in order to give or cause to be given all notices and shall comply or cause compliance with all laws, ordinances, municipal rules and regulations and requirements of public authorities applying to or affecting the conduct of any work relating to the Project Facilities.

Section 3.4. Disbursements from the Project Fund.

(a) The balance of the Bond Proceeds (net of any Underwriter's discount) shall be deposited by the Trustee into the Project Fund. Thereafter, disbursements from the Project Fund shall be made for costs of the Project Facilities and the Ancillary Facilities, for payment of Base Lease Rent to the City, and costs of issuance in accordance with the procedures set forth in Section 5.3 of the Trust Agreement.

(b) As provided in Section 5.3(c) of the Trust Agreement, the final requisition from the Project Fund shall contain, among other things, a Certificate of Completion of the City stating that the Project Facilities have been substantially completed in accordance with the applicable Project Facilities Contracts and other terms and conditions of the Facilities Agreement and that the Project Facilities comply in all material respects with all applicable governmental regulations. Upon receipt of such Certificate of Completion, the Trustee shall apply any balance then remaining in the Project Fund in the manner provided in Section 5.4 of the Trust Agreement. As used in this paragraph, "substantial completion" of the Project Facilities shall mean completion such that a certificate of occupancy could be issued notwithstanding the fact that certain minor items of work remain to be done.

(c) Any amounts remaining in the Project Fund following the delivery of such Certificate of Completion by the City to the Trustee shall be paid to the City or as otherwise provided in Section 5.4 of the Trust Agreement. Any amounts so disbursed to the City shall be expended only for the purpose of defraying the costs of Ancillary Facilities, Additional Project Facilities or other capital expenditures. The City by notice to the Corporation may direct that any of the amounts available to it under this Section 3.4(c) be applied as provided in Section 5.4 of the Trust Agreement.

Section 3.5. No Merger of Project Facilities. The Corporation and City confirm that the Project Facilities shall be the property of the Corporation and title thereto shall remain vested in the Corporation and shall not merge into the respective leasehold estates of the Corporation in the Real Property and that title to the Project Facilities shall revert to and be vested in the City upon termination of the Base Lease. Undivided interests in the Project Facilities are automatically conveyed to the City from time to time as Acquisition Payments are made as contemplated hereby.

ARTICLE IV
ACQUISITION PAYMENTS; ASSIGNMENT TO TRUSTEE

Section 4.1. Acquisition Payments.

(a) *Acquisition Payments to Constitute a Current Expense of City*. The Corporation and the City understand and intend that the obligation of the City to pay Acquisition Payments hereunder shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general tax revenues, funds, moneys or credit of the City.

(b) *Payment of Base Payments*. Subject to an Event of Nonappropriation as described in Section 4.7 hereof, on or before the 15th day prior to each Bond Payment Date during the period this Facilities Agreement is in effect, the City shall pay to the Trustee, as assignee of the Corporation, Base Payments exclusively from moneys specifically budgeted and appropriated for such purpose as provided in Section 4.1(b)(ii) herein in lawful money of the United States of America, which payments shall be made to the Trustee as assignee of this Facilities Agreement, in the amounts and on the dates set forth on Exhibit C hereto.

(i) Each payment of Base Payments shall be in consideration for the conveyance of title to an undivided interest in the Project Facilities as and to the extent provided in Section 2.1 hereof. As further consideration for the receipt of Base Payments, the City shall be entitled to the use and occupancy of all of the Real Property and the Project Facilities during the applicable Fiscal Year in which such payments are made, subject to the provisions of Section 8.2 hereof.

(ii) Subject to the right of the City to terminate this Facilities Agreement pursuant to Section 4.7 herein, the City covenants that it will enact by December 31 of each year a budget providing for the appropriation of funds sufficient (or a debt service budget providing for the issuance of general obligation debt at such time and in a principal amount sufficient) to make Acquisition Payments coming due in the next succeeding fiscal year, and, subject to such Section 4.7, apply such funds and/or proceeds to the payment of Acquisition Payments coming due in the then current fiscal year.

(c) *Payment of Additional Payments*. Subject to the provisions of Section 4.7 hereof, the City agrees to pay the following amounts as Additional Payments together with such other sums as are provided for herein:

(i) The amounts provided for in Sections 4.2 and 4.4 hereof to the parties referred to therein;

(ii) All reasonable costs and expenses (including reasonable attorneys' fees, costs and expenses, if any) incurred or to be paid by the Corporation or the Trustee, as the case may be, under the terms of this Facilities Agreement or the Trust Agreement, including without limitation the amounts specified in Section 4.4 hereof; and

(iii) All reasonable costs and expenses incurred or to be paid by the Corporation from time to time in connection with its operation and existence as a nonprofit corporation, including its legal fees, costs of maintaining directors and officers insurance and payment of any taxes due, including the costs of preparation and filing of tax returns.

The Corporation may, but shall be under no obligation to, advance moneys (i) to pay taxes, assessments and other governmental charges with respect to the Real Property and the Project Facilities, (ii) for the discharge of mechanic's and other liens relating to the Real Property and the Project Facilities, (iii) to obtain and maintain insurance for the Real Property and the Project Facilities and pay premiums therefor, and (iv) generally, to make payments and incur expenses in the event that the City fails to do so as required by this Facilities Agreement or the Base Lease. As provided in Section 6.11 of the Trust Agreement, the Trustee may, but shall be under no obligation to, take any such action. Any such advances shall continue to be due as Additional Payments hereunder.

(d) *Credits*. The City shall be entitled to a credit against payments of Base Payments in the amount of any deposits in the Bond Fund provided for in Section 5.6(e) of the Trust Agreement. In addition to the credit provided in the preceding sentence, the amount payable by the City as Base Payments will be reduced by the amount of money in the Acquisition Account to be credited against those payments and representing Base Payments, including without limitation accrued interest on the Series 2026 Bonds.

(e) *Payments Deposited In Verified Escrow*. The deposit of cash and Defeasance Obligations by the City with the Trustee in an irrevocable escrow shall constitute satisfaction of the first sentence of Section 4.1(b) to the extent that such cash and Defeasance Obligations have been verified by a Verification Agent to be sufficient, without reinvestment, to yield the amount required to be paid on such

Bond Payment Date, taking into account the credits described in Section 4.1(d) herein. In such case, amounts to be paid from escrow shall be available to the Trustee no later than the applicable Bond Payment Date.

(f) *Base Payments by City*. The City has no reason to believe, as of the date hereof, that it will not continue making Acquisition Payments through the entire duration of this Facilities Agreement, and reasonably believes that it will pay the Acquisition Payments due or coming due hereunder in order to continue to use the Project Facilities.

Section 4.2. Acquisition Payments Not Subject to Reduction, Offset or Other Credits.

(a) The City and the Corporation intend that this Facilities Agreement shall yield on a net basis the Base Payments specified in Section 4.1 hereof during the duration of this Facilities Agreement, and that all costs, expenses, liabilities and obligations of any kind and nature whatsoever including, without limitation, any ad valorem taxes or other taxes levied against owners of real or personal property, insurance premiums, utility charges, fees and expenses of the Consultant, and assessments and all operation, maintenance, repair and upkeep expenses relating to the Project Facilities and Real Property and the use of the Project Facilities and Real Property which do not constitute Base Payments, or other obligations relating to the Project Facilities and Real Property which may arise or become due during this Facilities Agreement and which the Corporation except for this Facilities Agreement or the provisions of the Base Lease would ordinarily be required to pay as owner of the Project Facilities and Real Property (regardless of whether the City as owner would be so required to pay) shall either be paid under the provisions of the Base Lease or be included in the Acquisition Payments and paid by the City as Additional Payments. The City acknowledges that, under the provisions of the Base Lease, it has retained sole responsibility for the payment of taxes and insurance on the Real Property and the Project Facilities and the property associated therewith and the obligations of the City under the Base Lease are not subject to the limitations of Section 4.6 hereof, except as provided in Section 4.1(b) of the Base Lease.

(b) All payments of Additional Payments referred to in Section 4.2(a) above shall be made by the City in immediately available funds on a timely basis directly to the person or entity to which such payments are owed; provided, however, subject to the terms of the Security Documents, that the City shall not be required to pay, discharge or remove any tax, lien, or assessment or any mechanic's, laborer's or materialman's lien or encumbrance, or any other imposition or charge against the Real Property or the Project Facilities or any part thereof, or comply with any law, ordinance, order, rule, regulation or requirement, as long as the City shall, after written notice to the Corporation and the Trustee, at the City's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition or charge so contested, or the enforcement of such law, ordinance, order, rule, regulation or requirement, as the case may be, and the sale of the Real Property or the Project Facilities or any part thereof to satisfy the same or to enforce such compliance; provided further, that the City shall have given reasonable security as may be demanded by the Corporation, the Trustee, or both, to insure such payment and prevent any sale or forfeiture of the Real Property or the Project Facilities or any part thereof by reason of such nonpayment or noncompliance.

Section 4.3. Prepayment of Acquisition Payments. The City may prepay Acquisition Payments in whole or in part as provided in, and under the conditions prescribed under, Sections 7.3 and 9.1 hereof, or at any time that the City so determines for the purpose of providing for the redemption of Series 2026 Bonds as provided in Section 4.1(a) of the Trust Agreement. The City shall notify the Trustee in writing of the dates on which the Series 2026 Bonds corresponding to any prepayment hereunder are to be redeemed and the amount to be redeemed on each such date, all in accordance with the provisions of the Trust Agreement. The Trustee may request and the City shall deliver such reasonable information and

reports as may be necessary to establish the sufficiency of the payments to be made at the time of such prepayment.

Section 4.4. Administrative Expenses. Subject to the provisions of Section 4.7 hereof, the City shall pay as Additional Payments (i) the periodic fees and reasonable expenses from time to time of the Trustee and any paying agent or registrar incurred in administering the Trust Agreement and the Series 2026 Bonds, and (ii) any reasonable expenses (including reasonable attorneys' fees, costs and expenses) incurred by the Corporation or the Trustee to compel full and punctual performance of this Facilities Agreement in accordance with the terms hereof.

Section 4.5. Assignment of Facilities Agreement; Manner of Payment. As security for and the source of payment of the Series 2026 Bonds, pursuant to the Trust Agreement, the Corporation has assigned to the Trustee all of its right, title and interest in and to this Facilities Agreement, except for the right of the Corporation to receive payment of its fees and expenses pursuant to Sections 4.2, 4.4 and 5.5 hereof. The City consents and agrees to the assignment of this Facilities Agreement as provided herein. The City covenants to fully perform, in timely fashion, all of its covenants, agreements and obligations under this Facilities Agreement, and to make all payments required by the City under this Facilities Agreement (other than payment for fees and expenses of the Corporation) directly to the Trustee, all without set-off, defense or counterclaim by reason of any dispute which the City may have with the Corporation or the Trustee.

Section 4.6. Limited and Special Obligation of City. UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION, THE CITY MAY TERMINATE THIS FACILITIES AGREEMENT AT THE END OF THE LAST FISCAL YEAR WHICH IS NOT AFFECTED BY SUCH EVENT OF NONAPPROPRIATION, AND THE CITY SHALL NOT BE OBLIGATED TO MAKE PAYMENT OF THE ACQUISITION PAYMENTS PROVIDED FOR IN THIS FACILITIES AGREEMENT BEYOND THE END OF SUCH FISCAL YEAR. The City agrees to deliver written notice to the Corporation and the Trustee of any such termination prior to January 1 of the Fiscal Year first affected by an Event of Nonappropriation. If this Facilities Agreement is terminated under this Section 4.6 or as provided in Section 4.7 or Section 2.2, the City agrees to peaceful delivery of that portion of the Project Facilities to be retained by the Corporation or its assigns as provided in Section 2.4 hereof.

The obligations of the City to make Acquisition Payments required under this Article IV and other sections hereof, and to perform and observe the covenants and agreements contained herein, shall be absolute and unconditional in all events, except as expressly provided under this Facilities Agreement. Notwithstanding any dispute involving the City and any of the Corporation, any contractor, subcontractor, or supplier of materials or labor, or any other person, the City shall make all Acquisition Payments when due and shall not withhold any Acquisition Payments pending final resolution of such dispute, nor shall the City assert any defense or right of set-off, recoupment, or counterclaim against its obligation to make such payments required under this Facilities Agreement. The City's obligation to make Acquisition Payments during the duration of this Facilities Agreement shall not be abated through accident or unforeseen circumstances. The City agrees not to suspend, reduce, abrogate, diminish, postpone, modify, discontinue, withhold, or abate any portion of the payments required pursuant to this Facilities Agreement by reason of failure of consideration, the invalidity of any provision of this Facilities Agreement, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the Real Property or the Project Facilities, the taking by eminent domain of title to or the use of all or any part of the Real Property or the Project Facilities, failure of the City's title to the Real Property or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Corporation to perform and observe any agreement, whether

express or implied, or any duty, liability, or obligation arising out of or connected with this Facilities Agreement. Nothing contained in this paragraph shall be construed to release the Corporation from the performance of any of the agreements on its part herein contained. In the event the Corporation should fail to perform any such agreement on its part, the City may institute such action against the Corporation as the City may deem necessary to compel performance so long as such action does not abrogate the City's obligations under this Facilities Agreement. The City may, however, at its own cost and expense and in its own name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its right of possession, occupancy, and use under this Facilities Agreement, and in such event the Corporation hereby agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the Corporation in any such action or proceeding if the City shall so request. It is the intention of the parties that the payments required by this Facilities Agreement will be paid in full when due without any delay or diminution whatsoever, SUBJECT ONLY TO THE SPECIAL AND LIMITED NATURE OF THE CITY'S OBLIGATION TO PAY ACQUISITION PAYMENTS HEREUNDER AS SET FORTH ABOVE.

THE OBLIGATIONS OF THE CITY UNDER THIS FACILITIES AGREEMENT SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY PROVISION.

Section 4.7. Event of Nonappropriation. In the event the City Council shall not, on or before January 1 of each year, specifically budget and appropriate from the proceeds of general obligation bonds or from other moneys which may be lawfully used to pay Acquisition Payments funds sufficient to pay all Acquisition Payments due hereunder in the Fiscal Year commencing on such January 1, an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) The Trustee shall declare an Event of Nonappropriation promptly following any earlier date on which the Trustee receives official, specific written notice from the City that this Facilities Agreement will be terminated.

(b) As soon as practicable after receiving such specific written notice from the City or after an Event of Nonappropriation is deemed to have occurred as contemplated above, the Trustee shall give written notice to the City and the Corporation of an Event of Nonappropriation; but any failure of the Trustee to give such written notice shall not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee.

(c) Reserved.

(d) The Trustee shall waive any Event of Nonappropriation which is cured prior to the expiration of the Waiver Period by the City's specifically budgeting and appropriating from the proceeds of general obligation bonds or other moneys which may be lawfully used to pay Acquisition Payments funds sufficient to pay all Acquisition Payments due hereunder in such Fiscal Year to which the Event of Nonappropriation applies.

Notwithstanding the occurrence of an Event of Nonappropriation, the City shall not be deemed to be in default under this Facilities Agreement and shall not be obligated to make payment of any future Acquisition Payments due hereunder or any other payments provided for herein which accrue after the beginning of the Fiscal Year with respect to which there has occurred an Event of Nonappropriation; provided, however, that, subject to the limitations of Section 4.6 hereof and this Section 4.7, the City shall continue to be liable for Acquisition Payments (a) accrued prior to the beginning of such Fiscal Year, and

due hereunder, and (b) allocable to any period during which the City shall continue to occupy the Corporation Facilities.

The enactment by City Council of an ordinance authorizing the issuance of general obligation bonds or bond anticipation notes of the City at such time and in such amount as will provide sufficient funds for the City to make all Base Payments due in the Fiscal Year in question or the inclusion in the City's budget of sufficient millage to pay debt service on general obligation bonds or bond anticipation notes issued to fund Base Payments due in such Fiscal Year shall be deemed a specific budgeting and appropriating of such funds for purposes of this Section 4.7.

The City, in all events, shall cooperate with the Corporation and the Trustee in making the partition required under Section 2.4 hereof and shall vacate and deliver over to the Trustee the Corporation Facilities by the expiration of the Fiscal Year during which an Event of Nonappropriation occurs if such occurs by notice, or not later than the January 31 following the January 1 on which the City shall fail to specifically budget and appropriate sufficient moneys to pay the Acquisition Payments hereunder.

The Trustee shall, upon the occurrence of an Event of Nonappropriation, continue to be entitled to all moneys then on hand and being held in all funds created under the Trust Agreement for the benefit of the Owners of the Series 2026 Bonds. After the expiration of the Fiscal Year during which an Event of Nonappropriation occurs, if such occurs by notice, or the January 31 following the January 1 on which the City fails to specifically budget and appropriate sufficient moneys to pay the Acquisition Payments hereunder, the Trustee may or shall, as the case may be, proceed to exercise its remedies, liquidate its interest in this Facilities Agreement or to lease the Project Facilities as provided in Section 8.2 of this Facilities Agreement. All property, funds and rights acquired by the Trustee by reason of an Event of Nonappropriation as provided herein, less any moneys due and owing to the Trustee for services performed as Trustee, shall be held by the Trustee for the benefit of the Owners of the Series 2026 Bonds as set forth in the Trust Agreement.

Notwithstanding anything in this Facilities Agreement to the contrary, in the event that the Trustee shall receive a payment for the transfer of its interest in this Facilities Agreement, or total rental payments for leasing that are, after the payment of the Corporation's expenses in connection therewith, including attorneys' and other fees and expenses of the Trustee, in excess of the principal amount of the Outstanding Bonds at the time of the Event of Nonappropriation and the interest due and to become due thereon (with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the City by the Trustee, its assigns or its lessee.

ARTICLE V
COVENANTS OF THE CITY

Section 5.1. Maintenance and Operation of Real Property and Project Facilities.

(a) Subject to Sections 4.6 and 4.7 herein, the City covenants and represents it will, at its own cost or expense, operate the Real Property and the Project Facilities in a sound and economical manner, in compliance with all present and future laws and governmental regulations applicable thereto, further that it will maintain, preserve and keep the Real Property and the Project Facilities in good repair, working order and condition, and that it shall from time to time make or cause to be made all necessary and proper repairs and renewals so that at all times the operation of the Real Property and the Project Facilities may be properly and advantageously conducted. This covenant shall not prevent the City from discontinuing operation of the Real Property and the Project Facilities at any time.

(b) Except as otherwise provided in this Section 5.1, prior to payment of the Series 2026 Bonds in full, the City shall not sell, transfer, lease, sublease or otherwise dispose of all or any substantial portion of the Real Property or the Project Facilities, or its interests under this Facilities Agreement, except to another municipality or political subdivision of the State which assumes in writing all obligations of the City under this Facilities Agreement.

(c) Notwithstanding any other provision hereof to the contrary, the City may provide for the exchange of any asset comprising Real Property and Project Facilities (the "Released Facility") for another building and the real estate on which such facility (the "Exchange Facility") is located if: (i) the City provides the Trustee an appraisal from an appraiser selected by the City showing that the proposed Exchange Facility has a value equal to or greater than the proposed Released Facility; (ii) the City certifies to the Trustee that the Exchange Facility is necessary to the operations of the City and that the remaining useful life of the Exchange Facility is not less than the remaining useful life of the Released Facility; (iii) the City certifies to the Trustee that the exchange is necessary to facilitate either the sale or other disposition of the Released Facility or the conversion of its use to another purpose; and (iv) the Trustee receives an opinion of Bond Counsel to the effect that the proposed exchange will not adversely affect the Federal income tax treatment of interest paid to the Holders of the Series 2026 Bonds. The Trustee shall be fully protected in relying on such appraisal and certifications in releasing the proposed Released Facility and has no duty or obligation to make any determination or evaluation as to such appraisal or certifications.

(d) Tracts of Real Property or portions thereof may be released or substituted from time to time pursuant to the provisions of Section 3.6 of the Base Lease. Upon the release or substitution of any tract of Real Property or portion thereof from the Base Lease, such Real Property shall also be released from or substituted under the provisions of this Facilities Agreement, and Exhibit A hereto shall be amended to reflect such release or substitution. The requirements of Section 5.1(c) shall not apply to the release or substitution of any tract of Real Property pursuant to the provisions of Section 3.6 of the Base Lease.

(e) The Base Lease may be amended from time to time as provided therein to provide for the lease by the City to the Corporation of Real Property and Additional Real Property acquired or made available by the City after the date of the Base Lease and this Facilities Agreement. Upon the lease of such Real Property or Additional Real Property by the City to the Corporation pursuant to the Base Lease, Exhibit A hereto shall be amended to include such Real Property or Additional Real Property.

Section 5.2. Liens on Project Facilities. The City shall not create, incur or suffer to exist any lien, charge or encumbrance on the Real Property or the Project Facilities or its rights under this Facilities Agreement other than any Permitted Encumbrance.

Section 5.3. Representations and Covenants Regarding Tax Exempt Status of Series 2026 Bonds.

(a) The City shall not take any action or permit any action to be taken on its behalf, or cause or permit any circumstance within its control to arise or continue, if such action or circumstance, or its expectation on the date of this Facilities Agreement would cause the interest paid on the Series 2026 Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes.

(b) The City covenants to the Corporation, the Trustee and the Owners of the Series 2026 Bonds that, notwithstanding any other provision of this Facilities Agreement or any other instrument, it will neither make nor cause to be made any investment or other use of the proceeds of the Series 2026 Bonds or amounts on deposit in any of the funds or accounts held under the Trust Agreement or under

any other document related to the Series 2026 Bonds which would cause the Series 2026 Bonds to be "arbitrage bonds" under Section 148 of the Code and the regulations thereunder or to be "Federally guaranteed" under Section 149(b) of the Code and the regulations thereunder, and that it will comply with the requirements of such Sections and regulations throughout the term of the Series 2026 Bonds.

(c) The City shall take all actions necessary on its part to enable compliance with the rebate provisions of Section 148(f) of the Code in order to preserve the federal income tax status of payments of interest with respect to the Series 2026 Bonds. The City shall ensure that the Corporation retains a consultant experienced in the calculation and determination of rebate payments and liability under Section 148(f) of the Code to provide the reports required under the Tax Regulatory Agreement.

(d) The City will accept title to the Project Facilities upon the discharge of the Series 2026 Bonds.

Section 5.4. Reports and Opinions; Inspections.

(a) The City shall deliver to the Trustee and the Corporation, within 90 days after the end of each Fiscal Year, a certificate stating that no Event of Default under this Facilities Agreement has occurred and is continuing and that the Project Facilities are being used in accordance with the terms of this Facilities Agreement.

(b) The City shall permit the Corporation and the Trustee to examine, visit and inspect, at any reasonable time, the Project Facilities, and any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and to supply such reports and information as the Trustee may reasonably require.

