

TOWN OF KIAWAH ISLAND INVESTMENT POLICY

I. POLICY

It is the Policy of the Town of Kiawah Island, (hereinafter collectively referred to as the “Town”) to invest public funds in a prudent manner which will provide in the following order, 1) the highest level of safety of funds, along with 2) liquidity of funds in order that daily cash flow demands are met and finally that 3) the yield or investment return be maximized while conforming to all laws of the State of South Carolina regarding the investment of public funds.

II. SCOPE

The Treasurer is authorized to invest the Town’s funds in accordance with the South Carolina Code of Laws § 11-1-60 (APPENDIX G). This investment policy applies to all financial assets of the Town (the Town of Kiawah Island does not have a Pension Fund). These funds are accounted for in the Comprehensive Annual Financial Report, which includes the following fund types:

- General Fund
- State Accommodations Tax Fund
- Local Accommodations Tax Fund
- County Accommodations Tax Fund
- Beverage Permit Fund
- Hospitality Fund
- Enterprise Fund
- *Any new fund created by the legislative body, unless specifically exempted.*

III. PRUDENCE

According to the South Carolina Code of Laws § 11-1-60, the governing body or persons authorized to make investment decisions on behalf of the local agency, investing public funds pursuant to this section, are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person with familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. The actions of the Treasurer in the performance of his/her duties as manager of public funds shall be evaluated using the following “prudent person” standard applied in the context of managing the overall portfolio:

- Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
- Investment officers acting in accordance with written procedures and the investment policy exercising due diligence shall be relieved of personal responsibility for an individual

security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. OBJECTIVES

The primary objectives of the Town's investment activities in priority order shall be:

A. Safety

Safety of principal is the foremost objective of the investment program. Investments of the Town shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The Town shall seek to safeguard principal by a careful examination of credit risk and market risk of individual investments.

1. *Credit Risk* – is defined as the risk of loss due to failure of an issuer of a security. Credit risk shall be mitigated by investing in safe institutions and by diversifying the fund so that the failure of any one issuer would not unduly harm the Town's cash flow.
2. *Market Risk* – is defined as the risk of market value fluctuations due to overall changes in the general level of interest rates. Market Risk shall be mitigated by limiting the weighted average maturity of the Town's fund.

B. Liquidity

The Town investment portfolio will remain sufficiently liquid to enable the Town to meet all operating expenditure requirements, which might be reasonably anticipated.

C. Return on Investment

The Town investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, taking into account the Town investment risk constraints and the cash flow characteristics of the portfolio. Whenever possible, consistent with risk limitations and prudent investment principles, the Town shall make an effort to achieve returns at the market average rate of return.

V. DELEGATION OF AUTHORITY

The authority to manage the Town's investment program is derived from the Section 11-1-60 of the South Carolina Code of Laws. Management responsibility for the investment program is delegated to the Treasurer. As administrator of the Town's financial program, the Treasurer is assigned full discretionary management of the Town's investments and shall report directly to the Town Administrator. The Ways & Means Committee, pursuant to the Town's statement of investment policy, shall annually review the Treasurer's administration of the Town's investment program.

Investment Procedures

The Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures shall include reference to safekeeping, PSA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. The procedures shall further include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

V. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Town Administrator financial interests, other than depository or personal non-business loans, in financial institutions that conduct business within their jurisdiction. Officers and employees involved in the investment process shall further disclose any large personal financial investment positions that could be related to the performance of the Town investment portfolio.

During the course of the year, if there is an event subject to disclosure that could impair the ability of the Treasurer to make impartial decisions, the Town Administrator will be notified in writing within 2 days.

VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Pursuant to § 11-1-60 of the SC Code of Laws, the Town shall transact business only with issuers, banks, savings and loans and registered investment securities dealers. The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained for approved or security broker/dealers selected by credit worthiness that are authorized to provide investment services in the State of South Carolina. These may include “primary dealers” or regional dealers that qualify under Securities & Exchange Commission Rule 15C3 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by SC law. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following:

- Audited Financial Statements
- Proof of National Association of Security Dealers certification
- Trading Resolution
- Proof of SC Registration
- Completed broker/dealer questionnaire (Appendix B)
- Certification of having read the Town’s Investment Policy and depository contracts (Appendix C)
- Town of Kiawah’s Licensing & Taxes Form (Appendix D)
- Non-Collusion Oath (Appendix E)

An annual review of the financial condition and registration of qualified bidders will be conducted by the Treasurer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the Town invests.