Section 5.5. Immunity of Corporation and Trustee. In the exercise of the powers of the Corporation and the Trustee and their members, directors, officers, employees and agents under the Trust Agreement, the Base Lease or this Facilities Agreement including (without limiting the foregoing) the application of moneys and the investment of funds, neither the Corporation nor the Trustee shall be accountable to the City for any action taken or omitted with respect to the Real Property, the Project Facilities or this Facilities Agreement by either of them or their members, directors, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred under this Facilities Agreement. The Corporation and the Trustee and their members, officers, employees and agents shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may conclusively rely upon the advice of Counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the City for any claims based on the Trust Agreement or this Facilities Agreement against any member, director, officer, employee or agent of the Corporation or the Trustee alleging personal liability on the part of such person.

Section 5.6. Compliance with Laws. With respect to the Real Property and the Project Facilities and any additions, alterations, or improvements thereto, the City will at all times comply with all applicable requirements of federal and state laws and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State or of any other duly constituted public authority; provided, however, that the City shall be deemed in compliance with this Section 5.6 so long as it is contesting in good faith any such requirement by appropriate legal proceedings.

Section 5.7. Insurance and Condemnation Proceeds. The City shall make or direct any disposition of insurance or condemnation payments with respect to the Project Facilities, including as

may be required by the terms of the Security Documents or of any Permitted Encumbrances existing on the date hereof.

Section 5.8. Filing of Budget with Trustee. For the duration of this Facilities Agreement, the City shall file with the Trustee, prior to the end of each Fiscal Year, a copy of the annual budget. The Trustee shall have no duty to review or analyze such annual budget and ordinance or verify the accuracy thereof and shall hold such annual budget and ordinance solely as a repository for the benefit of the Owners of the Series 2026 Bonds, nor shall the Trustee be deemed to have notice of any information contained therein or event of default or Event of Non-Appropriation which may be disclosed therein in any manner.

Section 5.9. Alterations of the Real Property and Project Facilities; Removals. The City, in its discretion and at its expense, may remodel or make such additions, modifications and improvements to the Real Property and Project Facilities as it may deem to be desirable; provided that no such additions, modifications or improvements shall adversely affect the structural integrity or strength of, or materially interfere with the use and operations of, the Real Property and Project Facilities. Subject to the right of the City to install its own machinery, equipment and other tangible personal property as provided in Section 3.1 hereof, any such changes shall become and be deemed to constitute part of the Real Property or the Project Facilities, as the case may be.

In this connection, the City may remove any items of personal property constituting a part of the Project Facilities, provided that such removal of the personal property shall not materially diminish the value of the Project Facilities or the related Real Property.

In the case of any removal as provided above or any removal of City property not constituting Project Facilities, the City shall repair any damage resulting from such removal

Section 5.10. Continuing Disclosure. The City covenants to provide the information required by Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("15c2-12"), as an Obligated Person (as defined in 15c2-12) and to comply with the provisions of the Disclosure Dissemination Agent Agreement (the "Disclosure Agreement") attached hereto as Exhibit D. In the event of a failure by the City to comply with any provisions of the Disclosure Agreement, the rights of the Owners of the Series 2026 Bonds to enforce the provisions of the Disclosure Agreement shall be limited solely to a right, by action in mandamus or specific performance, to compel performance of the parties' obligations under the Disclosure Agreement. Any failure by a party to perform in accordance with the Disclosure Agreement shall not constitute a default on the Series 2026 Bonds or under any other document relating to the Series 2026 Bonds, and all rights and remedies shall be limited to those expressly stated in the Disclosure Agreement.

ARTICLE VI
INSURANCE

Section 6.1. Types of Insurance and Coverage Requirements.

(a) The City shall maintain all-risk fire, extended coverage, vandalism, and malicious mischief insurance on the Project Facilities, with such deductible provisions as are acceptable to the Corporation. Such insurance shall name the Corporation and the Trustee as loss payees as their interests may appear, be maintained for the duration of this Facilities Agreement and each policy shall be in an amount equal to the replacement value of the Project Facilities; provided that the City shall periodically

review with the South Carolina Insurance Reserve Fund the maximum full insurable value of the Project Facilities and shall deliver certification of the same to the Corporation.

(b) The City shall, to the extent required by law or good business practice, maintain for the duration of this Facilities Agreement, general liability insurance, worker's compensation insurance, disability insurance, and any other form of insurance, covering loss resulting from injury, sickness, disability or death of employees in amounts at least equal to those carried by institutions of similar size and nature.

(c) The City shall maintain, for the duration of this Facilities Agreement, general liability insurance against loss or losses from liabilities imposed by law or assumed in any written contract and arising from the death or bodily injury of persons or damage to the property of others caused by accident or occurrence (including contractual liability endorsement), with limits of not less than $300,000 for a loss arising from a single occurrence and not less than $600,000 in the aggregate per occurrence regardless of the number of claims made, and $300,000 for property damage per occurrence, excluding liability imposed upon the City by any applicable worker's compensation law. Such insurance shall name the Corporation and the Trustee as loss payees as their interests may appear.

(d) All policies of insurance required hereunder shall be written by the South Carolina Insurance Reserve Fund, companies rated not lower than A by A. M. Best Company or in one of the two highest rating categories by S&P Global Ratings and Moody's Investors Service or by companies acceptable to the Corporation, in each case qualified to do business in the State and each policy shall provide at least 30 days prior written notice to the Corporation and the Trustee before such policy is canceled. The City may provide any part or all of the insurance required hereby under the terms of a policy insuring other facilities or risks or any "blanket" policy. The City covenants that it will take all action, or cause the same to be taken, which may be necessary to enable recovery under the aforesaid insurance policies.

(e) All policies of insurance required hereby shall be open to inspection by the Corporation and the Trustee at all reasonable times. Certificates of insurance describing such policies shall be furnished by the City or the City shall cause the same to be furnished to the Corporation at or prior to the execution and delivery of this Facilities Agreement, and each renewal thereof immediately upon receipt of the same from the South Carolina Insurance Fund. If any change shall be made in such insurance as to either amount or type of coverage, a description and notice of such change shall be furnished immediately to the Corporation by the City or it shall cause the same to be so furnished. In the event that the City fails to maintain any insurance as provided in this Section, the Trustee may, following written notice to the City, procure and maintain such insurance at the expense of the City (reimbursable as provided hereinbefore), but the Trustee shall not be under an obligation to do so.

(f) The City agrees that it shall certify in writing to the Trustee that, as of December 31 of each year, it is in compliance with this Section 6.1. Such certification shall be provided by not later than the immediately following January 31.

Section 6.2. Self-Insurance Approval. If, at the time of execution of this Facilities Agreement, the City self-insures or at any time hereafter desires to self-insure to the extent permitted by law, the entry into such self-insurance program shall require the written approval of the Corporation.

ARTICLE VII
DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 7.1. Damage, Destruction and Condemnation. If, during the duration of this Facilities Agreement, (i) the Project Facilities or any portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty, or (ii) title to, or the temporary or permanent use of, the Project Facilities, the Real Property or any portion thereof or the estate of the City or the Corporation in the Project Facilities, the Real Property or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or (iii) a material defect in the Project Facilities, the Real Property or any portion thereof shall become apparent, or (iv) title to or the use of all or any portion of the Project Facilities, Real Property or any portion thereof shall be lost by reason of a defect in title thereto, then the City shall be obligated, subject to the option provided in Section 7.3 hereof and the provisions of Sections 4.6 and 4.7 hereof, to continue to pay the amounts specified as Acquisition Payments under this Facilities Agreement.

Section 7.2. Obligation to Repair or Replace the Real Property and Project Facilities. Subject to the provisions of Section 7.3 hereof, the City, the Corporation and the Trustee shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards, made available by reason of any occurrence described in Section 7.1 hereof, to be deposited in a separate trust fund designated as the "Net Proceeds Fund" which the Trustee is hereby directed to establish in such event. Except as set forth in Section 7.3 hereof, all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Real Property or Project Facilities, as are appropriate, by the City upon receipt of requisitions signed by a City Representative stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; and (iv) that each obligation mentioned therein has been properly incurred, is properly payable from the Net Proceeds held in the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall cooperate with the City in the administration of such fund and shall disburse funds upon receipt of a properly presented requisition. The Trustee has no duty or obligation to determine whether or not such requested disbursements are for authorized or permitted uses and shall be fully protected in relying on all such requisitions received by it. The balance of any such Net Proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall be applied to any lawful and authorized purpose of the City as directed in writing by the City. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be included as part of the Real Property or Project Facilities, as appropriate, under this Facilities Agreement and the Trust Agreement.

If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) shall be deemed by the City to be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Real Property or Project Facilities referred to above, the City shall be responsible, subject to the option contained in Section 7.3 hereof, for the completion of the work and the payment of any cost in excess of the amount of the Net Proceeds. The City agrees that, if by reason of any such insufficiency of the Net Proceeds, the City shall make any payments pursuant to the provisions of this paragraph, the City shall not be entitled to any reimbursement therefor from the Trustee or the Owners of the Series 2026 Bonds, nor shall the City be entitled to any diminution of any Acquisition Payments payable under this Facilities Agreement.

Section 7.3. Discharge of Obligation to Repair or Replace the Real Property and Project Facilities. If, as a result of the occurrence of an event described in Section 7.1 hereof, (a) any part of the Project Facilities or Real Property is totally destroyed or is damaged to such an extent that the rebuilding

or repairing of such part of the Project Facilities or Real Property would be impracticable, (b) there is discovered a material defect in the Project Facilities, or any portion thereof that renders the Project Facilities or such portion unusable by the City for its intended purposes, (c) all or substantially all of the Project Facilities or Real Property relating to a particular building is taken by eminent domain or (d) the City is deprived of the use of any part of the Project Facilities or Real Property by reason of a defect in title thereto, the City may elect to apply the Net Proceeds of applicable insurance policies, performance bonds or condemnation awards as a prepayment of Acquisition Payments and the discharge of its obligations with respect to Sections 7.1 and 7.2 hereof. Such an election may be made by written notice to the Corporation and the Trustee within 90 days of the occurrence of an event described in (a) through (d) above. Upon any such prepayment, the amount thereof shall be applied to redeem Series 2026 Bonds at the earliest practicable date (which date may not be earlier than the optional call date provided in Article IV of the Trust Agreement), the Acquisition Price shall be recalculated to take account of such prepayment, title to the affected part of the Project Facilities shall be deemed transferred to the City and in the event of any future partition under Section 2.4 hereof, such affected part of the Project Facilities or Real Property shall be automatically assigned to the City. If at any time the amount to be applied as a prepayment hereunder shall exceed the redemption price of all Series 2026 Bonds, all Series 2026 Bonds shall be redeemed, title to all the Project Facilities and Real Property or portion thereof shall be transferred to the City and any amounts not required for the redemption of the Series 2026 Bonds and payment of other expenses under the Trust Agreement shall be paid to the City.

Section 7.4. Cooperation of the Parties. The Corporation, the City and the Trustee shall cooperate fully with each other in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 7.1 of this Facilities Agreement, in making the Net Proceeds available in accordance with Section 7.2 or 7.3 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project Facilities or any portion thereof and in the enforcement of all warranties relating to the Project Facilities. The Corporation hereby designates the City as its agent for the purpose of making collections under such policies. In no event shall the Corporation voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding with respect to the Project Facilities or any portion thereof without the written consent of the City and the Trustee.

ARTICLE VIII
DEFAULTS AND REMEDIES

Section 8.1. Events of Default. Each of the following events is hereby defined as, and declared to be and shall constitute, an "Event of Default":

(a) failure by the City to make any payment required to be made pursuant to Section 4.1(b) hereof by the first day of the calendar month after the same is due (provided, however, that an Event of Nonappropriation shall not result in an Event of Default under this provision); or

(b) failure by the City to timely comply with the provisions of Section 2.4 hereof relating to partition and vacating of the Project Facilities at the times required; or

(c) failure by the City to make any payment required to be made pursuant to Section 4.1(c), 4.2 or 4.4 hereof or under the provisions of the Base Lease within 10 days after the same is due; or

(d) failure by the City to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Facilities Agreement for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee; or

(e) if any of the representations and warranties of the City hereunder shall prove to be false or misleading in any material respect; or

(f) the failure by the City promptly to stay or lift any execution, garnishment or attachment of such consequence as will, in the reasonable judgment of the Trustee, materially impair its ability to carry out its obligations under this Facilities Agreement (provided that the City shall not be in default so long as it is diligently prosecuting a bona fide appeal from any such execution, garnishment or attachment); or

(g) if the City shall (i) apply for or consent to the appointment of a receiver, trustee, or the like of the City or of property of the City, or (ii) admit in writing the inability of the City to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) be adjudicated a bankrupt or insolvent, or (v) commence a voluntary case under the United States Bankruptcy Code or file a voluntary petition seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the United States Bankruptcy Code.

The foregoing provisions of this Section 8.1 are subject to the following provision: If, by reason of Force Majeure, the City shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the City contained in Articles IV and VI of this Facilities Agreement, the City shall not be deemed in default during the continuance of such inability. The City agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the City from carrying out its agreement, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the City.

Section 8.2. Remedies. Subject at all times to the rights of the City under Section 2.1 hereof as to portions of the Project Facilities it has so acquired, whenever any Event of Default referred to in Section 8.1 of this Facilities Agreement shall have happened and be continuing, or if an Event of Nonappropriation shall have happened, the Corporation and the Trustee may terminate this Facilities Agreement and shall give notice to the City to vacate the Corporation Facilities within 31 days from the date of such notice; provided that if an Event of Nonappropriation shall occur by reason of the failure of the City to specifically budget and appropriate for Acquisition Payments on or before January 1 of any year, the City shall vacate or deliver possession of the Corporation Facilities not later than the immediately following January 31 or such later date as may be determined under Section 2.4 hereof.

Subject at all times to the rights of the City under Section 2.1 hereof as to portions of the Project Facilities it has so acquired, the Trustee, in its discretion, may also (i) take whatever action at law or in equity which may appear necessary or desirable to enforce its rights in and to the Project Facilities under this Facilities Agreement, the Security Documents and the Trust Agreement, subject, however, to the limitations set forth herein, and (ii) exercise all applicable rights and remedies of a secured party under Title 36, Chapter 9, Code of Laws of South Carolina 1976, as amended.

In addition, the Trustee may, or at the written direction of the Owners of the majority in aggregate principal amount of the Outstanding Bonds shall, without any further demand or notice, and subject to the terms of the Base Lease, including without limitation, the provisions in Section 4.1 of the Base Lease, take one or both of the following additional remedial steps:

(i) The Trustee may liquidate its interest in this Facilities Agreement or sell or assign its interest in the Base Lease upon five days prior written notice to the City; or

(ii) In the event that the Trustee deems a delay in the liquidation of its interest in this Facilities Agreement to be in the best interest of the Owners of the Series 2026 Bonds, the Trustee may temporarily assign its rights to the Corporation Facilities for the benefit of the Owners of the Series 2026 Bonds.

Notwithstanding anything in this Facilities Agreement to the contrary, in the event of a termination of the City's interest in any portion of the Project Facilities and subsequent thereto the Trustee shall receive a payment for the transfer of its interest in this Facilities Agreement or total rental payments for leasing that are, after the payment of the Corporation's expenses in connection therewith, including fees and expenses of the Trustee, in excess of the principal amount of the Outstanding Bonds at the time of the Event of Default or Event of Nonappropriation and the interest due and to become due thereon (with amounts so received to be credited first to such interest and then to principal), then the Trustee shall pay such excess to the City.

Section 8.3. Limitations on Remedies. A judgment requiring a payment of money may be entered against the City by reason of an Event of Default or Event of Nonappropriation only as to the City's liabilities described in Section 10.1 of this Facilities Agreement.

Section 8.4. Cumulative Rights. No remedy conferred upon or reserved to the Corporation or the Trustee by this Facilities Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Facilities Agreement or now or hereafter existing at law or in equity or by statute. No waiver by the Corporation or the Trustee of any breach by the City of any of its obligations, agreements or covenants hereunder shall be deemed a waiver of any subsequent breach, or a waiver of any other obligation, agreement or covenant, and no delay or failure by the Corporation or the Trustee to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by the Corporation or the Trustee from time to time and as often as may be deemed expedient.

Section 8.5. Discontinuance of Proceedings. In case the Corporation or the Trustee shall have proceeded to enforce any right under this Facilities Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Corporation or the Trustee, then and in every such case the City, the Corporation and the Trustee shall be restored respectively to their several positions and rights hereunder and all rights, remedies and powers of the City, the Corporation and the Trustee shall continue as though no such proceeding had been taken.

ARTICLE IX
CONVEYANCE OF THE PROJECT FACILITIES

Section 9.1. Optional Purchase of the Project Facilities

(a) *Purchase in Full*. The City is hereby granted the option to terminate this Facilities Agreement and to purchase the Corporation's interest in the Project Facilities not theretofore acquired by the City at any time upon payment by the City of the then applicable Purchase Option Price; provided, however, that no such termination shall relieve the City from its obligation to pay Administrative Expenses as provided in Section 4.4 hereof until the Series 2026 Bonds have been fully discharged and

the Trust Agreement terminated. The City shall notify the Corporation and the Trustee of its intention to exercise this option, on or before the 45th day preceding the date of such purchase or such later date as may be acceptable to the Trustee, but in no event later than the 30th day preceding the date of such purchase, and the City shall provide funds for such prepayment. Upon the payment of the Purchase Option Price, the Corporation shall transfer and convey all its remaining interest in the Project Facilities to the City in the manner provided in Section 9.2 hereof.

(b) *Partial Prepayment of Acquisition Payments and Purchase*. From and after September 1, 2036, the City is also granted the option to prepay Acquisition Payments on the due date of any Base Payments hereunder for the purpose of having such prepayments credited towards the purchase price of the Project Facilities. The City shall notify the Corporation and the Trustee of its intention to exercise this option, on or before the 45th day preceding the date of such prepayment or such later date as may be acceptable to the Trustee, but in no event later than the 30th day preceding the date of such prepayment, and shall provide funds for such prepayment.

Section 9.2. Manner of Conveyance.

(a) *Complete Conveyance*. At the closing of any purchase or other conveyance of all of the Project Facilities and the Real Property pursuant to Section 9.1(a) of this Facilities Agreement, or at the termination hereof by the payment of all amounts due hereunder, the Corporation and the Trustee by an instrument terminating the Base Lease and this Facilities Agreement and by quit claim or special warranty deed, as the case may be, in the form as mutually agreed to by the Trustee, the Corporation and the City shall execute and deliver to the City all necessary documents assigning, transferring, conveying and relinquishing all interest to the Project Facilities and Real Property, subject to the following:

(i) Permitted Encumbrances, other than this Facilities Agreement and the Trust Agreement;

(ii) all liens, encumbrances and restrictions created or suffered to exist by the City, the Corporation and the Trustee as required or permitted by this Facilities Agreement or the Trust Agreement or arising as a result of any action taken or permitted to be taken by the City, the Corporation or the Trustee as required or permitted by this Facilities Agreement or the Trust Agreement; and

(iii) any lien or encumbrance created by action of the City.

(b) *Partial Conveyance Resulting from Partition*. Upon any conveyance under Section 2.4 hereof to the City, the Corporation and the Trustee shall execute and deliver to the City all necessary documents assigning, transferring and conveying all interest in the Municipal Facilities by an instrument terminating the Base Lease and this Facilities Agreement with respect to the Municipal Facilities and quit claim or special warranty deed, as the case may be, in the form as mutually agreed to by the Trustee, the Corporation and the City, subject to the following:

(i) Permitted Encumbrances, other than this Facilities Agreement and the Trust Agreement;

(ii) all liens, encumbrances and restrictions created or suffered to exist by the City, the Corporation and the Trustee as required or permitted by this Facilities Agreement or the Trust Agreement or arising as a result of any action taken or permitted to be taken by the City, the Corporation or the Trustee as required or permitted by this Facilities Agreement or the Trust Agreement; and

(iii) any lien or encumbrance created by action of the City.

Neither the Trustee nor the Corporation shall be responsible for the recordation of any deed or other instrument for such purposes and the City shall be responsible for the recordation of any such deed or other instrument for such purposes.

Upon any conveyance under Section 2.4 hereof to the Corporation, the City shall execute and deliver to the Corporation and the Trustee all necessary documents assigning, transferring and conveying all interest in the Corporation Facilities by an instrument terminating this Facilities Agreement with respect to the Corporation Facilities and quit claim or special warranty deed, as the case may be, in the form as mutually agreed to by the Trustee, the Corporation and the City, subject to the following:

(i) Permitted Encumbrances, other than this Facilities Agreement and the Trust Agreement;

(ii) all liens, encumbrances and restrictions created or suffered to exist by the City, the Corporation and the Trustee as required or permitted by this Facilities Agreement or the Trust Agreement or arising as a result of any action taken or permitted to be taken by the City, Corporation or the Trustee as required or permitted by this Facilities Agreement or the Trust Agreement;

(iii) any lien or encumbrance created by action of the City; and

(iv) the Base Lease.

The City shall not be responsible for the recordation of any deed or other instrument to the Trustee or the Corporation for such purposes and the Corporation shall be responsible for the recordation of any such deed or other instrument for such purposes.

(c) *Partial Conveyance Resulting from Prepayment*. Any conveyance resulting from a partial prepayment under Section 9.1(b) hereof shall be made in the manner as all other conveyances with respect to payments on each Bond Payment Date.

ARTICLE X
MISCELLANEOUS

Section 10.1. Limitation of Liability of the Corporation and the City. Notwithstanding any other provision of this Facilities Agreement, in the event of any default by either the Corporation or the City hereunder or under the Trust Agreement, any liability of the Corporation or the City shall be enforceable only out of their respective interests in the Base Lease and under this Facilities Agreement and the moneys to be paid by the City through the later of the end of the Fiscal Year as to which Base Payments have been appropriated for or any Base Payments due as provided in Section 2.3 hereof, and there shall be no recourse for any claim based on this Facilities Agreement, the Trust Agreement or the Series 2026 Bonds, against any other property of the Corporation or the City or against any officer or employee, past, present or future, of the Corporation or the City or any successor body as such, either directly or through the Corporation or 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, and the liability of the Corporation and the City shall be limited to its interests in the Base Lease and interests under this Facilities Agreement and the moneys to be paid by the City hereunder through the later of the end of the

Fiscal Year as to which Base Payments have been appropriated therefor or any Base Payments due as provided in Section 2.3 hereof, and the lien of any judgment shall be restricted thereto, and there shall be no other recourse by the City against the Corporation or the Corporation against the City or any of the property now or hereafter owned by it or either of them. The provisions hereof shall not be deemed to limit the rights of either the City or the Corporation or any assignee thereof as to any contracts with other parties with respect to the Project Facilities.

Section 10.2. Surrender of Possession Upon Termination. Upon termination hereof or upon termination of all rights of the City hereunder, either by reason of an Event of Default or an Event of Nonappropriation, the City covenants that it will deliver up or cause to be delivered up peaceable possession of such of the Project Facilities as are determined under Section 2.4 hereof to be Corporation Facilities together with the related Real Property without delay, upon demand made by the Corporation or the Trustee, in good repair and operating condition, excepting reasonable wear and tear and damage, injury or destruction by fire or other casualty which, under the terms hereof, shall not have been repaired, reconstructed or replaced.

Section 10.3. Notices. Notices hereunder shall be given to the addresses shown below or to such other address as shall be filed in writing with the parties hereto or shall be sent via electronic transmission:

The Corporation	City of Charleston Public Facilities Corporation Attention: President 116 Meeting Street Charleston, SC 29401
The City	City of Charleston Attention: Finance Director 116 Meeting Street Charleston, SC 29401
The Trustee	U.S. Bank Trust Company, National Association Attention: Corporate Trust Services 1441 Main Street, Suite 775 Columbia, SC 29201

The Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Agreement, the Base Lease, the Facilities Agreement or any other document reasonably relating to the Bonds sent by the City or the Corporation, as the case may be, by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the City and the Corporation, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City or the Corporation, as applicable, gives the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City and the Corporation, as applicable, agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 10.4. Assignments. Except as contemplated in the Trust Agreement, this Facilities Agreement may not be assigned by either of the parties hereto without the written consent of the other party hereto and the written consent of the Trustee.

Section 10.5. Severability. In case any provision of this Facilities Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and this Facilities Agreement shall be construed as if such provision had never been contained herein.

Section 10.6. Amendments. The City and the Corporation may, with the prior written consent of the Trustee, as provided in the Trust Agreement, but without the consent of the Owner of any Bond, enter into any amendments hereto at any time for any of the following purposes:

(a) To cure any ambiguity, defect or omission herein or in any amendment hereto; or

(b) To grant to or confer upon the Corporation any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon it; or

(c) To add to the covenants and agreements of the City herein contained, or to surrender any right or power herein reserved to or conferred upon the City; or

(d) To increase the Base Payments hereunder to enable the City to proceed to acquire and install Additional Project Facilities or Additional Ancillary Facilities; or

(e) To reflect a change in applicable law; or

(f) To make any amendments required by Moody's Investors Service or S&P Global Ratings as a condition to maintaining or upgrading the rating for the Series 2026 Bonds.

The City and the Corporation may, with notice to but without the prior consent of the Trustee, and without the consent of the Owner of any Bond, enter into any amendments hereto at any time and from time to time to (i) add additional parcels of Real Property and Additional Real Property to the description in Exhibit A hereto as provided in Section 5.1(e) hereof, (ii) under the conditions specified in Section 5.1(c) hereof, to delete Real Property in connection with a substitution of other Real Property, or (iii) under the conditions specified in Section 5.1(d) hereof, to release or substitute Real Property as provided in Section 3.6 of the Base Lease.

All other amendments must be approved by the Trustee, as provided in the Trust Agreement, and, if and to the extent required by the Trust Agreement, the consent of the Holders of the Series 2026 Bonds. Provided that no amendment hereof may adversely impact the rights and duties of the Trustee hereunder without the prior written consent of the Trustee.

Section 10.7. Successors and Assigns. All covenants, promises and agreements contained in this Facilities Agreement by or on behalf of or for the benefit of the City or the Corporation, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 10.8. Applicable Law. This Facilities Agreement shall be governed by, and interpreted under, the laws of the State of South Carolina without regard to conflict of law principles.

Section 10.9. Recordation. At the option of the Corporation this Facilities Agreement or a short form and summary hereof may be recorded in appropriate official records.

WITNESS the due execution of this Facilities Agreement as of the day and year first mentioned above.

WITNESS:

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION

_____ By:_____
President

_____ Attest:_____
Secretary

WITNESS:

CITY OF CHARLESTON, SOUTH CAROLINA

_____ By:_____
Mayor

_____ Attest:_____
City Clerk

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

I, the undersigned, Notary Public for the State of South Carolina, do hereby certify that the President and Secretary of the City of Charleston Public Facilities Corporation, South Carolina, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this ____ day of December, 2026.

_____
Notary Public, State of South Carolina
Notary Name Printed: _____
My Commission Expires:_____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

I, the undersigned, Notary Public for the State of South Carolina, do hereby certify that the Mayor and City Clerk of the City of Charleston, South Carolina, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this ____ day of December, 2026.

_____
Notary Public, State of South Carolina
Notary Name Printed: _____
My Commission Expires:_____

EXHIBIT A

LEGAL DESCRIPTION OF THE REAL PROPERTY

EXHIBIT B

PERMITTED ENCUMBRANCES

None

EXHIBIT C

ACQUISITION PAYMENTS SCHEDULE

Calendar Year	Payment Due 15th Day Prior to March 1	Payment Due 15th Day Prior to September 1	Annual Amount Due
Total			

EXHIBIT D

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of December __, 2026, is executed and delivered by the City of Charleston, South Carolina (the "City") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the City in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the City through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the City for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the City pursuant to Section 9 hereof.

"Disclosure Representative" means the Chief Financial Officer (or his or her designee), or such other person as the City shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the City's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the City, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the City in connection with the Bonds, as listed on Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The City shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than seven months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2026. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15^{th}) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the City of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send that a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the City irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the City are prepared but not available prior to the Annual Filing Date, the City shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the City pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material, and tender offers;"
9. "Defeasances;"
10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"
12. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the City pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to bond documents;"
4. "certain communications from the Internal Revenue Service," other than those communications included in the Rule;
5. "secondary market purchases;"
6. "bid for auction rate or other securities;"
7. "capital or other financing plan;"
8. "litigation/enforcement action;"
9. "change of tender agent, remarketing agent, or other on-going party;" and
10. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the City pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"
2. "change in fiscal year/timing of annual disclosure;"
3. "change in accounting standard;"
4. "interim/additional financial information/operating data;"
5. "budget;"
6. "investment/debt/financial policy;"
7. "information provided to rating agency, credit/liquidity provider or other third party;"
8. "consultant reports;"
9. "change of tender agent, remarketing agent, or other on-going party;"
10. "consultant reports;" and
11. "other financial/operating data."

(viii) provide the City evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The City may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything is this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the City, including the financial and statistical information provided in the Official Statement:

1. History of Assessed Values of the City of Charleston (only for preceding fiscal year);
2. City of Charleston Tax Levy (only for current fiscal year);
3. Tax Collection Record of the City of Charleston (only for preceding fiscal year);
4. Largest Taxpayers in the City of Charleston (only for preceding fiscal year); and
5. Outstanding General Obligation Bonds (debt service requirements for the next succeeding five years).

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with Generally Accepted Accounting Principles as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such document so incorporated by reference.

The City will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The City shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement),

include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the City determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the City as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The City acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section

2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the City is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the City and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the City is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The City has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The City may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the City or DAC, the City agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the City shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the City.

SECTION 10. Remedies in Event of Default. In the event of a failure of the City or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the City at all times.

The obligations of the City under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the City and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the City or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and

interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the City. No such amendment shall become effective if the City shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the City have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent

By:_____
Name:_____
Title:_____

CITY OF CHARLESTON, SOUTH CAROLINA, as City

By:_____
Name: Amy K. Wharton
Title: Chief Financial Officer

EXHIBIT A
NAME OF OBLIGATIONS

Obligated Person: City of Charleston, South Carolina
Name of Issue: $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026
Date of Issuance: December __, 2026
Date of Official Statement: December __, 2026

CUSIP NUMBERS:

September 1	CUSIP	September 1	CUSIP
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	
2035		2045	
2036		2046	

EXHIBIT B
NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Obligated Person: City of Charleston, South Carolina
Name of Issue: $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026
Date of Issuance: December __, 2026
Date of Disclosure Agreement: December __, 2026

CUSIP NUMBERS:

September 1	CUSIP	September 1	CUSIP
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	
2035		2045	
2036		2046	

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Obligations as required by the Disclosure Agreement, dated as of December __, 2026, between the City and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The City has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the City

_____

cc: Obligated Person

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

City's and/or Other Obligated Person's Name: City of Charleston, South Carolina

City's Six-Digit CUSIP Number:

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____"Principal and interest payment delinquencies;"
2. _____"Non-Payment related defaults, if material;"
3. _____"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____"Substitution of credit or liquidity providers, or their failure to perform;"
6. _____"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____"Modifications to rights of securities holders, if material;"
8. _____"Bond calls, if material;"
9. _____"Defeasances;"
10. ____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11. ____"Rating changes;"
12. ____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. ____"Merger, consolidation, or acquisition of the obligated person, if material;"
14. ____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. ____"Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16. ____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:
Signature:

_____
Name: _____Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of December __, 2026 between the City and DAC.

City's and/or Other Obligated Person's Name: City of Charleston, South Carolina

City's Six-Digit CUSIP Number:

_____
_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1. ___"amendment to continuing disclosure undertaking;"
2. ___"change in obligated person;"
3. ___"notice to investors pursuant to bond documents;"
4. ___"certain communications from the Internal Revenue Service;"
5. ___"secondary market purchases;"
6. ___"bid for auction rate or other securities;"
7. ___"capital or other financing plan;"
8. ___"litigation/enforcement action;"
9. ___"change of tender agent, remarketing agent, or other on-going party;" and
10. __"other event-based disclosures."

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

_____
Name: _____Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of December __, 2026 between the City and DAC.

City's and/or Other Obligated Person's Name: City of Charleston, South Carolina

City's Six-Digit CUSIP Number:

_____
_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1. _"quarterly/monthly financial information;"
2. _"change in fiscal year/timing of annual disclosure;"
3. _"change in accounting standard;"
4. _"interim/additional financial information/operating data;"
5. _"budget;"
6. _"investment/debt/financial policy;"
7. _"information provided to rating agency, credit/liquidity provider or other third party;"
8. _"consultant reports;" and
9. _"other financial/operating data."

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

_____
Name: _____Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

TRUST AGREEMENT

between

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

DATED AS OF DECEMBER 1, 2026

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(This Index is not a part of the Trust Agreement but rather is for convenience of reference only)

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TRUST AGREEMENT

This TRUST AGREEMENT dated as of December 1, 2026 (the "Trust Agreement") is made by and between CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION (the "Corporation"), a nonprofit corporation organized and existing under the laws of the State of South Carolina, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "Trustee"), a corporation duly organized and validly existing under the laws of the United States of America.

W I T N E S S E T H:

WHEREAS, the City of Charleston, South Carolina (the "City") is simultaneously herewith entering into a Base Lease Agreement dated as of December 1, 2026 (the "Base Lease") pursuant to which it is leasing certain real property to the Corporation (the "Real Property") as more particularly described in Exhibit A attached to the Base Lease, so that the Corporation may provide for the acquisition, construction, installation, furnishing and equipping of the City's new office building in West Ashley that is located on the Real Property (the "Project Facilities"); and

WHEREAS, the Corporation is simultaneously herewith entering into a Municipal Facilities Purchase and Occupancy Agreement dated as of December 1, 2026 (the "Facilities Agreement") with the City, pursuant to which the Corporation has agreed to undertake such Project Facilities; and

WHEREAS, in accordance with the terms of a Trust Agreement dated as of September 17, 2015 between the Corporation and U.S. Bank National Association, as trustee, the Corporation issued Installment Purchase Revenue Bonds (City of Charleston Project) Series 2015A, dated September 17, 2015 (the "Series 2015 Bonds") in order to finance public safety capital improvements and the acquisition of the Midtown Parking Garage; and

WHEREAS, in order to raise funds to pay the costs of refunding all or a portion of the Series 2015 Bonds, the costs of financing the Project Facilities and the costs of certain facilities, equipment and improvements (as more particularly described herein) which will not be situated on the Real Property and will not be subject to the Base Lease or the Facilities Agreement (collectively, the "Ancillary Facilities"), the Corporation proposes to issue $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project) Series 2026, dated the date of their delivery (the "Series 2026 Bonds") pursuant to the terms of this Trust Agreement; and

WHEREAS, the Corporation desires to enter into this Trust Agreement in order to prescribe the terms and conditions of the Series 2026 Bonds and the security therefor and to provide for the issuance of one or more series of Additional Bonds (the "Additional Bonds" and, together with the Series 2026 Bonds, the "Bonds") to be secured under the terms hereof on a parity with the Series 2026 Bonds, and the Corporation and the Trustee are each authorized to execute and deliver this Trust Agreement and to do or cause to be done all acts provided or required herein to be performed on their respective parts; and

WHEREAS, the Series 2026 Bonds are and will be secured by this Trust Agreement, and the Corporation and the Trustee are each authorized to execute and deliver this Trust Agreement and to do or cause to be done all acts provided or required herein to be performed on their respective parts; and

WHEREAS, as the source of payment and security for the Series 2026 Bonds and any Additional Bonds issued hereafter the rights (except for certain reserved rights described herein) of the Corporation under the Facilities Agreement and certain of the payments to be made by the City under the Facilities Agreement are being assigned to the Trustee hereunder, all to provide funds for the payment of the costs

of the Project Facilities and the payment of the costs and expenses of issuing the Series 2026 Bonds; and

WHEREAS, the Trustee has accepted the trusts created by this Trust Agreement, and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that to secure the payment of the Bonds, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained therein and herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be executed, delivered, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Owners, and for other good and valuable consideration, the receipt of which is acknowledged, the Corporation has executed and delivered this Trust Agreement and absolutely assigns hereby to the Trustee, and to its successors in trust, and its and their assigns all of the following described collateral, whether presently owned or subsequently acquired by the Corporation:

Granting Clause First

All right, title and interest of the Corporation in and to the Revenues (as defined in Article I of this Trust Agreement), including, without limitation, all Acquisition Payments (as defined in the Facilities Agreement) and other amounts receivable by or on behalf of the Corporation under the Facilities Agreement; subject to certain reserved rights described in Sections 4.2, 4.4, 4.5 and 5.5 of the Facilities Agreement.

Granting Clause Second

All of the Corporation's right, title, and interest in and to the Real Property, the Project Facilities, the Facilities Agreement, the Base Lease and the property rights evidenced thereby in the Real Property and the Project Facilities, including all the right, title, and interest of the Corporation in and to all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the Real Property described in Exhibit A to the Base Lease, including, without limiting the generality of the foregoing, rents and revenues under any and all leases of the Real Property or the Project Facilities or any agreement for the operation or management of the Real Property or the Project Facilities, and (b) all leases of all or part of the Project Facilities hereafter made, executed, or delivered, whether oral or written, together with any and all renewals, extensions, and modifications thereof and any guarantees of the lessees' obligations under any thereof and any and all tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and other contracts, licenses, and permits now or hereafter affecting the Real Property or the Project Facilities or any part thereof.

Granting Clause Third

All of the Corporation's rights with respect to any contracts for the construction or acquisition of the Project Facilities, including without limitation the Project Facilities Contracts (as defined in the Facilities Agreement); any insurance or condemnation proceeds with respect to the Project Facilities or any portion thereof and the proceeds of any other collateral granted hereunder or assigned hereby as security for the Bonds.

Granting Clause Fourth

All moneys and investments in the funds created pursuant to this Trust Agreement (except the Rebate Fund referred to in Section 5.10 hereof), and all income thereon.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof, and subject to the Bonds provided for herein and the Facilities Agreement, except as provided otherwise herein, for the equal benefit, security and protection of all present and future Owners of the Bonds executed and delivered under and secured by this Trust Agreement; for the enforcement of the payment of Base Payments by the City when payable, according to the true intent and meaning thereof and of this Trust Agreement; and to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Trust Agreement, in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other Bond by reason of designation, number, date of the Bond or of authorization, sale, execution, delivery or maturity thereof, or otherwise, so that any Bond shall have the same right, lien and privilege under this Trust Agreement as all other Bonds and shall be secured equally and ratably hereby, it being intended that the lien and security of this Trust Agreement shall take effect from the date hereof, without regard to the date of the actual execution, delivery, sale or disposition of the Bonds as though upon that date all of the Bonds were actually executed, sold and delivered to purchasers for value; *provided, however*, that if the principal of the Bonds and the interest due or to become due with respect thereto shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds of a particular Series shall have been paid and discharged in accordance with Article IX hereof, and if all of the covenants, agreements, obligations, terms and conditions of the Corporation under this Trust Agreement shall have been kept, performed and observed and there shall have been paid to the Trustee, all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Trust Agreement and the rights assigned hereby shall cease, determine and be void with respect to such Bonds, except as provided in Section 9.2 hereof with respect to the survival of certain provisions hereof; otherwise, this Trust Agreement shall be and remain in full force and effect.

It is declared that all Bonds executed and delivered hereunder and secured hereby are to be executed and delivered, and that all property assigned hereby is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Trust Agreement. The Corporation and the Trustee have each agreed and covenanted, and agree and covenant with each other and with each and all Owners, as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Terms used herein without other definition shall have the meanings provided therefor in the Facilities Agreement unless the context or use clearly indicates another meaning or intent. In addition, the following words and terms shall have the meanings set forth below unless the context or use clearly indicates another meaning or intent:

"Acquisition Payments" means the amounts required to be paid to the Corporation by the City pursuant to Article IV of the Facilities Agreement.

"Additional Ancillary Facilities" means improvements acquired, developed and construction with proceeds of Additional Bonds, but not made subject to the Facilities Agreement or the Base Lease or situated on the Real Property.

"Additional Bonds" means any Bonds issued after the issuance of the Series 2026 Bonds and secured on a parity with the Series 2026 Bonds under the terms of this Trust Agreement as supplemented by a Supplemental Trust Agreement.

"Additional Payments" has the meaning set forth in Section 1.1 of the Facilities Agreement.

"Ancillary Facilities" means the following improvements: a new police fleet and garage facility, and the acquisition of land for new fire stations. Such improvements and the real property upon which such improvements may be situated shall not be subject to the Base Lease or the Facilities Agreement.

"Base Lease" means the Base Lease Agreement dated as of December 1, 2026, between the City and the Corporation, as it may be amended and modified.

"Base Payments" has the meaning set forth in Section 1.1 of the Facilities Agreement.

"Bond" or "Bonds" means the Series 2026 Bonds and any Additional Bonds issued and secured under the terms hereof.

"Bond Counsel" means a firm of nationally recognized bond counsel experienced in matters of tax-exempt finance as shall be acceptable to the City.

"Bond Fund" means the Bond Fund established pursuant to Section 5.5 hereof.

"Bond Payment Date" means March 1 and September 1 of each year, beginning March 1, 2027.

"Business Day" means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions are closed in the state where the designated corporate trust office of the Trustee is located or any day on which the payment system of the United States Federal Reserve is not operational.

"Certificate of Completion" means a certificate executed by a City Representative, to the effect that all amounts available to the City pursuant to Section 5.3(c) hereof which the City intends to apply to defray the costs of the Project Facilities or the Ancillary Facilities have been disbursed to it from the Project Fund.

"City" means City of Charleston, South Carolina.

"City Council" means the City Council of the City of Charleston, the governing body of the City, and any successor body.

"City Financial Officer" means the Chief Financial Officer of the City or his or her designee, as evidenced by a written certificate furnished to the Corporation and the Trustee annually containing the specimen signature of such person or persons and signed on behalf of the City by the Mayor of the City.

"City Representative" means the person or persons at the time designated to act on behalf of the City in matters relating to the Base Lease, the Facilities Agreement or this Trust Agreement as evidenced by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person or persons and signed on behalf of the City by the Mayor of the City. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the City Representative. The City Financial Officer may also be a City Representative.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor internal revenue laws of the United States enacted by the Congress of the United States in replacement thereof. References to the Code and sections of the Code include relevant applicable regulations, temporary regulations and proposed regulations thereunder and any successor provisions to those sections, regulations, temporary regulations or proposed regulations.

"Corporation" means City of Charleston Public Facilities Corporation, a non-profit corporation formed under the laws of the State, and its successors and assigns.

"Corporation Representative" means the person or persons at the time designated to act on behalf of the Corporation in matters relating to the Base Lease, the Facilities Agreement and this Trust Agreement as evidenced by a written certificate furnished to the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by an officer of the Corporation. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the City or the Corporation.

"Defeasance Obligations" means (a) cash; or (b) Eligible Investments that are United States Treasury Obligations State and Local Government Series; United States Treasury bills, notes, bonds, or zero coupon treasury bonds all as traded on the open market; Direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; pre-refunded municipal obligations; obligations of the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank-direct obligations or fully guaranteed certificates of beneficial ownership, (ii) Farmers Home Administration: Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration: Participation certificates; (v) U.S. Maritime Administration: Guaranteed Title XI financing; (vi) U.S. Department of Housing and Urban Development: Project Notes; Local Authority Bonds; New Communities Debenture-U.S. government guaranteed debentures; (vii) U.S. Public Housing notes and bonds-U.S. government guaranteed public housing bonds; or any legally permissible combination of any of the foregoing. Defeasance Obligations may be redeemable, but only solely at the option of the holder thereof.

"Eligible Investments" means any one or more of the investments now or hereafter permitted by applicable State law and:

(a) obligations which are also:

(i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"),

(ii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America,

(iii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or

(iv) evidences of ownership of proportionate interests in future interest and principal payments on obligations described in (i), (ii) or (iii) above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;

(b) Federal Housing Administration debentures;

(c) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(i) Federal Home Loan Mortgage Corporation (FHLMC) obligations,

(ii) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - Senior Debt obligations,

(iii) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and note,

(iv) Federal Home Loan Banks (FHL Banks) Consolidated debt obligations,

(v) Federal National Mortgage Association (FNMA) Senior debt obligations and Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

(vi) Student Loan Marketing Association (SLMA) Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date),

(vii) Financing Corporation (FICO) Debt obligations, and

(viii) Resolution Funding Corporation (REFCORP) Debt obligations;

(d) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P, including the Trustee or its affiliates;

(e) Deposits, the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least $5 million, including the Trustee or its affiliates;

(f) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's;

(g) Money market funds rated "AAm" or "AAm-G" by S&P, or better, including those offered by the Trustee or its affiliates;

(h) "State Obligations," which means:

(i) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated,

(ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (i) above and rated "A-1+" by S&P and "MIG-1" by Moody's, and

(iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (i) above and rated "AA" or better by S&P and "Aa" or better by Moody's;

(i) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(i) the municipal obligations are (A) not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions,

(ii) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations,

(iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification"),

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligation,

(v) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification, and

(vi) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(j) Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's, provided that:

(i) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

(ii) The Trustee or a third party acting solely as agent therefor or for the Corporation (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(iii) The repurchase agreement shall state and an opinion of Counsel shall be rendered to the Holder of the Collateral at the time such collateral is delivered that, to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(iv) All other requirements of S&P in respect of repurchase agreements shall be met; and

(v) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the written direction of the City, the Corporation or the Trustee (if so directed in accordance with Section 5.6 of this Trust Agreement), within ten days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Corporation or Trustee. Notwithstanding anything contained herein to the contrary, the Trustee shall have no obligation to enter into any repurchase agreement, investment agreement or any similar agreements with respect to the investment of any monies held under this Trust Agreement unless (i) such agreement is in form and content acceptable to the Trustee in its sole 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, and (iii) the Corporation shall pay to the Trustee an additional fee established by the Trustee in accordance with its customary practices.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (i) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively;

(k) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Project Fund, construction draws) on the Series 2026 Bonds;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; and the Corporation and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of Counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the Corporation and the Trustee receive the opinion of domestic counsel that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Corporation;

(v) the investment agreement shall provide that if during its term

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within ten days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable State and federal laws (other than by means of entries on the provider's books) to the Corporation, the Trustee or the Holder of the Collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must, at the written direction of the City, the Corporation or the Trustee (if so directed in accordance with Section 5.6 of this Trust Agreement) within ten days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Corporation or Trustee,

(vi) the investment agreement shall state and an opinion of Counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that, to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(vii) the investment agreement must provide that if during its term

(A) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the written direction of the City, the Corporation or the Trustee (if so directed in accordance with Section 5.6 of this Trust Agreement), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate, and

(B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate.