The Treasurer will not give full discretionary authority to external investment managers. The Treasurer will not use external investment managers to purchase or sell securities or manage the Town's portfolio unless specifically approved by the Town Council with a contract signed by the Mayor and reviewed by the Town Attorney.

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

From the Town's perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investments managers are trained and competent to handle. The State of South Carolina Code of Laws § 11-1-60 limits the investment vehicles available to local agencies. The Town's Investment Policy further restricts the permitted investments to those listed below:

- State of South Carolina Local Government Investment Pool – Money invested with SCLGIP is pooled with State money in order to earn the maximum rate of return possible in a manner consistent with sound investment practices.
- United States Treasury Bills, Notes and Bonds or those for which the full faith and credit of the United States are pledged for payment of principal and interest. Purchase of this category shall not exceed five years to maturity. There is no percentage limit in this category.
- Federal Agency or United States government sponsored securities including those issued by or fully guaranteed as to principle and interest by federal agencies or United States government-sponsored enterprises. Obligations in this category referred to as “Federal Agencies” include, but are not limited to issues by the Government National Mortgage Association, Federal Mortgage Association, and Federal Home Loan Mortgage Corporation. There are no restrictions in amount of purchase or percentage of holdings.
- Certificates of Deposit – Certificates of Deposit are fixed-term investments that are required to be collateralized depending on the specific security pledged as security. The Town shall deposit funds only with financial institutions that operate in South Carolina. The Federal Deposit Insurance Corporation (FDIC) must insure these institutions. There are no portfolio limits on the amount or maturity for this type of investment.
- General Obligations of any of the counties, political subdivisions or municipal corporations of the State of South Carolina.
- Revenue Bonds of any of the counties, political subdivisions or municipal corporations of the State; if the statute pursuant to which such revenue bonds are issued shall declare them to be legal investments
- Money Market Mutual Funds –These types of investments are to be used primarily as overnight or short-term sweep accounts for interest and maturities with the Town's custodial agent and the Town's bank accounts.

Investments shall be purchased and sold through a competitive bid/offer process. Bids/offers for securities of comparable maturity, credit and liquidity shall be received from at least two or more financial institutions, when possible.

Master Repurchase Agreement

A repurchase agreement will be signed with the bank or dealer where applicable.

IX. INVESTMENT POOLS/MUTUAL FUNDS

While government sponsored pools are viable short-term cash management facilities, there is a due diligence standard, which applies, as there is no safety net to pools/funds. The Town will exercise due diligence to evaluate the risk of the Pool prior to investing, and on a continual basis.

The following questionnaire is designed to investigate the SCLGIP:

1. A description of eligible investments securities, and a written statement of investment policy & objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed?
5. A schedule for receiving statements and portfolio listings.
6. Does the pool utilize reserves, retained earnings, etc?
7. A fee schedule, and when and how is it assessed.
8. Is the pool eligible for bond proceeds and/or will it accept such proceeds?

X. COLLATERALIZATION

Pursuant to State Code, depositories have duties and responsibilities toward public monies on deposit that may differ from their duties relative to nonpublic funds. South Carolina law requires public funds to be collateralized; that is, the depository must secure its public fund accounts by maintaining with the agent of the depository securities having a market value consistent with the current State's policy. If a depository uses mortgage-backed securities as collateral for public funds, the market value of the securities must be consistent with the State's requirement.

An independent third party with whom the entity has a current custodial agreement will always hold collateral. A clearly marked evidence of ownership, i.e., safekeeping receipt, must be supplied to the Town and retained.

XI. SAFEKEEPING AND CUSTODY

A. Delivery vs. Payment

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to release of the Town funds.

B. Safekeeping

Securities will be held by an independent third-party custodian selected by the Town. The custodian will provide safekeeping receipts in the Town's name and an annual a financial report.

XII. DIVERSIFICATION

The purpose of diversification is to reduce overall portfolio risk while attaining benchmark average return. Diversification will prevent over concentration in a specific maturity sector and prevent reliance on risky instruments.

The Town will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pool, i.e. SCLGIP, no more than 50% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution.

XIII. MAXIMUM MATURITIES

To protect public funds from market yield losses resulting from rising interest rates, the Town will limit the maximum term of maturity. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Town will not directly invest in securities maturing more than seven (7) years average from the date of purchase.

XIV. INTERNAL CONTROLS

The Town Treasurer is responsible for ensuring compliance with the Town's investment policies as well as for establishing systems of internal control to ensure the assets of the Town are protected from loss, theft or misuse and to regulate the activities of subordinates.