"Event of Default" means an Event of Default under Section 7.1 hereof.

"Event of Nonappropriation" shall have the meaning set forth for such term in the Facilities Agreement.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all reasonable expenses properly incurred by the Trustee under this Trust Agreement (including attorneys' fees, costs and expenses), other than Ordinary Services and Ordinary Expenses.

"Facilities Agreement" means the Municipal Facilities Purchase and Occupancy Agreement dated as of December 1, 2026, between the Corporation, as seller, and the City, as buyer, as the same may be amended or supplemented from time to time.

"Fiscal Year" means the Fiscal Year of the City as defined in the Facilities Agreement.

"Holder" or "Holder of a Bond" or "Bondholder" means the Person in whose name a Bond is registered on the Register and as long as the Bonds are held under a Book-Entry format, shall mean the Securities Depository Nominee. If the Bonds are not being held in a Book-Entry format, then "Holder" shall also mean the "Owner" of the Bonds.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Ordinary Services" and "Ordinary Expenses" mean those services normally rendered, and those expenses normally incurred, by a trustee, registrar or paying agent under instruments similar to this Trust Agreement (including attorneys' fees, costs and expenses).

"Outstanding" means, as of the applicable date, all the Bonds which have been executed and delivered, or which are being delivered by the Trustee under this Trust Agreement, except:

(a) Bonds canceled upon surrender, exchange or transfer, or canceled because of payment or redemption on or prior to that date;

(b) Bonds, or the portions thereof, for the payment, redemption or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity date of those Bonds);

(c) Bonds or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Trust Agreement; and

(d) Bonds in lieu of which others have been executed and delivered under Section 3.12 of this Trust Agreement.

"Owner" or "Beneficial Owner" means a Person claiming a beneficial ownership interest in a Bond.

"Participant" means U.S. and non-U.S. securities, brokers and dealers, banks, trust companies, clearing corporations, and other organizations which provide asset servicing for Bonds deposited with DTC.

"Person" or words importing "persons" mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, limited liability companies, corporations, public or governmental bodies, other legal entities and natural persons.

"Project Fund" means the Project Fund established pursuant to Section 5.2 hereof.

"Purchase Option Price" has the meaning set forth in Section 1.1 of the Facilities Agreement.

"Record Date" means either a Regular Record Date or a Special Record Date as the case may be.

"Register" means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to Section 3.13 hereof.

"Regular Record Date" means, with respect to any Bond, the fifteenth day of the calendar month next preceding a Bond Payment Date applicable to the Bond.

"Revenues" means (i) the Acquisition Payments under the Facilities Agreement, (ii) all other moneys received or to be received by the Trustee under the Facilities Agreement from the lease, sale or other disposition of the Real Property, (iii) any monies and investments in the Bond Fund, and (iv) all income and profit from the investment of the foregoing moneys.

"Securities Depository" shall mean a recognized securities depository (or its successor or substitute) selected by the Corporation or the City to act as the securities depository maintaining a book-entry transfer system for the Bonds.

"Securities Depository Nominee" shall mean, with respect to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name the Bonds shall be registered on the Register during the time Bonds are held under a book-entry system through such Securities Depository.

"Series 2026 Bond" or "Series 2026 Bonds" means any or all of the $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project) Series 2026, authorized by and secured under this Trust Agreement.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to Section 3.5 hereof.

"S&P" means S&P Global Ratings, its successors and their assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

"State" means the State of South Carolina.

"Supplemental Trust Agreement" means any agreement supplemental to this Trust Agreement entered into between the Corporation and the Trustee in accordance with Article VIII hereof.

"Tax Agreement" means the Arbitrage and Tax Agreement, dated as of the date of the initial delivery of the Series 2026 Bonds, among the City, the Trustee and the Corporation.

"Treasury Regulations" means the regulations promulgated from time to time by the United States Treasury or the Internal Revenue Service implementing the tax law in the Code, together with precedential interpretation thereof.

"Trust Agreement" means this Trust Agreement dated as of December 1, 2026, by and between the Corporation and the Trustee, as the same may be supplemented or amended by any Supplemental Trust Agreement.

"Trust Estate" means the Trust Estate described in the Granting Clauses hereto.

"Trustee" means U.S. Bank Trust Company, National Association, or any successor Trustee that may become the Trustee pursuant to the applicable provisions of this Trust Agreement.

Section 1.2. Interpretation. Any reference to a section or provision of the Constitution of the State, or to a section, provision or chapter of the Code of Laws of South Carolina, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the City, the Corporation, the Owners, or the Trustee under this Trust Agreement, the Bonds, the Base Lease, the Facilities Agreement or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay principal, premium, if any, or interest on the Bonds in the amount and manner, at the times, and from the sources provided in this Trust Agreement, except as permitted herein.

Unless the context indicates otherwise, words implying the singular number include the plural number, and vice versa. The terms "hereof," "hereby," "herein," "hereto," "hereunder," "hereinafter" and similar terms refer to this Trust Agreement; and the term "hereafter" means after, and the term "heretofore" means before the date of this Trust Agreement. Words of any gender include the correlative words of the other gender, unless the sense indicates otherwise.

References to sections, articles or exhibits, unless otherwise indicated, are to sections and articles of or exhibits to this Trust Agreement.

Section 1.3. Captions and Headings. The captions and headings in this Trust Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II
RECITALS AND REPRESENTATIONS

Section 2.1. Base Lease and Facilities Agreement. The Corporation has entered into with the City (i) the Base Lease under which the City has conveyed a leasehold interest in the Real Property to the Corporation, and (ii) the Facilities Agreement under the terms of which the City has arranged with the Corporation for the acquisition, construction, installation, furnishing and equipping of the Project Facilities for use and occupancy by the City and the sale of the Project Facilities by the Corporation to the City.

Section 2.2. Acquisition Payments. Under the Facilities Agreement, the City is obligated to pay to the Corporation or its assigns during the term thereof Acquisition Payments for the purchase of the Project Facilities, subject to the occurrence of an Event of Nonappropriation as set forth in Section 4.7 of the Facilities Agreement, and subject to the City's right to exercise its purchase option as set forth in Section 9.1 of the Facilities Agreement.

Section 2.3. Assignment and Conveyance.

(a) For the purpose of securing the payment of the Bonds, the Corporation has provided the Trustee with certain liens, assignments, security interests and other claims under the granting clauses hereto. The Corporation hereby represents and confirms that it has full legal power and authority to make the grants enumerated in the granting clauses and that no assignment has been made, except to the Trustee, of any of its right, title and interest in and to the Real Property, the Project Facilities, the Facilities Agreement, the Base Lease, or the Revenues.

(b) The Corporation and the Trustee intend for this Trust Agreement to be a collateral assignment of all rents, leases, issues and profits created by, or arising out of any right, title or interest of the Corporation in the Trust Estate, including without limitation, all leases, rents, issues, and profits arising out of the Base Lease, the Facilities Agreement, and any future lease or leases now or hereinafter entered into by the Corporation, all as more particularly authorized by Section 29-3-100 of the Code of Laws of South Carolina 1976, as amended.

Section 2.4. Powers and Trusts Granted. All acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Trust Agreement.

Section 2.5. Other Security Documents. The Corporation shall cause this Trust Agreement and any financing statements relating hereto, to be filed, in such manner and at such places as may be required by law to fully protect the security of the Owners of the Bonds and the right, title and interest of the Trustee in and to the Real Property, the Project Facilities and the Trust Estate created by this Trust Agreement or any part thereof. The Corporation will cause the Base Lease, the Facilities Agreement and any related instruments or documents to be recorded and filed in the manner and in the places which may be required by law in order to preserve and protect fully the security of the Owners and the rights of the Trustee hereunder. The Corporation shall execute or cause to be executed any and all further instruments necessary for such protection of the interests of the Owners of the Bonds and necessary to preserve the Trust Estate created by this Trust Agreement or any part thereof until the principal of and interest of the Bonds issued hereunder shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such

place or places as may be requested by the Corporation to preserve the Trust Estate created by this Trust Agreement or any part thereof until the Bonds shall have been paid or discharged in the manner hereinafter provided.

Section 2.6. Purpose of Corporation; Certain Covenants. The Corporation hereby represents that its principal purpose is to carry out the public purpose of owning, leasing, constructing, acquiring and operating public facilities and other lawful purpose not inconsistent with the Corporation's non-profit status. In order to provide assurances to Owners that nothing will be done that would jeopardize the Corporation's interest in the Real Property or the Project Facilities or that might adversely affect the will or desire of the City to continue to occupy the Real Property or the Project Facilities, the Corporation hereby covenants that so long as any of the Bonds are Outstanding it will not do any of the following without the written consent of the City: (i) undertake any projects for any entity without the written consent of the City; (ii) amend its Articles of Incorporation to change its principal purpose or to engage in activities that are not in support of its principal purpose; or (iii) incur any obligation for borrowed money or incur any other indebtedness not associated with the Bonds or this Trust Agreement. Prior to taking any such action, the Corporation shall file with the Trustee the written consent of the City and an opinion of Bond Counsel to the effect that such proposed action will not adversely affect the tax status of interest on the Series 2026 Bonds issued hereunder as federally tax-exempt.

ARTICLE III
AUTHORIZATION AND TERMS OF BONDS

Section 3.1. Principal Amount of Bonds; Designation of Bonds; Conditions to Delivery.

(a) Pursuant to the provisions of this Trust Agreement, there are hereby authorized to be issued one or more series of revenue bonds of the Corporation. Upon the execution and delivery hereof, there is hereby authorized an initial series of Bonds in the aggregate principal amount of $_____ to be designated "City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project) Series 2026." Any subsequent Bonds issued on a parity with the Series 2026 Bonds shall be designated City of Charleston Public Facilities Corporation Installment Purchase Revenue Bonds (City of Charleston Project) with such further and other designation as may be necessary to identify such Bonds.

(b) Upon the execution and delivery of this Trust Agreement, and satisfaction of the conditions for delivery of the Series 2026 Bonds established by this Trust Agreement, the Trustee shall execute and deliver the Series 2026 Bonds to, or to the order of, the purchaser thereof.

(c) Before the Trustee authenticates any of the Series 2026 Bonds, the Trustee shall have received a request and authorization from the City and the Corporation, signed on their behalf by a City Representative and a Corporation Representative, respectively, to authenticate the Series 2026 Bonds upon payment to the Trustee of the amount specified therein (including without limitation, any accrued interest), which amount shall be deposited as provided in Section 5.1 hereof. Executed copies of the following shall be submitted with the request:

(i) this Trust Agreement,

(ii) the Base Lease,

(iii) the Facilities Agreement; and

(iv) the Tax Agreement.

(d) The Series 2026 Bonds do not and shall not constitute a debt or pledge of the faith and credit of the City but shall constitute a limited obligation of the Corporation and shall be payable solely from the Revenues.

Section 3.2. Purposes. The Series 2026 Bonds are authorized for the principal purposes of defraying a portion of the cost of refunding the Series 2015 Bonds and the cost of acquisition, construction, installation, furnishing and equipping of the Project Facilities, the Ancillary Facilities and any land necessary therefor, and paying certain costs and expenses relating to the issuance of the Series 2026 Bonds. The funds being used to pay costs of acquisition, construction, installation, furnishing and equipping of the Project Facilities and the Ancillary Facilities, and purchase of land are to be made available through the Project Fund to the Corporation and City under the Facilities Agreement and Section 5.3 herein.

Section 3.3. Maturity Schedule; Date; Interest Rates. The Series 2026 Bonds shall mature on September 1 in the years and principal amounts set forth below and shall bear interest payable on each Bond Payment Date, beginning on September 1, 2027, at the rates set forth below.

Due September 1	Principal Amount	Interest Rate	Due September 1	Principal Amount	Interest Rate
2027			2037		
2028			2038		
2029			2039		
2030			2040		
2031			2041		
2032			2042		
2033			2043		
2034			2044		
2035			2045		
2036			2046		

Section 3.4. Provisions Relating to Additional Bonds; Conditions for Issuance.

(a) *Authorization for Additional Bonds*. Additional Bonds may be issued hereunder and secured on a parity with the Series 2026 Bonds under the conditions set forth herein.

(b) *Purposes for Additional Bonds*. Additional Bonds may be issued for the purposes of providing funds (i) to refund any of the Series 2026 Bonds or any Additional Bonds theretofore issued, (ii) for the purpose of paying the cost of completing the Project Facilities and the Ancillary Facilities and (iii) for the purpose of paying the cost of Additional Project Facilities and Additional Ancillary Facilities.

(c) *Conditions to the Issuance of All Additional Bonds*. No Additional Bonds may be issued hereunder if at the time there is an Event of Default or an Event of Nonappropriation unless upon the issuance of such Additional Bonds, no other Bonds will be Outstanding hereunder. Prior to issuing any Additional Bonds, there shall have been executed and delivered (i) a Supplemental Trust Agreement authorizing such Additional Bonds and prescribing the terms and details thereof and the purposes for the issuance of such Additional Bonds; (ii) a supplement to the Facilities Agreement providing for Acquisition Payments thereunder sufficient to provide for the payment of the Additional Bonds, and extending the term of the Facilities Agreement, if needed, to the final maturity of such Additional Bonds

and making any changes required if there are any Additional Project Facilities being acquired, constructed, renovated or expanded; and (iii) a supplement to the Base Lease extending the term thereof by the same amount of time as any extension to the term of the Facilities Agreement and making any changes required if there is Additional Real Property being leased by the City to the Corporation or being acquired in connection therewith. There shall also be provided to the Trustee certified copies of a resolution adopted by the Corporation and an ordinance adopted by the City authorizing the issuance of the Additional Bonds and the execution and delivery of the documents to which each is a party. No Additional Bonds shall be issued hereunder unless the Trustee receives an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds, the modifications to the Trust Agreement, the Facilities Agreement and the Base Lease and the application of the proceeds of the Additional Bonds as envisioned thereby are authorized and permitted under this Trust Agreement and shall not adversely affect the Federal income tax treatment of interest payments received or to be received by the Owners of the Outstanding Bonds which were issued as federally tax-exempt.

(d) *Other Provisions Relating to Additional Bonds*. The details of any Additional Bonds, including any reserve requirement relating thereto and the payment provisions thereof shall be specified in the supplement hereto providing for the issuance thereof. Such Supplemental Trust Agreement shall include provisions for the separation of the Bond Fund and the accounts therein into separate accounts and subaccounts for the Series 2026 Bonds and each series of Additional Bonds.

Section 3.5. Payment of Principal and Interest.

(a) Each of the Series 2026 Bonds shall be authenticated, as provided in Section 3.10 hereof, on such date as it shall be delivered and shall bear interest from the later of the date of delivery of said Series 2026 Bond, or the date to which interest has been paid immediately preceding the authentication date thereof, unless the authentication date thereof is a Bond Payment Date, in which event, each such Series 2026 Bond shall bear interest from the earlier of such authentication date or the date to which interest has been paid or, in the event no interest has been paid, from the date of delivery of such Series 2026 Bond. Additional Bonds shall be authenticated and bear interest as provided in the supplement prescribing the terms and conditions thereof.

(b) Subject to the provisions of Section 3.18 hereof, the principal of and premium, if any, on the Series 2026 Bonds shall be paid in immediately available funds by check or draft drawn upon the Trustee to the Holders thereof upon presentation and surrender thereof when due at the designated corporate trust office of the Trustee; provided, that in the event that the Series 2026 Bonds are not held under a book-entry system, any Holder in an aggregate principal amount of not less than $1,000,000 may, by prior written instructions filed by the Trustee prior to the close of business on the applicable Record Date (which instructions shall remain in effect until revoked by subsequent written instructions) request that principal and premium payments be made by wire transfer or other means acceptable to the Trustee to an address in the continental United States. Subject to the provisions of Section 3.18 hereof, the interest on the Series 2026 Bonds shall be paid by check or draft drawn upon the Trustee and mailed to the Holders in whose names the Series 2026 Bonds are registered on the Record Date; provided, that in the event that the Series 2026 Bonds are not held under a book-entry system, any Holder in an aggregate principal amount of not less than $1,000,000 may, by prior written instructions filed with the Trustee prior to the close of business on the applicable Record Date (which instructions shall remain in effect until revoked by subsequent written instructions) request that interest payments for any period be made by wire transfer or other means acceptable to the Trustee to an address in the continental United States.

(c) Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Bond Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder of such Bond on the relevant Regular Record Date by virtue of having been such Holder. The

Trustee may elect to make payment of any Defaulted Interest to the persons in whose names the Series 2026 Bonds (or their respective predecessor Bonds) are registered at the close of business on a Special Record Date (as defined below) for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Trustee shall determine the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, shall fix a date (a "Special Record Date") which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment, and 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 Holder at his address as it appears on the Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Series 2026 Bonds (or their respective predecessor Bonds) are registered on such Special Record Date.

Section 3.6. Denomination; Numbering. The Series 2026 Bonds shall be issued in denominations of $5,000 or any integral multiple thereof and shall be numbered by the Trustee consecutively from 1 upward, preceded by the letter "R". Additional Bonds shall be in such denominations and be numbered in the manner provided in the Supplemental Trust Agreement providing therefor.

Section 3.7. Paying Agent and Registrar. As long as there is any Outstanding Bond under this Trust Agreement, the Corporation shall cause the Trustee to serve as paying agent and registrar therefor. Notices and demands to or upon the Trustee and the Corporation in respect of the Series 2026 Bonds may be served, at the designated corporate trust office of the Trustee or the designated office of the Corporation, as applicable. The Series 2026 Bonds shall be presented for registration of transfers and exchanges in accordance with the provisions of this Trust Agreement at the principal corporate trust office of the Trustee.

Section 3.8. Form of Bonds. The Series 2026 Bonds, together with the certificate of authentication and assignment to appear thereon, shall be in substantially the form attached hereto as Exhibit A with necessary and appropriate variations, omissions and insertions as permitted or required by this Trust Agreement. Additional Bonds shall be in such form as is provided in the Supplemental Trust Agreement pursuant to which such Additional Bonds are issued.

Section 3.9. Execution of Bonds. The Series 2026 Bonds shall be executed in the name of and on behalf of the Corporation by the President or Vice President of the Corporation and the same shall be attested by any other officer of the Corporation. Such officers may employ facsimiles of their signatures.

In case any officer whose signature or facsimile signature shall appear on the Series 2026 Bonds shall cease to be such officer before the delivery of any Bond such signatures or such facsimiles shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

Section 3.10. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Trustee shall be entitled to any right or benefit under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Trust Agreement. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by any authorized signatory of the Trustee.

Section 3.11. Medium of Payment. The Series 2026 Bonds shall be payable with respect to principal, interest and premium, if any, in lawful money of the United States of America.

Section 3.12. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Corporation may execute and the Trustee may authenticate a new Bond of like series, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Corporation and to the Trustee evidence of such loss, theft or destruction satisfactory to the Corporation and the Trustee together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Corporation may pay the same. The Corporation and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses (including attorneys' fees, costs and expenses) in this connection.

Section 3.13. Transfer and Registry; Persons Treated as Holders.

(a) As long as there shall be any Outstanding Bond, the Corporation shall cause books for the registration and for the transfer of Bonds to be kept which books constitute the Register. The Register shall be kept by the Trustee at its principal corporate trust office. The transfer of each Bond may be registered only upon the Register kept by the Trustee for that purpose by the Holder thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder or his duly authorized attorney. Upon the registration of transfer of any Bond, the Trustee will authenticate and deliver, subject to the provisions of Section 3.15 hereof, in the name of the transferee, a new Bond or Bonds of the same series and aggregate principal amount as the surrendered Bond.

(b) The Corporation and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Corporation nor the Trustee shall be affected by any notice to the contrary.

Section 3.14. Interchangeability of Bonds. Bonds, upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 3.15 hereof, be exchanged for an equal aggregate principal amount of Bonds of any other authorized denominations of the same series and maturity.

Section 3.15. Regulations With Respect to Exchanges and Transfer. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Corporation. All Bonds so destroyed shall thereafter no longer be considered Outstanding Bonds for any purposes of this Trust Agreement. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Trustee may make a charge sufficient to reimburse itself for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Corporation nor the Trustee shall be required to issue, exchange or transfer (i) any Bond during the 15 days immediately preceding any Bond Payment Date, (ii) any Bond during a period beginning at the opening of business 15 days immediately preceding any selection of

Bonds to be redeemed and ending at the close of business on the date of the mailing of notice of such redemption or (iii) any Bonds called for redemption in whole or in part.

Section 3.16. Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds. Upon the surrender of mutilated Bonds pursuant to Section 3.12 hereof or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued, and, upon request, a counterpart of the certificate evidencing such destruction shall be furnished by the Trustee to the Corporation. All Bonds so destroyed shall thereafter no longer be considered Outstanding Bonds for any purposes of this Trust Agreement.

Section 3.17. Payments Due on Days Other Than a Business Day. In any case where the Bond Payment Date or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of principal of, premium, if any, or interest on the Series 2026 Bonds 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 Bond Payment Date or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 3.18. Book-Entry System. Notwithstanding anything to the contrary herein, so long as any series of the Bonds are being held under a book-entry system pursuant to this Section 3.18, transfers of beneficial ownership of such Bonds will be effected pursuant to rules and procedures established by the Securities Depository. The Series 2026 Bonds shall be initially issued under a book-entry system and shall be held thereunder except as provided in this Section 3.18. The Series 2026 Bonds shall be initially issued in the form of a separate, authenticated, fully registered Series 2026 Bond for each maturity in a principal amount equal to the amount of such maturity, and shall be registered on the Register in the name of the Securities Depository Nominee. So long as the book-entry system is in effect, the Securities Depository Nominee will be recognized as the Holder of the Series 2026 Bonds for the purposes of (i) paying the principal of, premium, if any, or interest on the Series 2026 Bonds, (ii) selecting the Series 2026 Bonds or portions thereof to be redeemed, (iii) giving any notice permitted or required to be given to Holders under this Trust Agreement, (iv) registering the transfer of Series 2026 Bonds, and (v) requesting any consent or other action to be taken by the Owners, and for all other purposes whatsoever, and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. Neither the Trustee nor the Corporation shall have any responsibility or obligation to any Participant, any Beneficial Owner of Series 2026 Bonds or any other Person claiming a beneficial ownership interest in the Series 2026 Bonds under or through the Securities Depository or any Participant, or any other person which is not shown on the Register as being a Holder of Series 2026 Bonds with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant, (ii) the payment to the Securities Depository, any Participant or any Beneficial Owner of Series 2026 Bonds of any amount in respect of the principal of, premium, if any, or interest on the Series 2026 Bonds, (iii) any notice which is permitted or required to be given to Holders under this Trust Agreement, (iv) the selection by the Securities Depository or any Participant or any other person to receive payment in the event of a partial redemption of the Series 2026 Bonds or (v) any other action taken by the Securities Depository as Holder of the Series 2026 Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2026 Bonds only to the Securities Depository or the Securities Depository Nominee, as the case may be, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the principal of and premium, if any, and interest on the Series 2026 Bonds to the extent of the sum or sums so paid.

The Securities Depository may determine to discontinue providing its services as such with respect to the Series 2026 Bonds at any time by giving notice to the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable laws. In such event, the Corporation shall either (i) engage the services of another Securities Depository or (ii) deliver physical Series 2026 Bonds in the manner described below. In the event the book-entry system is discontinued or terminated with respect to the Series 2026 Bonds, and no other Securities Depository is named, then the Corporation shall notify the Trustee of such event and the Securities Depository shall immediately notify the

Participants of the availability, through the Securities Depository, of physical Series 2026 Bonds. In such event, the Corporation shall execute and the Trustee shall authenticate, register and deliver physical Series 2026 Bonds as requested by the Securities Depository or any Participant or beneficial owner of Series 2026 Bonds in appropriate authorized denominations in exchange for the Series 2026 Bonds registered in the name of Securities Depository Nominee.

Notwithstanding any other provision of this Trust Agreement to the contrary, so long as the Series 2026 Bonds are registered in the name of Cede & Co., as Securities Depository Nominee, all payments with respect to the principal of, premium, if any, and interest on the Series 2026 Bonds and all notices with respect to the Series 2026 Bonds shall be made and given, respectively, to The Depository Trust Company, New York, New York, as provided in the representation letter.

In connection with any notice or other communication to be provided to the Holders by the Corporation or the Trustee with respect to any consent or other action to be taken by the Holders, the Corporation or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than 15 days in advance of such record date to the extent possible.

Section 3.19. Tax Covenants of Corporation. The Corporation will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest evidenced by or paid on the Series 2026 Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the Corporation will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly on having knowledge thereof. The Corporation acknowledges that the continued exclusion of interest evidenced by or paid on the Series 2026 Bonds from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. To that end, the Corporation covenants that it will comply with the Tax Agreement.

The Corporation acknowledges that, for federal income tax purposes, the Series 2026 Bonds are being issued by the Corporation as an instrumentality of the City, acting on behalf of the City as set forth in Revenue Ruling 63-20 (as supplemented by Revenue Procedure 82-26), and covenants to comply with all provisions of such Revenue Ruling as so supplemented. The Corporation, therefore, represents, warrants and covenants as follows:

(a) The City may, at any time, request and receive exclusive possession of the Project Facilities by (i) establishing an irrevocable deposit that will be sufficient to defease the Series 2026 Bonds, and (ii) paying the reasonable costs incident to such defeasance. The Trustee and the Corporation agree in such event to immediately cancel all encumbrances on the Project Facilities and Real Property to which they are a party, including any management contract or lease of the Project Facilities and Real Property.

(b) If the Corporation defaults in its payments of principal and interest due on the Series 2026 Bonds and the Trustee declares the principal of the Series 2026 Bonds to be due and payable, the City is granted the exclusive option to purchase the Project Facilities including any improvements, for a price equal to the amount of the Series 2026 Bonds which are Outstanding, plus accrued interest to the date of such default and, upon such purchase, to terminate the Base Lease. These provisions are not intended and shall not be interpreted so as to limit the rights of the Holders of the Series 2026 Bonds to pursue their remedies under this Trust Agreement and the Facilities Agreement.

(c) The City shall obtain fully unencumbered fee simple title to the Real Property and Project Facilities when the Series 2026 Bonds are discharged and paid in full. The Corporation will convey to the

City such fee simple title and exclusive possession and use of the Real Property and Project Facilities, including any additions thereto, without demand or further action on its part.

(d) The proceeds of fire or other casualty insurance policies received in connection with the damage or destruction to the Project Facilities will be used to rebuild the Project Facilities or to redeem the Series 2026 Bonds or, if all of the Series 2026 Bonds have been paid or defeased under this Trust Agreement, will be remitted to the City.

(e) In the event of any division of the Project Facilities and the Real Property pursuant to Section 2.4 of the Facilities Agreement, the Corporation agrees that, unless (i) it obtains an opinion of Bond Counsel to the effect that such action is unnecessary to preserve the exclusion from gross income of interest on any Series 2026 Bonds, or (ii) the Corporation or the Trustee is directed by the owners of a majority of the beneficial ownership interests of the Series 2026 Bonds, it will timely undertake to satisfy the requirements of the Code and the Treasury Regulations relating to a change in use of the Real Property or the Project Facilities. Regulations governing such remedial action are now contained in Section 1.141-12 of the Treasury Regulations.

(f) A reasonable estimate of the fair market value of the Project Facilities as of the latest maturity date of the Series 2026 Bonds is equal to at least 20% of the original costs of the Project Facilities.

(g) A reasonable estimate of the remaining useful life of the Project Facilities on the latest maturity date of the Series 2026 Bonds is equal to at least 20% of the original useful life of the Project Facilities.

ARTICLE IV
REDEMPTION OF BONDS

Section 4.1. Redemption of Bonds.

(a) *Optional Redemption of Series 2026 Bonds*. In the event the City exercises its option pursuant to Section 9.1 of the Facilities Agreement to purchase the Corporation's interest in the Project Facilities and pay the amount required to defease and redeem the Series 2026 Bonds or to prepay Base Payments or in the event the City makes a voluntary prepayment under Section 4.3 of the Facilities Agreement, the Series 2026 Bonds maturing after September 1, 20__, shall be redeemed in whole or in part at any time on and after September 1, 20__, by the Corporation at a redemption price equal to the principal amount of the Series 2026 Bonds to be redeemed plus accrued interest to the redemption date.

The Series 2026 Bonds shall be redeemed in accordance with this paragraph (a) only by written notice from the City or the Corporation to the Trustee in accordance with Section 4.2 hereof. Such notice shall specify the redemption date on which the Series 2026 Bonds are to be redeemed, and shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. Prior to the giving of notice by the Trustee to the Holders as provided in Section 4.2 hereof, there shall be deposited with the Trustee funds which, in addition to any other moneys available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof all of the redeemable Series 2026 Bonds for which notice of redemption has been given; provided that the Trustee may accept such other assurance from the City or the Corporation as it deems appropriate as to the availability of such funds or may condition any such notice on the receipt of funds at or prior to the date set for redemption.

(b) *Partial Redemption of Series 2026 Bonds*. If less than all of the Series 2026 Bonds are called for redemption, the Series 2026 Bonds to be redeemed will be selected in the manner that the Corporation

shall determine as set forth in a Certificate of the Corporation filed with the Trustee. If less than all Series 2026 Bonds of any one maturity are called for redemption, the Trustee shall select the Series 2026 Bonds to be redeemed by lot, each $5,000 portion of the principal being counted as one Series 2026 Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2026 Bond is Cede & Co., such selection shall be made by DTC.

(c) *Redemption of Additional Bonds.* Provisions relating to the circumstances upon which Bonds other than Series 2026 Bonds may be redeemed shall be as set forth in the Supplemental Trust Agreement providing for the issuance thereof.

Section 4.2. Notice of Redemption. Notice of any such redemption shall be given by the Corporation, or by the Trustee in the name of the Corporation, which notice shall specify the number of the Bonds called for redemption, the title, series, maturities, letters or other distinguishing marks of the Bonds to be redeemed, the redemption date and the place or places where the amount due upon such redemption will be payable, and, in the case of any Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that upon the date fixed for redemption there shall become due and payable upon each Bond to be redeemed the principal amount thereof plus the premium, if any, due thereon upon such redemption date, together with interest accrued to the redemption date, and that from and after the redemption date interest thereon, or on the portion of any Bond to be redeemed in part (unless the Corporation shall default in the payment of the redemption price of such Bond, or of the portion of any Bond so to be redeemed in part) shall cease to accrue and become payable. Such notice shall be mailed not less than 30 days nor more than 60 days prior to the redemption date, by first-class mail, to the registered owner of each such Bond at his address as it appears on the registration books; but failure to give such notice to the owner of any Bond being redeemed, or any defect in any notice given, shall not affect the validity of the proceedings for the redemption of any Bond for which notice was properly given. The Corporation shall give written notice to the Trustee of any optional redemption of the Bonds at least 45 days prior to the redemption date, or such shorter period as shall be acceptable to the Trustee. Whenever notice of redemption has been duly given as herein provided, the Trustee shall, not later than the date fixed for redemption in such notice, transfer to the Paying Agent or Paying Agents for the Bonds so to be redeemed amounts which, in addition to other moneys, if any, held by such Paying Agent or Paying Agents for such purpose, will be sufficient to redeem on the redemption date all the Bonds so to be redeemed.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected owners of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Section 4.3. Payment of Redeemed Bonds. Notice having been mailed, the Bonds called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price plus interest accrued to the redemption date.

If money for the redemption of all of the Bonds to be redeemed is held by the Trustee on the redemption date so as to be available therefor on that date, and if notice of redemption has been mailed as aforesaid, then from and after the redemption date those Bonds called for redemption shall no longer be entitled to payment of any sum other than the redemption price.

In the event Bonds which have been called for redemption are not presented to the Trustee for redemption on or prior to the 30th day following the redemption date, the Trustee shall notify the Holder thereof by certified or registered mail, return receipt requested, that such Bonds have been called and that the Trustee is holding funds for the payment of the redemption price thereof pending presentation by such Holder.

All moneys deposited in the Bond Fund and held by the Trustee for the redemption of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

ARTICLE V
PROVISIONS AS TO FUNDS AND PAYMENTS

Section 5.1. Deposit of Money. In order to assure that the costs of the Project Facilities will be paid without delay and that the Project Facilities will be available for use and occupancy by the City without delay, there shall be deposited with the Trustee $_____ of the proceeds received from the sale of the Series 2026 Bonds. Such proceeds shall be deposited into the Project Fund and applied to pay the costs of the acquisition, construction, installation, furnishing and equipping of the Project Facilities, the Ancillary Facilities and the costs of issuance of the Series 2026 Bonds.

Section 5.2. Creation of Project Fund. There is hereby created as a separate account in the custody of the Trustee a trust fund designated the "Project Fund." Pending disbursement pursuant to this Trust Agreement, the proceeds of the sale of the Series 2026 Bonds deposited in the Project Fund pursuant to Section 5.1 hereof, together with any other moneys and Eligible Investments held to the credit of the Project Fund, shall be held as security for the payment of the Series 2026 Bonds.

Section 5.3. Disbursements from and Records of Project Fund.

(a) Moneys in the Project Fund shall be disbursed for the costs of the Project Facilities and costs of issuance in accordance with the provisions of this Section. The Trustee shall cause to be kept and maintained accurate records pertaining to the Project Fund and all investments and disbursements of moneys in the Project Fund. After the Project Facilities have been completed and a Certificate of Completion with respect thereto is filed as referred to in Section 5.3(c) hereof, the Trustee shall retain copies of the records pertaining to the Project Fund and disbursements therefrom for inspection upon request of the Corporation or the City for a period ending five years from the date of such Certificate.

(b) All disbursements from the Project Fund, except those pertaining to the payment of issuance costs of the Series 2026 Bonds, shall be made by the Trustee upon the receipt of a requisition in substantially the form set forth in Exhibit B hereto signed by a City Representative. Funds may not be disbursed from the Project Fund for working capital expenditures. The Trustee shall be entitled to rely conclusively on each requisition as conclusive evidence of the City's compliance with the procedure described herein. The Trustee has no duty or obligation to confirm the use of any requested disbursement.

Disbursements from the Project Fund pertaining to payment of costs of issuance of the Series 2026 Bonds shall be made by the Trustee upon receipt of a requisition signed by the Corporation Representative, substantially in the form set forth in Exhibit C hereto, which has been approved by the City Representative. The Trustee shall be entitled to rely conclusively on each such requisition for costs of issuance.

(c) Upon the substantial completion of the Project Facilities, the City shall submit to the Trustee a final requisition request in the total amount remaining owing for costs of the Project Facilities, including all applicable retainages. Such requisition request shall be made in the same manner as provided in subparagraph (b) above except that such requisition request shall be in substantially the form of the final disbursement request form attached hereto as Exhibit D and shall contain (i) a certification by the City Representative to the effect that the Project Facilities are free and clear of all liens and encumbrances for labor or materials furnished by all contractors, subcontractors and materialmen retained by the City and all contractors, subcontractors and materialmen performing work on the Project Facilities have been, or upon receipt by the City of the payment of the final requisition request will be, paid in full, except for those the City is contesting in good faith and with due diligence as permitted under the Facilities Agreement; and (ii) a Certificate of Completion stating that the Project Facilities have been substantially completed in accordance with the applicable Project Facilities Contract and other terms and conditions of the Facilities Agreement, and the Project Facilities comply in all material respects with all applicable governmental regulations. Upon the receipt of the final requisition request, the Trustee shall promptly disburse the amounts requested therein. As used in this paragraph, "substantial completion" of the Project Facilities shall mean completion such that a certificate of occupancy has been, or could be, issued notwithstanding the fact that certain minor items of work remain to be done.

(d) In making any payment, the Trustee may rely on directions, requisitions and certifications delivered to it pursuant to this Section 5.3 and shall not have any liability with respect to the proper application of any funds held hereunder so long as disbursed in accordance with such directions, requisitions and certifications.

Section 5.4. Completion of Project Facilities. As soon as practicable after the filing with the Trustee of the Certificate of Completion, the Trustee shall transfer any balance then remaining in the Project Fund (other than the amounts required to be retained by the Trustee as described herein and in the said certificate) either (i) to the Bond Fund to be credited against the payment of the next due installment or installments of principal of the Series 2026 Bonds, subject to Section 4.1(b) of the Facilities Agreement; (ii) to the City as necessary for the completion of the Ancillary Facilities or for Additional Project Facilities; or (iii) a combination of (i) and (ii). Notwithstanding the foregoing, if prior to the transfer by the Trustee of any such balance in the Project Fund, the Trustee shall have received from the City in the Certificate of Completion a statement of the aggregate amount of any lien or claim against the Project Facilities then being contested in good faith by the City, any such amount then in contest shall be held in reserve in the Project Fund until such contest is resolved. The Project Fund shall be closed upon final resolution of claims, with any amounts not required to satisfy such claims distributed as otherwise provided in this Section 5.4.

Section 5.5. Creation of Bond Fund. (a) There is hereby created as a separate account in the custody of the Trustee a trust fund to be designated the "Bond Fund." There shall be deposited in the Bond Fund (and credited, as required by this Trust Agreement, to appropriate accounts therein), the Base Payments to be made by the City to the Trustee (as the assignee of the Corporation) under the terms of the Facilities Agreement.

(b) The Bond Fund (and the accounts therein) and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of principal of, redemption premium, if any, and interest on the Bonds as the same become due, except as otherwise provided in this Trust Agreement.

(c) The Trustee shall set aside from moneys in the Bond Fund amounts sufficient to make timely payments of the principal of, redemption premium, if any, and interest on the Series 2026 Bonds.

(d) Amounts due with respect to the Series 2026 Bonds shall be payable as they become due in the following order, (i) first, from amounts in the Bond Fund; (ii) second, from other Revenues to the extent available; and (iii) third, from any other source lawfully available to the Trustee, including without limitation, proceeds from the leasing of the Real Property and Project Facilities in accordance with the terms of the Facilities Agreement and the Base Lease.

Section 5.6. Investments.

(a) Moneys in the Project Fund and the Bond Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the City Financial Officer. Any investments of moneys held to the credit of the Project Fund or the Bond Fund shall mature, be redeemable at the option of the owner or holder, or, in the case of repurchase agreement or similar contract, be available thereunder, not later than the respective dates when the money held to the credit of those funds and accounts will be required for the purpose intended. All investments shall be acquired at "fair market value" as described in the Tax Agreement.

(b) At the written direction from the City Financial Officer with respect thereto, from time to time, the Trustee shall sell investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable or available as required hereunder. The Trustee may enter into transactions for the purchase or sale of Eligible Investments with itself or any bank, trust company or savings and loan association affiliated with the Trustee and may charge its ordinary and customary fees for such trades. The Trustee shall sell or redeem Eligible Investments credited to the Bond Fund, without direction from the City, at the times required for the purpose of paying amounts due with respect to the respective series of Bonds payable therefrom when due as aforesaid, and shall do so without necessity for any order. An investment made from moneys credited to the Project Fund or to any account in the Bond Fund shall constitute part of that account and fund, and each account and fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto.

(c) Investment income from investment of amounts on deposit in the Project Fund shall be retained therein and applied as other moneys in the Project Fund.

(d) Investment income from investment of the Bond Fund shall be retained in the Bond Fund and credited against the amount of the Base Payments to be paid by the City on the next succeeding Bond Payment Date.

(e) The Trustee shall report to the City at least five days prior to each date on which a Base Payment is due and payable the amount of investment income credited or transferred to the Bond Fund and available to make payments due on the next Bond Payment Date, and the amount of the Base Payment by the City on that date shall be reduced by such amount.

(f) The Trustee shall not be liable for any loss resulting from the making or disposition of any investment pursuant to the provisions of this Section, and any such losses shall be charged to the fund and account with respect to which such investment is made. The Trustee may conclusively rely upon the City's written instructions as to both the suitability and legality of all investments directed hereunder and as to their compliance with the requirements of this Section 5.6. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. In the absence of written investment instructions from the City, the Trustee shall hold all such funds uninvested in cash, without liability for interest. The Corporation acknowledges that it will not receive confirmations or notices of investments for each month in which a monthly statement is rendered.

(g) The value of the obligations in which money in a Fund or Account has been invested shall be computed at market value or the amortized cost thereof, whichever is lower.

Section 5.7. Moneys to be Held in Trust. Except for moneys held by the Trustee pursuant to Section 5.8 hereof, all moneys required or permitted to be deposited with or paid to the Trustee under any provisions of this Trust Agreement or the Facilities Agreement, and any investments thereof, shall be held by the Trustee in trust and shall be subject to the lien of this Trust Agreement while so held.

Section 5.8. Nonpresentment of Bonds. If any Bond is not presented for payment when its principal becomes due in whole or in part, or a check or draft for interest is uncashed, if moneys sufficient to pay the principal then due on that Bond or such check or draft shall have been made available to the Trustee for the benefit of Persons claiming a beneficial ownership interest in such Bond, all liability of the Corporation or the City to that Person for the payment of the principal then due or of the check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold those moneys, without liability for interest thereon, for the exclusive benefit of such Person, who shall be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part under this Trust Agreement or on, or with respect to, that principal then due or of such check or draft.

Any such moneys which shall be so held by the Trustee, and which remain unclaimed by the Person claiming a beneficial ownership interest in a Bond not presented for payment, or check or draft is not cashed for a period of five years after the due date thereof, shall be paid to the City free of any trust or lien. Thereafter, the Person claiming a beneficial ownership interest in such Bond shall look only to the City for payment and then only to the amounts so received by the City without any interest thereon, and the Trustee shall not have any responsibility with respect to those moneys.

Section 5.9. Repayment to City from Bond Fund. Except as provided in Section 5.8 hereof, any amounts remaining in the Bond Fund in excess of the amounts necessary to effect the payment and discharge of the Series 2026 Bonds (i) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Trust Agreement, and (ii) after payment of all fees, charges and expenses of the Trustee and of all other amounts required to be paid under this Trust Agreement and the Facilities Agreement, shall be paid to the City.

Section 5.10. Rebate Fund. With respect to the Series 2026 Bonds, there is required to be established under the Tax Agreement under the circumstances specified therein a Rebate Fund to be held by the Trustee. The Rebate Fund shall be held by the Trustee and administered in accordance with the terms hereof and of the Tax Agreement. Deposits into and transfers or withdrawals from the Rebate Fund shall be made in accordance with the Tax Agreement with notice thereof in writing to the Trustee, such notice signed by a City Financial Officer. The Trustee shall be deemed conclusively to have complied with the provisions of the Tax Agreement if it follows the written directions of the City or the Corporation including supplying all necessary information in the manner provided in the Tax Agreement and shall have no liability or responsibility to enforce compliance by the City or the Corporation with the terms of the Tax Agreement or any other tax covenants contained herein. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the City or the Corporation with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the City or the Corporation.

ARTICLE VI
TRUSTEE

Section 6.1. Trustee's Acceptance and Responsibilities.

(a) The Trustee accepts the trusts imposed upon it by this Trust Agreement, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto, the City and the Owners agree.

(b) It is expressly understood and agreed that this Trust Agreement is being executed by the Trustee not in its corporate and individual capacity but solely as trustee hereunder in the exercise of the power and authority conferred and vested in it as such Trustee. It is further understood and agreed that neither the Trustee nor any director, officer, employee, agent, controlling person or nominee of the Trustee shall be personally liable for any breach of any representation or warranty of the trust incorporated herein or in any other agreement or obligation contemplated hereby and nothing herein or therein contained shall be construed as creating any liability of the Trustee in its corporate and individual capacity or as creating any liability of any director, officer, employee, agent, controlling person or nominee of the Trustee to make any payment or to perform any agreement or undertaking contained herein or therein.

(c) Prior to the occurrence of an Event of Default of which the Trustee has been notified or deemed to have been notified as provided in paragraph (f) of Section 6.2 hereof, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Trust Agreement, and no duties or obligations shall be implied to the Trustee;

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the procedural requirements of this Trust Agreement; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the procedural requirements of this Trust Agreement.

(d) After the occurrence of an Event of Default of which the Trustee has received written notice or is deemed to have knowledge, the Trustee shall exercise those rights and powers vested in it by this Trust Agreement and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of such prudent person's own affairs.

(e) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(i) this subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subsection (c)(i) of this Section or diminish the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subsection (c)(ii) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Outstanding Bonds 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 Trust Agreement;

(iv) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(v) the Trustee may act upon the opinion or advice of any Counsel. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

(f) Every provision of this Trust Agreement, the Base Lease or the Facilities Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VI. Whenever the Trustee acts in its capacity as Trustee with respect to any document or agreement relating to the Bonds, the provisions of this Section 6.1 shall apply to all such actions.

Section 6.2. Certain Rights and Obligations of the Trustee. Except as otherwise provided in Section 6.1 hereof:

(a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, (ii) shall be entitled to the advice of Counsel concerning all matters of trusts or powers hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof.