The internal controls structure shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities
- Clear delegation of authority to subordinate members
- Written confirmation of transactions for investments and wire transfers
- Dual authorizations of wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

Accordingly, the Town's external auditor will assure the Town Council that the portfolio complies with policies and procedures during the annual independent audit.

XV. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

Market Yield (Benchmark)

While the investment policy is designed to provide control, the yield objective is also important. The Town's investment strategy is active. The Treasurer has identified a comparable benchmark to the Town's portfolio investment duration to determine whether a market yield is being achieved. Given this strategy, the Town shall strive to achieve returns at the market-average rate of return. *The market-average rate of return is defined as the average return on three month U.S. Treasury Bills or the South Carolina Local Government Investment Pool administered by the South Carolina State Treasurer. These indices are considered benchmarks for lower risk investment transactions, and therefore comprise a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment policies.*

XVI. POLICY CONSIDERATIONS

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. The Town Administrator and Ways & Means Committee will be advised of the situation and intended course of action. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

XVII. REPORTING

The Treasurer shall render a report to the Ways & Means Committee and the Town Administrator containing detailed information on all securities, investments and monies of the Town. To ensure compliance with GASB Statement 40, disclosure of deposit and investment risks, as listed in number (6) below, will be included in the report. The report will be submitted on at least a quarterly basis and provided within 30 days following the end of the quarter.

The report will contain the following information that is subject to this investment policy:

- 1) The type of investment, name of the issuer, date of maturity, par and cost in each investment;
- 2) The weighted average maturity of the investments;
- 3) Coupon, discount or earnings rate;
- 4) Par value, Amortized Book value and Market value;
- 5) Percentage of the portfolio represented by each investment category;
- 6) A description of the compliance with the statement of investment policy;
- 7) Disclosure of custodial risk, credit risk, concentration of credit risk, and interest rate risks; and
- 8) A statement denoting the Town's ability to meet its anticipated expenditure requirements for the next six months.

Annually, the Treasurer will provide a summary report to the Town Council within 45 days after the end of the fiscal year.

XVIII. INVESTMENT POLICY ADOPTION

The above Statement of Investment Policy is adopted by resolution of the Town of Kiawah Island (Appendix A). The Town Treasurer shall review the policy on an annual basis and the Town Council of the Town of Kiawah Island shall approve any modifications made thereto.

Town Treasurer
Town of Kiawah Island

GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the insurer.

BID: The price offered for securities.

BROKER: A broker brings buyers and sellers together for a commission.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Certificate of Deposit may be issued in either negotiable or nonnegotiable form. Nonnegotiable certificates cannot be resold in the secondary market and may face penalties for early redemption whereas a negotiable CD may be resold.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full value, e.g., US Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent return.

FEDERAL CREDIT AGENCIES: Agencies of Federal Government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. The Federal Reserve through open-market operations currently pegs this rate.

FEDERAL RESERVE SYSTEM: The Central Bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D. C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks to its member commercial banks.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or GINNIE MAE): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (US T-bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

PORTFOLIO: The collection of securities held by an investor.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state, the so-called legal list. In other states the trustee may invest in a surety if it is one, which a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital would buy.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms.

RATE OF RETURN: For fixed-rate securities, it is the coupon or contractual dividend rate divided by the purchase price, which is also the current yield.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS OR T-BILLS: A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BOND: Long-term US Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing US Treasury securities issued as direct obligations of the US Government and having initial maturities of from one to ten years.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

APPENDICES

APPENDIX A: INVESTMENT POLICY RESOLUTION

APPENDIX B: BROKER-DEALER QUESTIONNAIRE

APPENDIX C: BROKER-DEALER RECEIPT OF INVESTMENT POLICY

APPENDIX D: LICENSING AND TAXES

APPENDIX E: NON-COLLUSION OATH

APPENDIX F: SOUTH CAROLINA CODE OF LAWS § 11-1-60

APPENDIX A
TOWN OF KIAWAH ISLAND
INVESTMENT POLICY RESOLUTION

APPENDIX B

BROKER-DEALER QUESTIONNAIRE

1. Name of Firm _____

2. Address _____

3. Telephone No. () _____ Telephone No. () _____
(Local) (National
Headquarters) (National
Headquarters)

4. Primary Representative Name _____
Title _____
Telephone No. () _____
No. of yrs. in Institutional Sales _____ No. of yrs. in Institutional Sales ____
No. of yrs. with Firm _____ No. of yrs. with Firm _____