(b) Except as may be required of it in its capacity as assignee of the Corporation under the Facilities Agreement or as specifically provided for elsewhere herein, the Trustee shall not be responsible for:

(i) any recital in this Trust Agreement or the Bonds,

(ii) the validity, priority, perfection, recording, rerecording, filing or refiling of this Trust Agreement or any Supplemental Trust Agreement, the Facilities Agreement or any financing statement with respect to the Trust Estate; provided, however, that upon the receipt of any opinion under Section 5.4(b) of the Facilities Agreement, the Trustee agrees to cooperate with the City and the Corporation and to take such action as is required to be taken in accordance with such opinion,

(iii) reviewing any financial statements delivered to it,

(iv) any instrument or document of further assurance or collateral assignment,

(v) the filing or sufficiency to perfect the security interests provided hereunder of any financing statements, amendments thereto or continuation statements,

(vi) insurance of any of the Real Property or Project Facilities or collection of insurance moneys,

(vii) the validity of the execution by the Corporation of this Trust Agreement, any Supplemental Trust Agreement or instruments or documents of further assurance,

(viii) the sufficiency of the security for the Series 2026 Bonds executed and delivered hereunder or intended to be secured hereby,

(ix) the value of or title to the Real Property, Project Facilities or Project Facilities or

(x) the maintenance of the security hereof, except that, in the event that the Trustee enters into possession of a part or all of the Real Property or Project Facilities pursuant to any provision of the Facilities Agreement or any other instrument or document collateral thereto, the Trustee shall use reasonable efforts in preserving that property.

The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Corporation or the City under the Facilities Agreement or the Base Lease except as set forth hereinafter; but the Trustee may require of the Corporation or the City full information and advice as to the observance or performance of those covenants, agreements and obligations. The Trustee shall not be deemed to have notice of an Event of Nonappropriation until it shall have received written notice of the same from the City. Upon receipt of notice from the City of an Event of Nonappropriation, the Trustee shall commence the procedures outlined in Section 4.7 of the Facilities Agreement.

(c) The Trustee shall not be accountable for the application by the City or any other Person of the proceeds of the Series 2026 Bonds.

(d) The Trustee shall be protected and shall incur no liability, in the absence of bad faith on its part, in acting or proceeding, or in not acting or not proceeding upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. The Trustee is under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instruments. Any action taken by the Trustee pursuant to this Trust Agreement upon the request or authority or consent of any Person who is the Owner of any Bond at the time of making, the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds executed and delivered in exchange therefor or in place therefor.

(e) As to the existence or nonexistence of any fact for which the Corporation or the City may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Corporation by a Corporation Representative or the City by a City Representative as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default of which the Trustee has been notified as provided in paragraph (f) of this Section, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence.

(f) The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default under this Trust Agreement, the Facilities Agreement or the Base Lease, except Events of Default described in Section 7.1(a) hereof, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or the Owners of at least 10% of the aggregate principal amount of Outstanding Series 2026 Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(g) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives may inspect and copy fully all books, papers and records of the City and the Corporation pertaining to the Real Property or the Project Facilities, and may make any memoranda from and in regard thereto as the Trustee may desire.

(h) The Trustee shall not be required to give any bond or surety with respect to execution of these trusts and powers or otherwise in respect of the premises.

(i) Notwithstanding anything contained elsewhere in this Trust Agreement, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and corporate action and evidence thereof, in addition to those required by the terms hereof, as a condition to the execution and delivery of any Bonds or the taking of any action whatsoever within the purview of this Trust Agreement, if the Trustee deems it to be desirable for the purpose of establishing the right of any Person to the taking of any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.

(j) Before taking action hereunder pursuant to Section 6.4, 6.12(b) or Article VII hereof (with the exception of the giving of notice under Section 7.2 hereof), the Trustee may require that a satisfactory indemnity bond be furnished to it by the Owners for the reimbursement of all expenses (including attorneys' fees, costs and expenses) which it may incur and to protect it against all liability by reason of any action so taken, including, but not limited to, any liability arising directly or indirectly under any Environmental Regulations, except liability which is adjudicated to have resulted from its gross negligence or willful default. The Trustee may take action without such indemnity, and in that case, all of the Trustee's expenses pursuant to Section 6.3 hereof with respect to the Series 2026 Bonds will be reimbursable as provided in the Facilities Agreement.

(k) Unless otherwise provided herein, all moneys received by the Trustee under this Trust Agreement shall be held in trust for the purposes for which those moneys were received, until those moneys are used, applied or invested as provided herein; provided, that those moneys need not be segregated from other moneys, except to the extent required by this Trust Agreement or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein or agreed in writing with the Corporation.

(l) Any opinions, certificates and other instruments and documents for which provision is made in this Trust Agreement, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its action taken hereunder.

(m) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty.

(n) Notwithstanding the effective date of this Trust Agreement or anything to the contrary in this Trust Agreement, the Trustee shall have no liability or responsibility for any act or event relating to this Trust Agreement which occurs prior to the date the Trustee formally executes this Trust Agreement and commences acting as Trustee hereunder.

(o) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(p) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Trust Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(q) The Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Agreement, the Base Lease, the Facilities Agreement or any other document reasonably relating to the Bonds sent by the City or the Corporation, as the case may be, by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the City and the Corporation, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City or the Corporation, as applicable, gives the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City and the Corporation, as applicable, agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 6.3. Fees, Charges and Expenses of Trustee. The Trustee acknowledges receipt of payment in full from the proceeds of the Series 2026 Bonds for its fees for its Ordinary Services rendered hereunder and for all advances, Counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred, or to be paid or incurred, by it in connection with the provision of Ordinary Services to the date hereof. The Trustee shall be entitled to the payment of its annual charges upon invoice to the Corporation (which pursuant to the Facilities Agreement shall be payable by the City). In the event that it should become necessary to perform Extraordinary Services including any such Extraordinary Services relating to a default or post-default situation, with respect to the Bonds, the Trustee shall be entitled to reasonable extra compensation therefor, determined in accordance with the Trustee's then-current fee schedule, and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith.

The Trustee, in that or its other capacities, shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by its gross negligence or willful misconduct.

Any amounts payable under this Section 6.3 are payable upon demand and shall bear interest from the date of demand therefor at the prime rate quoted from time to time by the banking association serving as Trustee or its affiliated bank.

The Trustee's rights under this Section 6.3 shall survive its resignation or removal as Trustee.

Section 6.4. Intervention by Trustee. The Trustee may and shall, at the written direction of the Owners of at least 25% of the aggregate principal amount of the Outstanding Bonds, intervene in any judicial proceeding to which the Corporation or the City is a party and which may affect the interests of Owners of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it by the Holders in accordance with Sections 6.1 and 6.2 hereof before it takes action hereunder.

Section 6.5. Successor Trustee. Anything herein to the contrary notwithstanding:

(a) Any corporation or association (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which it may sell or transfer its assets or corporate trust assets and trust business or corporate trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder.

(b) Any such corporation or association that becomes a successor Trustee by virtue of the foregoing shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Trust Agreement to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

(c) Any successor Trustee, or its parent corporation, shall meet the requirements of Section 6.8 hereof.

Section 6.6. Resignation by Trustee. The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the City and by mailing written notice of the resignation to the Owners as their names and addresses appear on the register at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee.

Section 6.7. Removal of Trustee.

(a) The Trustee may be removed for cause 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 Trust Agreement with respect to the duties and obligations of the Trustee by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the City, and signed by or on behalf of the Owners of not less than a majority of the aggregate principal amount of the Outstanding Bonds.

(b) The Trustee also may 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 Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction

upon the application of the Corporation, the City or the Owners of not less than 25% in aggregate principal amount of the Outstanding Bonds.

(c) At the request of the City, so long as no default exists under the Facilities Agreement and no Event of Nonappropriation has occurred, the Corporation may remove the Trustee and appoint a successor Trustee as provided in Section 6.8 hereof.

Section 6.8. Appointment of Successor Trustee.

(a) If (i) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (ii) the Trustee shall be taken under the control of any public officer or officers, or (iii) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Corporation (with the agreement of the City if there is no Event of Default and no Event of Nonappropriation under the Facilities Agreement); provided, that if a successor Trustee is not so appointed within ten days after (a) a notice of resignation or any instrument or document of removal is received by the Corporation as provided in Sections 6.6 and 6.7 hereof, respectively, or (b) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Corporation shall not have appointed a successor Trustee, the Owners of a majority in aggregate principal amount of the Outstanding Bonds not paid or provided for may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Owners. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 60 days of the occurrence of any event listed in Section 6.8(a)(i)-(iii), the Owner of any Outstanding Bond hereunder or the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(b) Every successor Trustee appointed pursuant to this Section shall (i) be a trust company or bank having the powers of a trust company, (ii) be in good standing within the State or the United States, (iii) be duly authorized to exercise trust powers within the State or the United States, (iv) have an unimpaired reported capital and surplus of not less than $75,000,000, and (v) be willing to accept the trusteeship under the terms and conditions of this Trust Agreement.

(c) Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor and to the Corporation and the City an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the reasonable written request of its successor, the Corporation or the City, the predecessor Trustee (i) shall execute and deliver any instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests, and liens of the predecessor Trustee hereunder, and (ii) shall take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and moneys) held by it as Trustee. Should any instrument or document in writing from the Corporation be requested by any successor Trustee for vesting and the conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed hereby in or to the predecessor Trustee, the Corporation shall execute, acknowledge and deliver that instrument or document.

(d) In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any moneys which it may hold pursuant to this Trust Agreement and shall cease to act as

registrar and paying agent for the Bonds. The successor Trustee shall become custodian, registrar and paying agent.

(e) Upon the appointment of a successor Trustee and completion by the predecessor Trustee of the actions required of it under (c) above, the predecessor Trustee shall not be liable for any acts of its successor.

Section 6.9. Dealing in Bonds. The Trustee and its affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the Owner of any Bond or Bonds with the same rights which they would have hereunder if the Trustee did not serve in that capacity.

Section 6.10. Representations, Agreements and Covenants of Trustee. The Trustee hereby represents that it is a banking association duly organized, validly existing and in good standing under the laws of the United States of America and duly authorized to exercise corporate trust powers in the State, it has an unimpaired reported capital and surplus of not less than $75,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State, and that it will maintain unimpaired reported capital and surplus of not less than $75,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee hereunder and under any other instrument or document providing security for the Bonds; provided, nevertheless, that the Trustee shall not be responsible or liable for the performance of or observation of any covenants respecting the maintenance of Federal tax exemption of interest with respect to the Series 2026 Bonds or other applicable Additional Bonds in the absence of specific direction in writing from the City or the Corporation and shall not be responsible for ascertaining the requirements of Federal tax law with respect thereto.

Section 6.11. Right of Trustee to Pay Taxes and Other Charges. Reference is made to Section 4.1(c) of the Facilities Agreement whereby the Corporation is authorized to advance moneys (i) to pay taxes, assessments and other governmental charges with respect to the Real Property and the Existing Project Facilities, (ii) for the discharge of mechanic's and other liens relating to the Real Property and the Project Facilities, (iii) to obtain and maintain insurance for the Real Property and the Project Facilities and pay premiums therefor, and (iv) generally, to make payments and incur expenses in the event that the City fails to do so as required by such Facilities Agreement. The Trustee may make those advances but shall not be required to do so (and may require indemnification) pursuant to Sections 6.1(e) (iv) and 6.2(j) hereof, but without prejudice to any rights of the Trustee as assignee of the Corporation against the City for failure of the City to do so.

Section 6.12. Additional Covenants and Agreements of the Trustee. In addition to any other covenants and agreements of the Trustee in this Trust Agreement, the Trustee further covenants and agrees for the benefit of the Holders as follows:

(a) *Register*. At reasonable times and under reasonable regulations established by the Trustee, the Register for the Bonds may be inspected and copied by the Corporation, the City or Owners of 25% or more in principal amount of the Outstanding Bonds, or a designated representative therefor.

(b) *Rights and Enforcement of Base Lease and Facilities Agreement*. The Trustee may enforce, in its name, all rights of the Corporation under the Base Lease and the Facilities Agreement for and on behalf of the Owners. The Trustee covenants and agrees to perform all obligations and duties imposed on it by assignment hereunder, and to enforce, subject to Sections 6.1 and 6.2 hereof, all covenants, agreements and obligations of the City under and pursuant to the Base Lease and the Facilities Agreement. The Trustee will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations duties and responsibilities on its part to be observed or performed

under the Base Lease and the Facilities Agreement, and will take all actions within its authority to keep the Base Lease and the Facilities Agreement in effect in accordance with the terms thereof. The Trustee's obligations under this paragraph are subject to the provisions of the last paragraph of Section 7.3 hereof.

Section 6.13. Observance and Performance of Covenants, Agreements, Authority and Actions. The Trustee will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part under this Trust Agreement and the Bonds.

The Trustee represents and warrants that:

(a) It is duly authorized to execute and deliver this Trust Agreement and to perform its obligations hereunder in the manner and to the extent set forth in this Trust Agreement.

(b) All actions required on its part to be performed for authentication of the Bonds and the execution and delivery of this Trust Agreement has been or will be taken duly and effectively.

ARTICLE VII
DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND HOLDERS

Section 7.1. Defaults; Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default hereunder:

(a) Payment of the principal or interest due on any Bond shall not be made when and as such payment shall become due and payable; or

(b) The occurrence and continuance of an Event of Default as defined in Section 8.1 of the Facilities Agreement; or

(c) Any material breach by the Corporation of any representation or warranty made in this Trust Agreement or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Corporation in this Trust Agreement or contained in the Bonds; or

(d) The issuance of an order of relief by the United States Bankruptcy Court or the United States District Court having valid jurisdiction, granting the Corporation relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Corporation or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(e) The consent by the Corporation to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Corporation or of any substantial part of its property, affairs, or assets.

Section 7.2. Notice of Default. In the event the Trustee receives written notice of the occurrence of an Event of Default described in Section 7.1 above or is deemed to have notice of an Event of Default pursuant to Section 6.1(f) herein, the Trustee shall give written notice of the Event of Default, by

registered or certified mail, to the City and the Corporation, within 10 days of its receipt of written notice or deemed notice, and the Trustee shall give written notice of an Event of Default, within 30 days of its receipt of written notice or deemed notice to the Holders of all Outstanding Bonds as shown by the Register at the close of business 15 days prior to the mailing of that notice.

Section 7.3. Remedies; Rights of Beneficial Owners.

(a) *General*. Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce the payment of any amounts due with respect to the Bonds or the observance and performance of any other covenant, agreement or obligation under this Trust Agreement, the Facilities Agreement or any other instrument providing security, directly or indirectly, for the Bonds. If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do in writing by the Owners of at least 25% of the aggregate of the principal amount of the Outstanding Bonds, the Trustee (subject to the provisions of Sections 6.1 and 6.2 hereof), shall exercise one or more rights and powers conferred by this Section as the Trustee, upon advice of Counsel, deems most expedient in the interests of the Owners of such Bonds.

(b) *Acceleration*. Upon the occurrence of an Event of Default, and at any time thereafter while such Event of Default continues, then, and in each and every case, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Owners of all Outstanding Bonds of a series, may proceed, and upon the written request of the Owners of not less than 25% in principal amount of the Outstanding Bonds of a series, shall proceed to declare the principal of all Outstanding Bonds of such series, together with all accrued and unpaid interest thereon, if not already due, to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately, anything contained in this Trust Agreement or any Supplemental Trust Agreement or in any of the Bonds to the contrary notwithstanding. This provision is also subject, however, to the condition that, if at any time after the principal of the Bonds, together with the accrued and unpaid interest thereon and other moneys secured hereby, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount of all Bonds which have matured either according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon all Bonds, except interest accrued but not yet due on said Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, then and in each and every such case the Owners of 25% in principal amount of the Outstanding Bonds, by notice in writing delivered to the Trustee and the Corporation, may waive such Event of Default and its consequences and rescind and annul such declaration. No such waiver or rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power related to such subsequent default.

(c) *Other Remedies*. In case any one or more of the Events of Default shall happen and be continuing, then and in every such case, but subject to the provisions of Section 7.7 hereof, the Owner of any Outstanding Bond, or Trustee therefor, may, for the equal benefit and protection of all Owners of any Outstanding Bonds similarly situated:

(i) by mandamus or other suit, action or proceedings at law or in the equity, enforce such Owner's right against the Corporation and require and compel the Corporation to perform and carry out its duties and obligations under this Trust Agreement or enforce any such remedies against the City pursuant to the Facilities Agreement, and require and compel the Corporation to perform and carry out its covenants and agreements with the Owners;

(ii) by action or suit in equity require the Corporation to account as if such Corporation were the trustee of an express trust;

(iii) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

(iv) bring suit upon the Outstanding Bonds;

(v) take such other action with respect to the Trust Estate, including obtaining the appointment of a receiver, as it may deem appropriate and apply any funds resulting therefrom as if such funds were Revenues; or

(vi) avail itself of any other remedy, whether at law or in equity, as it may determine to be appropriate.

(d) *Remedies Under Uniform Commercial Code*. The Trustee may exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect.

(e) *No Remedy Exclusive, Effect of Delay and Waiver*. No remedy conferred upon or reserved to the Trustee (or to the Owners) by this Trust Agreement is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Owners now or hereafter existing. No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be deemed to be expedient. No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Owners, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

(f) *Remedies Under Facilities Agreement and Base Lease*. As the assignee of all right, title and interest of the Corporation in and to the Facilities Agreement and the Base Lease, the Trustee is empowered to enforce each remedy, right and power granted to the Corporation under the Facilities Agreement (except for those rights specifically reserved to the Corporation) and the Base Lease. In exercising any remedy, right or power under the Facilities Agreement, the Base Lease or this Trust Agreement, the Trustee shall take any action which would best serve the interests of the Owners in the judgment of the Trustee and its Counsel, applying the standards described in Sections 6.1 and 6.2 hereof.

Section 7.4. Right of Owners to Direct Proceedings. Anything to the contrary in this Trust Agreement notwithstanding, the Owners of at least a majority in aggregate principal amount of the Outstanding Bonds shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Trust Agreement or any other proceedings hereunder; provided, that (i) any direction shall not be other than in accordance with the provisions of law and of this Trust Agreement, (ii) the Trustee shall be indemnified as provided in Sections 6.1 and 6.2 hereof, and (iii) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Section 7.5. Application of Moneys. (a) Unless the principal of all Outstanding Bonds shall have become or have been declared due and payable any funds received by the Trustee hereunder shall

after payment to the Trustee of its fees, costs, and expenses (including attorneys' fees, costs and expenses) be applied as follows:

First: To the payment to the Owners entitled thereto of all installments of interest then due on the Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the person entitled thereto, without any discrimination or preference;

Second: To the payment to the Owners entitled thereto of the unpaid principal amounts or redemption premium, if any, of any Bonds which shall have become due (other than Bonds previously called for redemption in accordance with the provisions hereof), whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amounts or redemption premium, if any, due on such date, to the Owners entitled thereto, without any discrimination or preference; and

Third: If, when there is not an Event of Default, the Trustee is required to expend funds to defend itself in a lawsuit which arises under a cause of action attacking the legality of the Bonds; the inclusion of interest earned on the Bonds, as applicable, in the gross income for Federal income tax purposes of an Owner; or the status of the Corporation as issuer, then, in such event the Trustee shall be entitled to a call on the funds for the same kinds of expenses as are described as costs and expenses of collection as described in Section 7.5(b) below.

(b) If the principal of all Outstanding Bonds shall have become or have been declared due and payable, any funds received by the Trustee hereunder, after payment of costs and expenses of collection, shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Owners entitled thereto without any discrimination or preference. For purposes hereof, "costs and expenses of collection" shall include such expenses as are necessary for the Trustee to fulfill its obligation to protect the interests of the Owners in the Trust Estate, which may include the Trustee's reasonable expenses and fees for its duties administering this Trust Agreement while the Bonds are in default to include its normal fees, additional expenses resulting from managing any of the property forming part of the Trust Estate, costs and expenses of Counsel to represent the Trustee, expenses of any and all consultants employed by the Trustee and direct expenses of the Trustee, including but not limited to the costs of preparing and mailing notices to Holders and other parties.

(c) If the principal of all Outstanding Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Outstanding Bonds shall later become due or be declared due and payable, moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

(d) Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are

available therefor. The Trustee shall give notice of the deposit with it of any moneys and of the fixing of that date, all consistent with the requirements of Section 3.5 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

(e) Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the City or as a court of competent jurisdiction may direct.

Section 7.6. Remedies Vested in Trustee. All rights of action (including without limitation, the right to file proofs of claims) under this Trust Agreement or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Owners as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds subject to the provisions of this Trust Agreement. When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 7.7. Rights and Remedies of Owners. Except as provided in Section 7.4, an Owner of a Bond shall not have any right to institute any suit, action or proceeding for the enforcement of this Trust Agreement, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless there has occurred and is continuing an Event of Default of which the Trustee has been notified or is deemed to have notice as provided in Section 6.2(f) hereof; the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in Sections 6.1 and 6.2 hereof; and the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name. At the option of the Trustee, such notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Owners of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Trust Agreement by its or their action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceeding shall be instituted, had and maintained in the manner provided herein for the benefit of the Owners of all Outstanding Bonds. Nothing in this Trust Agreement shall affect or impair, however, the right of any Holder to enforce the payment of the principal and interest due on any Bond owned by that Holder at and after the due date thereof, at the place, from the sources and in the manner expressed in the Bond.

Section 7.8. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any remedy, right or power under this Trust Agreement in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Corporation and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Section 7.9. Waivers of Events of Default. Except as hereinafter provided, at any time, in its discretion, the Trustee may waive any Event of Default hereunder and its consequences and shall do so upon the written request of the Owners of Bonds of least a majority in aggregate principal amount of Bonds Outstanding. There shall not be so waived, however, any Event of Default described in Section 7.1(a) hereof unless at the time of such waiver payments of all amounts then due and payable with respect to the Bonds have been made or provision has been made therefor. In the case of such waiver, or in case any suit, action or proceeding taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

ARTICLE VIII
SUPPLEMENTAL TRUST AGREEMENTS

Section 8.1. Supplemental Trust Agreements Generally. The Corporation and the Trustee may enter into Supplemental Trust Agreements, as provided in this Article and pursuant to the other provisions therefor in this Trust Agreement.

Section 8.2. Supplemental Trust Agreements Not Requiring Consent of Holders. Without the consent of, or notice to, any of the Owners, the Corporation and the Trustee may enter into Supplemental Trust Agreements for any one or more of the following purposes:

(a) To cure any ambiguity, inconsistency or formal defect or omission in this Trust Agreement;

(b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Owners or the Trustee;

(c) To assign additional revenues under this Trust Agreement;

(d) To accept additional security and instruments and documents of further assurance with respect to the Project Facilities;

(e) To add to the covenants, agreements and obligations under this Trust Agreement, other covenants, agreements and obligations to be observed for the protection of the Owners;

(f) To evidence any succession to the Trustee and the assumption by its successor of the covenants, agreements and obligations of the Trustee under this Trust Agreement and the Bonds;

(g) To permit the use of a book entry system to identify the owner of a proportionate interest in the payments under the Facilities Agreement, whether that proportionate interest was formerly, or could be, evidenced by a tangible security;

(h) To permit the Trustee to comply with any obligations imposed upon it by law;

(i) To specify further the duties and responsibilities of the Trustee;

(j) To achieve compliance of this Trust Agreement with any applicable Federal securities or tax law;

(k) To make amendments to the provisions hereof relating to matters under the Code, if, in the opinion of Bond Counsel, those amendments would not cause the interest on the Bonds, as applicable, to become includable in the gross incomes of the Owners thereof for Federal income tax purposes;

(l) To make provision of the issuance of Additional Bonds as provided for herein;

(m) To permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders; or

(n) To reflect a change in applicable law.

The provisions of paragraphs (h), (j) and (m) above shall not be deemed to constitute a waiver by the Trustee or any Owner of any right which it may have in the absence of those provisions to contest the application of any change in law to this Trust Agreement or the Bonds.

Section 8.3. Supplemental Trust Agreements Requiring Consent of Holders. Exclusive of Supplemental Trust Agreements to which reference is made in Section 8.2 hereof and subject to the terms, provisions and limitations contained in this Section, and not otherwise, with the consent of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds at such time, evidenced as provided in this Trust Agreement, the Corporation and the Trustee may execute and deliver Supplemental Trust Agreements adding any provisions to, changing in any manner or eliminating any of the provisions of this Trust Agreement or any Supplemental Trust Agreement or restricting in any manner the rights of the Owners. Nothing in this Section or Section 8.2 hereof shall, however, be construed as permitting:

(a) without the consent of the Owner of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Owners of all Outstanding Bonds, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Trust Agreement; provided, however, that the establishment of an escrow for the defeasance of a portion of the Bonds shall not be deemed to constitute the creation of a privilege or priority for the benefit of the Bonds to be defeased.

If the Corporation shall request that the Trustee execute and deliver any Supplemental Trust Agreement for any of the purposes of this Section, upon (i) being satisfactorily indemnified with respect to its expenses and liability in connection therewith, and (ii) if required by Section 8.4 hereof, receipt of the City's consent to the proposed execution and delivery of the Supplemental Trust Agreement, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Trust Agreement to be mailed by first class mail, postage prepaid, to all Holders of Outstanding Bonds at their addresses as they appear on the Register at the close of business on the 15th day preceding that mailing.

The Trustee shall not be subject to any liability to any Owner by reason of the Trustee's failure to mail, or the failure of any Owner to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Trust Agreement when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Trust

Agreement and shall state that copies thereof are on file at the designated trust office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period described by the Trustee of not less than 60 days but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents (which instrument or document or instruments or documents shall refer to the proposed Supplemental Trust Agreement in the form described in the notice), by which the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds consent to the execution of such Supplemental Trust Agreement, the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Trust Agreement in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Owner, regardless of whether that Owner shall have consented thereto.

Any consent shall be binding upon the Owner of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Owner of that Bond and of any Bond executed and delivered in exchange therefor (regardless of whether the subsequent Owner has notice of the consent to the Supplemental Trust Agreement). A consent may be revoked in writing, however, by the Owner who gave the consent or by a subsequent Owner of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Trust Agreement. At any time after the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Trust Agreement, the Trustee shall make and file with the City a written statement that the Owners of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Owners of the required percentage in aggregate principal amount of Outstanding Bonds shall have consented to the Supplemental Trust Agreement, as provided in this Section, no Owner shall have any right (a) to object to (i) the execution or delivery of the Supplemental Trust Agreement, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee from that execution or delivery or from taking any action pursuant to the provisions thereof.

Section 8.4. Consent of City. Anything contained herein to the contrary notwithstanding, a Supplemental Trust Agreement executed and delivered in accordance with this Article VIII which affects any rights or obligations of the City shall not become effective unless and until the City shall have consented in writing to the execution and delivery of that Supplemental Trust Agreement. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Trust Agreement and a copy of the proposed Supplemental Trust Agreement to be mailed to the City, as provided in Section 13.3 hereof, (i) at least 30 days (unless waived by the City) before the date of the proposed execution and delivery in the case of a Supplemental Trust Agreement to which reference is made in Section 8.2 hereof, and (ii) at least 30 days (unless waived by the City) before the giving of the notice of the proposed execution and delivery in the case of a Supplemental Trust Agreement for which provision is made in Section 8.3 hereof.

Section 8.5. Authorization to Trustee; Effect of Supplement. The Trustee is authorized to join with the Corporation in the execution and delivery of any Supplemental Trust Agreement in accordance with this Article and to make the further agreements and stipulations which may be contained therein with the following effect:

(a) That Supplemental Trust Agreement shall form a part of this Trust Agreement;

(b) All terms and conditions contained in that Supplemental Trust Agreement as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Trust Agreement for any and all purposes;

(c) This Trust Agreement shall be deemed to be modified and amended in accordance with the Supplemental Trust Agreement; and

(d) The respective rights, duties and obligations under this Trust Agreement of the Corporation, the Trustee and all Owners of Outstanding Bonds shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Trust Agreement.

Express reference to any executed and delivered Supplemental Trust Agreement may be made in the text of any Bonds executed and delivered thereafter, if that reference is deemed necessary or desirable by the Trustee or the Corporation. The Trustee shall not be required to execute a Supplemental Trust Agreement containing provisions adverse to the Trustee.

Section 8.6. Opinion of Counsel. The Trustee shall be entitled to receive, and shall be fully protected in conclusively relying upon, the opinion of any Counsel as conclusive evidence that (i) any proposed Supplemental Trust Agreement complies with the provisions of this Trust Agreement, and (ii) it is proper for the Trustee to join in the execution of that Supplemental Trust Agreement under the provisions of this Article. The Trustee may accept an opinion of Bond Counsel or Counsel for the Corporation or the City for such purposes. Prior to taking any action hereunder, the Trustee shall be entitled to assurance as to the payment of the fees, costs and expenses of any Counsel providing such opinion.

Section 8.7. Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in this Trust Agreement, the rights and obligations of the Trustee and of the Owners of the Series 2026 Bonds, and the terms and provisions of the Bonds and this Trust Agreement or any Supplemental Trust Agreement, may be modified or altered in any respect with the consent of (i) the Trustee, (ii) the Holders of all of the Outstanding Bonds, and (iii) if required by Section 8.4 hereof, the City.

ARTICLE IX
DEFEASANCE

Section 9.1. Defeasance.

(a) When principal or redemption price (as the case may be) of, and interest on, any Bonds issued hereunder has been paid, or provision shall have been made for payment of the same, together with the compensation of the Trustee and all other sums payable hereunder by the Corporation and the City, the right, title and interest of the Trustee with respect to such Bonds shall thereupon cease and the Trustee shall release this Trust Agreement and shall execute such documents to evidence such releases as may be reasonably required by the Corporation and shall turn over to the Corporation or to such person, body or authority as may be entitled to receive the same all balances then held by it hereunder; provided, however, that the City shall in all events remain liable under the Facilities Agreement (subject to Section 4.7 thereof) until all amounts due and owing thereunder have been paid or provision shall have been made for payment of the same.

(b) Provision for the payment of the Bonds shall be deemed to have been made when the Trustee holds, in an irrevocable deposit, under the provisions hereof (i) cash in an amount sufficient to make all payments specified above with respect to all of such Bonds, or (ii) Defeasance Obligations maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient without reinvestment to make all payments specified above with respect to such Bonds, or (iii) any combination of such cash and such Defeasance Obligations the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient without reinvestment to make all payments specified above on such Bonds; provided that, to the extent such deposit does not consist of uninvested cash, the Trustee shall have received a report of an independent accountant or firm of accountants verifying that the computations of the amount available from Defeasance Obligations when added to any cash available shall be sufficient to meet the requirements hereof.

(c) Neither the obligations nor the moneys deposited with the Trustee pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal or redemption price of, and interest on, said Bonds.

(d) Whenever moneys or obligations shall be deposited with the Trustee for the payment or redemption of Bonds more than 60 days prior to the date that such Bonds are to mature or be redeemed, the Trustee shall mail a notice stating that such moneys or obligations have been deposited and identifying the Bonds for the payment of which such moneys or obligations are being held, to the Holders of Bonds for the payment of which such moneys or obligations are being held.

(e) Prior to any defeasance becoming effective under this Trust Agreement, there shall have been delivered to the Trustee an opinion of Bond Counsel, satisfactory to the Trustee, to the effect that interest on the Bonds being paid by such defeasance, as applicable, will not become subject to Federal income taxation by reason of such defeasance.

Section 9.2. Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of this Trust Agreement which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, and payments to the City from the Bond Fund pertaining to the Facilities Agreement and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders, notwithstanding, the release and discharge of this Trust Agreement. The provisions of this Article and payment of the Trustee's fees, charges and expenses in connection therewith shall survive the release, discharge and satisfaction of this Trust Agreement.

ARTICLE X

[RESERVED]

ARTICLE XI
AMENDMENTS TO BASE LEASE AND FACILITIES AGREEMENT

Section 11.1. Amendments Not Requiring Consent of Holders. Without the consent of or notice to the Owners, the Trustee, as Trustee and as lessor and seller by assignment, may consent to any amendment, change or modification of the Base Lease and the Facilities Agreement as may be required

(i) by the provisions of the Base Lease, the Facilities Agreement or this Trust Agreement, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Base Lease or the Facilities Agreement, (iii) in connection with an amendment or to effect any purpose for which there could be an amendment of this Trust Agreement pursuant to Section 8.2 hereof, (iv) in connection with the refinancing, in whole or in part, of the Project Facilities, the Ancillary Facilities or the Real Property, (v) in connection with the issuance of Additional Bonds as provided for herein, or (vi) in connection with any other change therein which in the judgment of the Trustee, relying on an opinion of Counsel as provided in Section 11.3 herein is not to the prejudice of the Trustee or the Owners. No such consent or notice to the Owners shall be required with respect to any amendment to add to the description of the Real Property any subsequently acquired property that becomes a part thereof or to remove therefrom any Real Property to be deleted under the provisions of the Base Lease or the Facilities Agreement whether by way of release or substitution in accordance with the terms of the Base Lease and the Facilities Agreement or in connection with the granting of easements, releases or substitutions under Sections 3.6 and 6.3 of the Base Lease.

Section 11.2. Amendments Requiring Consent of Owners. Except for the amendments, changes or modification contemplated in Section 11.1 hereof, the Trustee shall not consent to:

(a) Any amendment, change or modification of the Facilities Agreement which would change the amount or time as of which Base Payments are required to be paid without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Owners of all of the Outstanding Bonds so affected; provided that this requirement shall not apply to amendments that increase payments under the Facilities Agreement to provide for Additional Bonds hereunder; or

(b) Any amendment, change or modification of the Facilities Agreement without the giving of notice as provided in this section of the proposed amendment, change or modification and the receipt of the written consent thereto of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds.

The consent of the Owners shall be obtained as provided in Section 8.3 hereof with respect to Supplemental Trust Agreements. If the City shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Facilities Agreement contemplated in subsections (a) or (b), upon being indemnified satisfactorily with respect to expenses and liability, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 8.3 hereof with respect to notice of Supplemental Trust Agreements. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that the copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Owners.

Section 11.3. Opinion of Counsel. The Trustee shall be entitled to receive, and shall be fully protected in conclusively relying upon, the opinion of Counsel as conclusive evidence that (i) any proposed amendment, change, or modification of or supplement to the Base Lease and the Facilities Agreement complies with the provisions of this Trust Agreement, and (ii) it is proper for the Trustee to consent to the proposed amendment, change, or modification of or supplement to the Base Lease and the Facilities Agreement under the provisions of this Article. The Trustee may accept an opinion of Bond Counsel or Counsel for the Corporation or the City for such purposes. Prior to taking any action hereunder, the Trustee shall be entitled to assurance as to the payment of the fees, costs and expenses of any Counsel providing such opinion.

ARTICLE XII
MEETINGS OF OWNERS

Section 12.1. Purpose of Meetings. A meeting of Owners of the Bonds may be called at any time and from time to time pursuant to the provisions of this Article XII, to take any action (i) authorized to be taken by or on behalf of the Owners of any specified aggregate principal amount of the Bonds, (ii) under any provision of this Trust Agreement, or (iii) authorized or permitted by law.

Section 12.2. Call of Meetings. The Trustee may call at any time a meeting of Owners of the Bonds pursuant to Section 12.1 hereof to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first class mail, postage prepaid, not fewer than 15 nor more than 90 days prior to the date of the meeting to the Owners at their addresses as they appear on the Register on the 15th day preceding such mailing, which 15th day preceding the mailing shall be the record date for the meeting.

At any time the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds shall have requested the Trustee to call a meeting of Owners, by written request setting forth the purpose of the meeting within 20 days after receipt of the request, then the Corporation or, if it does not do so, the Owners of Bonds in the amount above specified may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 12.1 hereof, by mailing notice thereof as provided above, such meeting to be noticed not more than 30 days after receipt of request of the Owners.

Any meetings of Owners shall be valid without notice, if the Owners of all Outstanding Bonds are present in person or by proxy, or if notice is waived before or after the meeting by the Owners of all Outstanding Bonds who were not so present at the meeting, and if the Corporation, the City and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 12.3. Voting. To be entitled to vote at any meeting of Holders of the Bonds, a Person shall (i) be an Owner of one or more Outstanding Bonds as of the record date for the meeting as determined above, or (ii) be a person appointed by an instrument or document in writing as proxy by a Person who is such an Owner as of the record date for the meeting of one or more Outstanding Bonds. Each Owner or proxy shall be entitled to one vote for each $5,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of Owners shall be by written ballots on which shall be subscribed the signatures of the Owners or their representatives by proxy and the identifying numbers of the Bonds held or represented by them.

The provisions hereof may be modified with respect to any particular series of Bonds to provide that any insurer, surety, guarantor or provider of any credit facility that applies to such series of Bonds or a portion thereof may act in the place and stead of the Owners with respect to consents or action at any meeting of the Owners.

Section 12.4. Meetings. Notwithstanding any other provision of this Trust Agreement, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of Owners, with regard to:

(a) proof of the holding of Bonds and of the appointment of proxies,

(b) the appointment and duties of inspectors of votes,

(c) recordation of the proceedings of those meetings,

(d) the execution, submission and examination of proxies and other evidence of the right to vote, and

(e) any other matters concerning the conduct, adjournment or reconvening of meetings which it may deem fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Corporation or by the Owners, as provided in Section 12.2 hereof, in which case the Corporation or the Owners calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the Owners of a majority in principal amount of the Bonds represented at the meeting and entitled to vote.

The only Persons who shall be entitled to be present or to speak at any meeting of Owners shall be the Persons entitled to vote at the meeting, any representatives of the Trustee, any representatives of the Corporation, and any representatives of the City, and their respective Counsel.

Section 12.5. Miscellaneous. Nothing contained in this Article XII shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Owners under any of the provisions of this Trust Agreement or of the Bonds by reason of any call of a meeting of Owners or any rights conferred expressly or impliedly hereunder to make a call.

ARTICLE XIII
MISCELLANEOUS

Section 13.1. Limitation of Rights. With the exception of rights conferred expressly in this Trust Agreement, nothing expressed or mentioned in or to be implied from the Base Lease, the Facilities Agreement or the Bonds is intended or shall be construed to give to any Person other than the parties hereto and the Owners of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Trust Agreement or any covenants, agreements, conditions and provisions contained herein. This Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, and the Owners of the Bonds as provided herein.

Section 13.2. Severability. In case any section or provision of this Trust Agreement, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Trust Agreement, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Trust Agreement or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Trust Agreement, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, covenant, agreement, stipulation, obligation, act, acting, part or application, all of which shall

be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

Section 13.3. Notices. Except as provided in Section 7.2 hereof, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if it is mailed by first class mail, postage prepaid or is sent via electronic transmission. Notices to the Corporation, the City and the Trustee shall be addressed as follows:

The Corporation	City of Charleston Public Facilities Corporation Attention: President 116 Meeting Street Charleston, SC 29401
The City	City of Charleston Attention: Finance Director 116 Meeting Street Charleston, SC 29401
The Trustee	U.S. Bank Trust Company, National Association Attention: Corporate Trust Services 1441 Main Street, Suite 775 Columbia, SC 29201

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Corporation, the Trustee or the City to one or more of the others also shall be given to the others. The foregoing parties may designate, by notice given hereunder, any further or different addresses to which any subsequent notice, request, complaint, demand or other instrument or document shall be sent.

In connection with any notice mailed pursuant to the provisions of this Trust Agreement, a certificate of the Trustee, the Corporation, the City or the Holders of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

Section 13.4. Suspension of Mail. If because of the suspension of delivery of first class mail or, for any other reason, the Trustee shall be unable to mail by the required class of mail any notice required to be mailed by the provisions of this Trust Agreement, the Trustee shall give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate mailing thereof, and the giving of that notice in that manner for all purposes of this Trust Agreement or the Facilities Agreement shall be deemed to be in compliance with the requirement for the mailing thereof. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

Section 13.5. Payments Due on Saturdays, Sundays and Holidays. If any Bond Payment Date or date of maturity of the principal of any Bonds is a Saturday, Sunday or a day on which the Trustee is required or authorized by law (including without limitation, executive orders) to close and is closed, then payment of interest or principal need not be made by the Trustee on that date, that payment may be made on the next succeeding Business Day on which the Trustee is open for business with the same force and effect as if that payment were made on the Bond Payment Date or date of maturity and no interest shall accrue for the period after that date.

Section 13.6. Instruments of Holders. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Trust Agreement to be executed by any Owner may be in any number of concurrent writings of similar tenor and may be executed by that Owner in person or by an agent or attorney appointed in writing. Proof of (i) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (ii) the execution of any writing appointing any agent or attorney, and (iii) the ownership of Bonds, shall be sufficient for any of the purposes of this Trust Agreement, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(a) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(b) The fact of ownership of Bonds shall be proved by the Register.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Owner of any Bond shall bind every future Owner of the same Bond, with respect to anything done or suffered to be done by the Corporation or the Trustee pursuant to that writing.

Section 13.7. Priority of this Trust Agreement. This Trust Agreement shall be superior to any liens which may be placed upon the Revenues or any Funds (or Accounts therein) created pursuant hereto.

Section 13.8. Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the Trustee contained in this Trust Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the Trustee as such to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the Trustee or Corporation contained in this Trust Agreement or any other agreement relating to the Bonds shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Trustee or the Corporation in other than that person's official capacity. No official executing the Bonds, this Trust Agreement or any amendment or supplement hereto or thereto or other document relating to the Bonds, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reasons of the issuance or execution hereof or thereof.

Section 13.9. Continuing Disclosure. The City has covenanted in the Facilities Agreement to provide information under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("15c2-12"), as an Obligated Person (as defined in 15c2-12).

Section 13.10. Binding Effect. This Trust Agreement shall inure to the benefit of and shall be binding upon the Corporation and upon the Trustee, and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 13.11. Counterparts. This Trust Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 13.12. Governing Law. This Trust Agreement and the Bonds shall be deemed to be contracts made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State without regard to conflict of law principles.

Section 13.13. Limitation of Liability of Corporation. All payments to be made by the Corporation or obligations of the Corporation hereunder are payable solely from the Trust Estate and revenues derived therefrom.

IN WITNESS WHEREOF, the Corporation has caused this Trust Agreement to be executed and delivered for it and in its name and on its behalf by its duly authorized officers, and the Trustee has caused this Trust Agreement to be executed and delivered for it and in its name and on its behalf by its duly authorized officer all as of the day and year first above written.

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION

By: _____
Its: President

Attest:

By: _____
Its: Secretary

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By: _____
Its: _____

EXHIBIT A

[FORM OF SERIES 2026 BOND]

No. R-1 $_____

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION
INSTALLMENT PURCHASE REVENUE BOND
(CITY OF CHARLESTON PROJECT)
SERIES 2026

Interest Rate	Maturity Date	Dated Date	CUSIP
_____%	September 1, _____	_____, 2026	

Holder: CEDE & CO.

Principal Amount: _____ DOLLARS

City of Charleston Public Facilities Corporation (the "Corporation"), a nonprofit corporation organized and existing under the laws of the State of South Carolina (the "State") and a support organization for the City of Charleston, South Carolina (the "City"), for value received hereby acknowledges itself obligated to, and promises to pay, the Holder identified above, or registered assigns, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, the Principal Amount set forth above on the Maturity Date set forth above, and to pay interest on said sum from the most recent March 1 or September 1 to which interest has been paid or for which due provision has been made or, if no interest has been paid, from the Dated Date set forth above, at the Interest Rate per annum set forth above payable on March 1 and September 1 (each a "Bond Payment Date") of each year commencing March 1, 2027, until the Corporation's obligation with respect to payment of the principal amount is discharged.

This Bond is one of a series of bonds of the Corporation in the aggregate original face amount of $_____ and designated as City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project) Series 2026 (the "Series 2026 Bonds" and each a "Series 2026 Bond"), issued under a Trust Agreement, dated as of December 1, 2026 (the "Trust Agreement"), between the Corporation and the Trustee, to provide funds to finance the costs of acquisition, construction, installation, furnishing and equipping of facilities to be undertaken by the Corporation for the City pursuant to a Municipal Facilities Purchase and Occupancy Agreement dated as of December 1, 2026 (the "Facilities Agreement") and certain facilities (the "Ancillary Facilities") not subject to the Facilities Agreement or the Base Lease (as defined below) and not situated on the Real Property (as defined below), all by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State of South Carolina, and pursuant to a resolution duly adopted by the Board of Directors of the Corporation. The City Council of the City has also enacted an ordinance approving the issuance of the Series 2026 Bonds by the Corporation. The City has leased certain real property (the "Real Property") to the Corporation under the terms of a Base Lease Agreement dated as of December 1, 2026 (the "Base Lease").

Interest is payable to the person in whose name this Series 2026 Bond is registered at the close of business on the 15th day of the calendar month next preceding each Bond Payment Date, except that

interest not duly paid or provided for when due shall be payable to the person in whose name this Series 2026 Bond is registered at the close of business on a special record date to be fixed for the payment of defaulted interest. Such defaulted interest shall be payable to the Holder in whose name such Series 2026 Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed to the Holders of the Series 2026 Bonds not less than 10 days preceding such special record date. Such notice shall be mailed to the Holder in whose name this Series 2026 Bond is registered at the close of business not more than 15 days nor less than 10 days prior to the special record date. If the Trustee registers the transfer of this Series 2026 Bond subsequent to the mailing of such notice and on or before the special record date, any such notice of payment of defaulted interest shall be binding upon the transferee and a copy of the notice of payment of defaulted interest shall be delivered by the Trustee to the transferee along with the Series 2026 Bond or Bonds.

Principal of and interest on this Series 2026 Bond are payable in lawful money of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts. Payments of interest will be made by check or draft drawn upon U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and mailed to the person entitled thereto. Principal, when due, shall be paid upon surrender of this Series 2026 Bond at the designated corporate trust office of the Trustee in St. Paul, Minnesota.

The Series 2026 Bonds are being issued by means of a book-entry system with no physical distribution of Bond certificates to be made except as provided in the Trust Agreement. One bond certificate with respect to each date on which the Series 2026 Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Trust Agreement), is being issued and required to be deposited with the Securities Depository (as defined in the Trust Agreement) and immobilized in its custody. The book-entry system will evidence positions held in the Series 2026 Bonds by the Securities Depository's Participants, beneficial ownership of the Series 2026 Bonds in the principal amount of $5,000 or any whole multiple thereof being evidenced in the records of such Participants (as defined in the Trust Agreement). Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Corporation and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Series 2026 Bond, as the owner of this Series 2026 Bond for all purposes, including payments of principal of and redemption premium, if any, and interest on this Series 2026 Bond, notices and voting. Transfer of principal and interest payments to Participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal and interest payments to beneficial owners of the Series 2026 Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such beneficial owners. The Corporation will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its Participants or persons acting through such Participants. While the Securities Depository Nominee is the owner of this Series 2026 Bond, notwithstanding the provision hereinabove contained, payments of principal of and interest on this Series 2026 Bond shall be made in accordance with existing arrangements between the Trustee or its successors under the Trust Agreement and the Securities Depository.

In the event that the Series 2026 Bonds are not held under a book-entry system, at the written request addressed to the Trustee of the Holder of Series 2026 Bonds in the aggregate principal amount of at least $1,000,000, interest and redemptions of principal shall be paid by wire transfer to the bank account number filed not later than the Record Date with the Trustee for such purpose.

The Series 2026 Bonds and the interest thereon are limited obligations of the Corporation, do not and shall not constitute a debt or pledge of the faith and credit of the City but shall constitute a limited

obligation of the Corporation and shall be payable solely from the Revenues pledged therefor as defined in the Trust Agreement and are secured by said Trust Agreement. The Series 2026 Bonds and the interest thereon shall never constitute an indebtedness or charge against the general credit or taxing powers of the City within the meaning of any constitutional provision or statutory limitation, but shall be payable solely from the funds provided for in the Trust Agreement.

Pursuant to the Trust Agreement the Corporation has granted to the Trustee for the benefit of the owners of the Series 2026 Bonds, a security interest in the trust estate (as described in the Trust Agreement). The trust estate includes the Revenues (as defined in the Trust Agreement) consisting of the Acquisition Payments (as defined in the Trust Agreement) payable by the City under the Facilities Agreement, any other sums arising under the Facilities Agreement, amounts on deposit from time to time in the funds and accounts created pursuant to the Trust Agreement and the investment income therefrom. The Trust Agreement further provides that the Corporation may issue additional bonds secured on a parity with the Series 2026 Bonds by the Trust Estate under the terms and conditions and to the extent described in the Trust Agreement. The City's obligation to pay Acquisition Payments under the Facilities Agreement is subject to annual appropriations and the obligation may be terminated at the end of any fiscal year of the City by an Event of Nonappropriation (as defined in the Facilities Agreement). UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION, THE CITY MAY TERMINATE THE FACILITIES AGREEMENT AT THE END OF THE FISCAL YEAR DURING WHICH SUCH EVENT OF NONAPPROPRIATION OCCURS, AND THE CITY SHALL NOT BE OBLIGATED TO MAKE PAYMENT OF THE ACQUISITION PAYMENTS BEYOND THE END OF SUCH FISCAL YEAR.

Counterparts or copies of the Trust Agreement, the Facilities Agreement, the Base Lease and the other documents referred to herein are on file at the designated corporate trust office of the Trustee in Columbia, South Carolina, and reference is hereby made thereto and to the documents referred to therein for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the Corporation, the City, the Trustee and the Owners of the Series 2026 Bonds under such documents, the security for the Series 2026 Bonds and the conditions under which additional bonds may be issued thereunder to all of which the Owner hereof, by acceptance of this Series 2026 Bond, assents.

The Series 2026 Bonds are subject to redemption prior to maturity as provided in the Trust Agreement, as described in the following paragraph:

In the event the City exercises its option pursuant to the Facilities Agreement to prepay Base Payments, the Series 2026 Bonds maturing after September 1, 20__, may be redeemed in whole or in part at any time on or after September 1, 20__ by the Corporation at a redemption price equal to the principal amount of such Series 2026 Bonds to be redeemed plus accrued interest to the redemption date.

Notice of redemption shall be given by the Trustee by first class mail, postage prepaid, to the Holders of the Series 2026 Bonds to be redeemed at their addresses appearing on the Register maintained by the Trustee, said mailing to be not less than 30 days, but not more than 60 days, prior to the redemption date. Failure of the Trustee to give any notice of redemption or any defects in such notice shall not affect the validity of the redemption of any other Series 2026 Bonds.

For purposes of any vote, consent, objection, direction, request or other action under the Trust Agreement by Owners (as defined in the Trust Agreement) of a specified amount of the Series 2026 Bonds, an Owner of a Series 2026 Bond will be deemed to hold an amount of Series 2026 Bonds equal to the principal amount thereof. Upon the occurrence of certain Events of Default (as defined in the Trust Agreement), all Series 2026 Bonds may be declared immediately due and payable and thereupon shall become and be immediately due and payable as provided in the Trust Agreement.

The Series 2026 Bonds are issuable only in fully registered form. Subject to the limitations provided for in the Trust Agreement, this Series 2026 Bond may be exchanged for a like aggregate principal amount payable at maturity of Series 2026 Bonds of the same maturity in authorized denominations. The Series 2026 Bonds are transferable by the Holder thereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner and subject to the limitations provided for in the Trust Agreement and upon surrender and cancellation of this Series 2026 Bond. Upon such transfer a new Series 2026 Bond or Bonds of the same maturity and in authorized denominations for the same aggregate principal amount payable at maturity will be issued to the transferee in exchange.

The Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Trust Agreement in connection with the exchange or transfer. The Trustee need not exchange or register the transfer of a Series 2026 Bond which has been selected for redemption and need not exchange or register the transfer of any Series 2026 for a period of 15 days before a selection of Series 2026 Bonds to be redeemed or before any March 1 or September 1.

The Corporation, the City, the Trustee and any paying agent may treat the Holder of this Series 2026 Bond as the absolute owner for the purpose of receiving payment as herein provided and for all other purposes and none of them shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Series 2026 Bond have existed, have happened and have been performed in due form, time and manner as required by law.

IN WITNESS WHEREOF, the Corporation has caused this Series 2026 Bond to be executed and attested by the manual signatures of its duly authorized officers, and this Series 2026 Bond to be authenticated by the manual signature of an authorized representative of the Trustee, without which authentication this Series 2026 Bond shall not be valid nor entitled to the benefits of the Trust Agreement.

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION

By: _____
President

Attest:

_____
Secretary

TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Trustee hereby certifies that this is one of the Series 2026 Bonds described in the within-mentioned Trust Agreement.

Date of Authentication: _____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby 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.

Date:_____ _____

Signature guaranteed:

_____

_____

EXHIBIT B

[FORM OF REQUISITION]

DIRECTION TO MAKE DISBURSEMENT

Requisition No. ____

U.S. Bank Trust Company, National Association
Attention: Corporate Trust Department

Re: $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026

Ladies and Gentlemen:

As Trustee under the Trust Agreement dated as of December 1, 2026, between you and City of Charleston Public Facilities Corporation (the "Trust Agreement"), and in accordance with the provisions of Section 5.3 of the Trust Agreement, you are hereby directed to disburse from the Project Fund the sum of $_____, payable to the persons and in the amounts and at the addresses set forth in Schedule I attached hereto, said sums being the amounts due for or attributable to the items described in said Schedule I. Included herewith is documentation supporting the payments requested herein.

In this connection, we further certify to you as follows:

A. The amounts to be paid hereunder (i) are due and payable, (ii) are costs of the Project Facilities, the Ancillary Facilities or the Real Property, and (iii) have not been the subject of any previous requisition from the Project Fund.

B. All representations and warranties of City of Charleston, South Carolina (the "City") in the Facilities Agreement are true and correct as of the date hereof.

C. The City is not in default under any provisions of the Facilities Agreement.

Dated this ____ day of _____, 202_.

CITY OF CHARLESTON, SOUTH CAROLINA

By: _____
City Representative

EXHIBIT C

[FORM OF REQUISITION FOR ISSUANCE COSTS]

DIRECTION TO MAKE DISBURSEMENT

Issuance Cost Requisition No. ____

U.S. Bank Trust Company, National Association
Attention: Corporate Trust Department

Re: $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026 (the "Bonds")

Ladies and Gentlemen:

As Trustee under the Trust Agreement dated as of December 1, 2026, between you and City of Charleston Public Facilities Corporation (the "Trust Agreement"), and in accordance with the provisions of Section 5.3 of the Trust Agreement, you are hereby directed to disburse from the Project Fund the sum of $_____, payable to the persons and in the amounts and at the addresses set forth in Schedule I attached hereto, said sums being the amounts due for or attributable to the items described in said Schedule I. Included herewith is documentation supporting the payments requested herein.

In this connection, we further certify to you as follows:

A. The amounts to be paid hereunder (i) are due and payable, (ii) are costs of issuance of the Series 2026 Bonds, and (iii) have not been the subject of any previous requisition from the Project Fund.

B. All representations and warranties of City of Charleston Public Facilities Corporation (the "Corporation") in the Trust Agreement are true and correct as of the date hereof.

C. The Corporation is not in default under any provisions of the Trust Agreement.

Dated this ____ day of _____, 202_.

CITY OF CHARLESTON PUBLIC FACILITIES CORPORATION

By: _____
Corporation Representative

Approved:

CITY OF CHARLESTON, SOUTH CAROLINA

By: _____
City Representative

EXHIBIT D

[FORM OF FINAL REQUISITION]

DIRECTION TO MAKE FINAL DISBURSEMENT AND CERTIFICATE OF COMPLETION

Requisition No. ___

U.S. Bank Trust Company, National Association
Attention: Corporate Trust Department

Re: $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026 (the "Bonds")

Ladies and Gentlemen:

As Trustee under the Trust Agreement dated as of December 1, 2026, between you and City of Charleston Public Facilities Corporation (the "Trust Agreement"), and in accordance with the provisions of Section 5.3 of the Trust Agreement, you are hereby directed to disburse from the Project Fund as the case may be, the total sum of $_____, payable to the persons and in the amounts and at the addresses set forth in Schedule I attached hereto, said sum being the total of amounts due for or attributable to the items described in said Schedule I. Said sum represents the final requisition from said Project Fund. Included herewith is documentation supporting the payments requested herein.

In this connection, we further certify to you as follows:

A. The amounts to be paid hereunder (i) are due and payable, (ii) are for costs of the Project Facilities, and (iii) have not been the subject of any previous requisition from the Project Fund.

B. All representations and warranties of the City in the Facilities Agreement are true and correct as of the date hereof.

C. The City is not in default under any provisions of the Facilities Agreement.

D. The Project Facilities (as defined in the Facilities Agreement) are free and clear of all liens and encumbrances for labor and materials furnished by all contractors, subcontractors and materialmen retained by the City for the Project Facilities [except as provided herein], and [all such contractors, subcontractors and materialmen have been, or upon receipt of amounts being requisitioned herein, will be, paid in full, except as permitted by Section 5.3(c) of the Trust Agreement.][the following claims are presently being contested in good faith by the City, and the following amounts as to each shall be held in reserve in the Project Fund pending the resolution thereof: (describe each claimant, nature of controversy, and amount to be held in reserve in Project Fund).]

We further certify to you that the Project Facilities have been substantially completed in accordance with all Project Facilities Contracts (as defined in the Facilities Agreement) and the terms and conditions of the Facilities Agreement, and that the Project Facilities as completed comply in all material respects with all applicable governmental regulations.

Dated this ____ day of _____, 202_.

CITY OF CHARLESTON, SOUTH CAROLINA

By:_____
City Representative

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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HAYNSWORTH SINKLER BOYD

HAYNSWORTH SINKLER BOYD, P.A.
134 MEETING STREET, THIRD FLOOR (29401-2240)
POST OFFICE BOX 340 (29402-0340)
CHARLESTON, SOUTH CAROLINA
TELEPHONE 843.722.3366
FACSIMILE 843.722.2266
WEBSITE www.hsblawfirm.com

December __, 2026

City of Charleston, South Carolina
Charleston, South Carolina

City of Charleston Public Facilities Corporation
Charleston, South Carolina

Re: $_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026

Ladies and Gentlemen:

We have acted at the request of the City of Charleston, South Carolina (the "City") as bond counsel in connection with the issuance and delivery by City of Charleston Public Facilities Corporation (the "Issuer"), a nonprofit corporation organized and existing under the laws of the State of South Carolina (the "State"), of its $_____ Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026, dated the date hereof (the "Series 2026 Bonds"). The Series 2026 Bonds are being issued by the Issuer pursuant to the Constitution and laws of the State and a Trust Agreement, dated as of December 1, 2026 (the "Trust Agreement"), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). All capitalized terms used and not defined herein have the meanings provided for such terms in the Trust Agreement.

The Series 2026 Bonds are being issued for the purpose of providing funds to defray (i) refunding all or a portion of the City of Charleston Public Facilities Corporation Installment Purchase Revenue Bonds (City of Charleston Project), Series 2015A, dated September 17, 2015; (ii) financing the construction of the City's new city office building in West Ashley, including the acquisition of the land therefor (the "Project Facilities") and the City's new police fleet and garage facility; (iii) the acquisition of land for new fire stations; and (iv) the costs of issuing the Series 2026 Bonds. The Issuer has leased from the City certain land upon which the Project Facilities will be constructed pursuant to the terms of a Base Lease Agreement dated as of December 1, 2026 (the "Base Lease"), between the City, as lessor, and the Issuer, as lessee. The Project Facilities are being sold to the City pursuant to the terms of a Municipal Facilities Purchase and Occupancy Agreement dated as of December 1, 2026 (the "Facilities Agreement"), between the Issuer, as seller, and the City, as purchaser.

The Series 2026 Bonds are being issued as fully registered bonds in book-entry only form, will bear interest payable at the rates and at the times, and will be subject to redemption prior to maturity, all as provided in the Trust Agreement.

In our capacity as Bond Counsel we have examined the Constitution and the laws of the State, executed counterparts of the Base Lease, the Facilities Agreement, the Trust Agreement, certain other proofs submitted to us by the City, the Issuer and the Trustee, and such other laws, documents, instruments, proceedings and opinions as we have deemed relevant in rendering the opinions hereinafter expressed.

In such capacity we have relied upon the opinions of even date herewith of counsel to the City with respect to the execution and delivery of the Base Lease and the Facilities Agreement by and as to the City. Our services as Bond Counsel in connection with the issuance of the Series 2026 Bonds have been limited to rendering the opinions hereinafter expressed based on our review of such proceedings and documents, instruments, proceedings and opinions, as we deem necessary to approve the validity of the Series 2026 Bonds and the tax-exempt status of interest thereon.

In rendering the following opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records and certifications, documents and other proceedings.

Based on such examination, and upon such reliance, we are of the opinion, under existing laws, regulations and judicial decisions, that:

1. The Base Lease has been duly authorized, executed and delivered and constitutes a valid and binding obligation of the City and the Issuer enforceable in accordance with its terms.

2. The Facilities Agreement has been duly authorized, executed and delivered and constitutes a valid and binding obligation of the City and the Issuer enforceable in accordance with its terms, provided, however, that the obligations of the City for the payment of Base Payments and Additional Payments under the Facilities Agreement are payable from annually appropriated funds of the City. The continuation of the Facilities Agreement beyond each fiscal year of the City and the City's obligation to pay Base Payments and Additional Payments in each fiscal year are subject to and dependent upon annual appropriations of sufficient funds therefor by the City Council of the City.

3. The Trust Agreement has been duly authorized, executed and delivered by the Issuer and, assuming the due authorization, execution and delivery of the Trust Agreement by the Trustee, is valid and binding upon the Issuer. All right, title and interest of the Issuer in and to the Trust Estate have been validly pledged and assigned to the Trustee, and the Trust Agreement creates a valid security interest in the Trust Estate.

4. The Series 2026 Bonds have been duly authorized, executed and delivered and constitute the legal, valid and binding special limited obligations of the Issuer, payable by the Issuer solely from the Trust Estate and sources described in the Trust Agreement. The Series 2026 Bonds are entitled to the benefits and security of the Trust Agreement for the payment thereof in accordance with the terms of the Trust Agreement.

5. The City has approved the issuance and the sale of the Series 2026 Bonds by the Issuer.

6. The principal of and interest on the Series 2026 Bonds [(including any original issue discount properly allocable to an owner thereof)] are not payable from the general funds of the City, nor do they constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of its property or upon any of its income, receipts or revenues, except for Base Payments and Additional Payments paid by the City under the Facilities Agreement and the funds that are pledged under the Trust Agreement. Neither the credit nor the taxing power of the State or any political subdivision thereof, including without limitation the City, is pledged for the payment of the principal of or interest on the Series 2026 Bonds, and no owner of the Series 2026 Bonds has the right to compel the exercise of the taxing power by the State or any political subdivision thereof, including without limitation the City, or the forfeiture of any of its property in connection with any default thereon.

7. Interest on the Series 2026 Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income of the registered owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the City and the Issuer comply with all requirements of the Code that must be satisfied subsequent to

the issuance of the Series 2026 Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. The City and the Issuer have covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Series 2026 Bonds.

8. The Series 2026 Bonds and the interest thereon are exempt from all State, county, school district, municipal, and all other taxes or assessments of the State, except for inheritance, estate, transfer or certain franchise taxes. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina, 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Series 2026 Bonds.

We express no opinion herein as to any other federal or State or local tax consequences to holders of the Series 2026 Bonds.

It is to be understood that the rights of the owners of the Series 2026 Bonds and the enforceability of the Base Lease, the Facilities Agreement, the Trust Agreement and the Series 2026 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, now or hereafter in effect, and by equitable principles, whether considered at law or in equity, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Preliminary Official Statement or the Official Statement relating to the Series 2026 Bonds or regarding the perfection or priority of the lien on the Trust Estate or any funds created under the Trust Agreement. The opinions expressed above are given as of the date hereof, and we assume no obligation to update, revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of December __, 2026, is executed and delivered by the City of Charleston, South Carolina (the "City") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the City in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the City through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the City for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the City pursuant to Section 9 hereof.

"Disclosure Representative" means the Chief Financial Officer (or his or her designee), or such other person as the City shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the City's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the City, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the City in connection with the Bonds, as listed on Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The City shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy

of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than seven months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2026. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15^{th}) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the City of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send that a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the City irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the City are prepared but not available prior to the Annual Filing Date, the City shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the City pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material, and tender offers;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

15. "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and

16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the City pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service," other than those communications included in the Rule;

5. “secondary market purchases;”

6. “bid for auction rate or other securities;”

7. “capital or other financing plan;”

8. “litigation/enforcement action;”

9. “change of tender agent, remarketing agent, or other on-going party;” and

10. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the City pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”

2. “change in fiscal year/timing of annual disclosure;”

3. “change in accounting standard;”

4. “interim/additional financial information/operating data;”

5. “budget;”

6. “investment/debt/financial policy;”

7. “information provided to rating agency, credit/liquidity provider or other third party;”

8. “consultant reports;”

9. “change of tender agent, remarketing agent, or other on-going party;”

10. “consultant reports;” and

11. “other financial/operating data.”

(viii) provide the City evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The City may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything is this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such

delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the City, including the financial and statistical information provided in the Official Statement:

1. History of Assessed Values of the City of Charleston (only for preceding fiscal year);
2. City of Charleston Tax Levy (only for current fiscal year);
3. Tax Collection Record of the City of Charleston (only for preceding fiscal year);
4. Largest Taxpayers in the City of Charleston (only for preceding fiscal year); and
5. Outstanding General Obligation Bonds (debt service requirements for the next succeeding five years).

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with Generally Accepted Accounting Principles as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such document so incorporated by reference.

The City will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The City shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the City determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a

Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the City as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The City acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the City is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the City chooses to include any information in any

Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the City and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the City is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The City has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The City may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the City or DAC, the City agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the City shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the City.

SECTION 10. Remedies in Event of Default. In the event of a failure of the City or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the City at all times.

The obligations of the City under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the City and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the City or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the City. No such amendment shall become effective if the City shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the City have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By:_____
Name:_____
Title:_____

CITY OF CHARLESTON, SOUTH CAROLINA, as City

By:_____
Name: Amy K. Wharton
Title: Chief Financial Officer

EXHIBIT A
NAME OF OBLIGATIONS

Obligated Person:	City of Charleston, South Carolina
Name of Issue:	$_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026
Date of Issuance:	December __, 2026
Date of Official Statement:	December __, 2026

CUSIP NUMBERS:

September 1	CUSIP	September 1	CUSIP
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	
2035		2045	
2036		2046	

EXHIBIT B
NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Obligated Person:	City of Charleston, South Carolina
Name of Issue:	$_____ City of Charleston Public Facilities Corporation Installment Purchase Capital Improvement and Refunding Revenue Bonds (City of Charleston Project), Series 2026
Date of Issuance:	December __, 2026
Date of Disclosure Agreement:	December __, 2026

CUSIP NUMBERS:

September 1	CUSIP	September 1	CUSIP
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	
2035		2045	
2036		2046	

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Obligations as required by the Disclosure Agreement, dated as of December __, 2026, between the City and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The City has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the City

_____

cc: Obligated Person

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

City's and/or Other Obligated Person's Name: City of Charleston, South Carolina

City's Six-Digit CUSIP Number:

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1._____"Principal and interest payment delinquencies;"
2._____"Non-Payment related defaults, if material;"
3._____"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4._____"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5._____"Substitution of credit or liquidity providers, or their failure to perform;"
6._____"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material;"
9._____"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13._____"Merger, consolidation, or acquisition of the obligated person, if material;"
14._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15._____"Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16._____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:
Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of December __, 2026 between the City and DAC.

City's and/or Other Obligated Person's Name: City of Charleston, South Carolina

City's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1.____"amendment to continuing disclosure undertaking;"
2.____"change in obligated person;"
3.____"notice to investors pursuant to bond documents;"
4.____"certain communications from the Internal Revenue Service;"
5.____"secondary market purchases;"
6.____"bid for auction rate or other securities;"
7.____"capital or other financing plan;"
8.____"litigation/enforcement action;"
9.____"change of tender agent, remarketing agent, or other on-going party;" and
10.___"other event-based disclosures."

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of December __, 2026 between the City and DAC.

City's and/or Other Obligated Person's Name: City of Charleston, South Carolina

City's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1._"quarterly/monthly financial information;"
2._"change in fiscal year/timing of annual disclosure;"
3._"change in accounting standard;"
4._"interim/additional financial information/operating data;"
5._"budget;"
6._"investment/debt/financial policy;"
7._"information provided to rating agency, credit/liquidity provider or other third party;"
8._"consultant reports;" and
9._"other financial/operating data."

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: _____

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