5. Are you a Primary Dealer in U.S. Government Securities? ____ Yes__ No

6. Are you a Broker instead of Dealer, i.e., you DO NOT own positions of Securities?
____ Yes _____ No

7. What is the net capitalization of your Firm? _____
If you are a depository institution, please provide the following most current
certified or audited information:
A. Tangible, Core, and Risk-Based Capital Ratios _____
B. CRA rating _____

8. What is the date of your Firm's fiscal year-end? _____

9. Is your Firm owned by a Holding Company? If so, what is its name and net
capitalization? _____

10. Please provide your Wiring and Delivery Instructions.

-
11. Which of the following instruments are offered regularly by your local desk?
 T-Bills Treasury Notes/Bonds Discount Notes NCD's
 Agencies (specify) _____
 BA's (Domestic) BA's (Foreign) Commercial Paper
 Medium-Term Notes

12. Does your Firm specialize in any of the instruments listed above? _____

13. Please identify your comparable government agency clients in the Town of Kiawah Island's geographical area.

<u>Entity</u>	<u>Contact Person</u>	<u>Telephone No.</u>	<u>Client Since</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

14. What reports, confirmation, and other documentation would the Town receive?

15. Please include samples of research reports or market information that your firm regularly provides to government agency clients.

16. What precautions are taken by your Firm to protect the interests of the public when dealing with government agencies as investors? _____

17. Have you or your Firm been censored, sanctioned or disciplined by a Regulatory State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the past five years? Yes No

18. If yes, please explain _____

19. Attach certified documentation of your capital adequacy and financial solvency. In addition, an audited financial statement must be provided currently, and within 120 days of your fiscal year-end.

20. Please indicate the current licenses of the Town's representatives:

Agent _____ License or registration: _____

21. Is your firm a member of the NASD? Does it subscribe to the rules of fair practice?

APPENDIX C

BROKER-DEALER RECEIPT OF INVESTMENT POLICY

We are in receipt of the Town of Kiawah Island's Investment Policy.

We have read the policy and understand the provisions and guidelines of the policy. All salespersons covering the Town's account will be made aware of this policy and will be directed to give consideration to its provisions and constraints in selecting investment opportunities to present to the Town.

SIGNATURES:

_____	_____
Firm	Firm
_____	_____
Name	Name
_____	_____
Title	Title
Date: _____	Date: _____

After reading and signing this Receipt of Investment Policy, please return with supporting documentation to:

Town of Kiawah Island
Treasurer's Office
21 Beachwalker Drive
Kiawah Island, SC 29455

Town of Kiawah Island's use only:
Approved: _____ Disapproved: _____ Date: _____
Signature: _____
Date notification sent: _____ Sent by: _____

APPENDIX D

TOWN OF KIAWAH ISLAND

LICENSING AND TAXES

TOWN OF KIAWAH ISLAND TAXES:

Please note that the Purchasing Department is required to verify that all taxes have been paid to the County. If you owe delinquent taxes, your submittal may be disqualified from consideration. If you wish to inquire as to your tax status, you may contact the Charleston County Delinquent Tax Office at (843) 958-4570.

BUSINESS LICENSE:

The Offeror is not required to have valid business licenses to submit a Proposal. However, Offerors must possess a valid Business License for business undertaken within the corporate limits of the Town of Kiawah Island.

Does your business have a valid **Town of Kiawah Island** Business License?

Yes No If yes, list the number _____.

Contact (843) 768-9166 with any questions.

Does your business have a valid **Charleston County** Business License?

Yes No If yes, list the number _____.

Contact (843) 958-4880 with any questions.

MINORITY/WOMEN-OWNED ENTERPRISE:

Are you a Minority or Woman-Owned business? Yes No

If so, are you certified? Yes No

If you are certified, you must furnish a copy of your certificate with your submittal.

APPENDIX E

NON-COLLUSION OATH

COUNTY OF: _____

STATE OF: _____

Before me, the Undersigned, a Notary Public, for and in the County and State aforesaid, personally appeared _____ and made oath that the Offeror herein, his agents, servants, and/or employees, to the best of his knowledge and belief, have not in any way colluded with anyone for and on behalf of the Offeror, or themselves, to obtain information that would give the Offeror an unfair advantage over others, nor have they colluded with anyone for and on behalf of the Offeror, or themselves, to gain any favoritism in the award of the contract herein.

SWORN TO BEFORE ME THIS
_____ DAY OF _____, 2014

Authorized Signature for Offeror

Please print Offeror's name and address:

NOTARY PUBLIC FOR THE
STATE OF _____

My Commission Expires: _____

Print Name: _____

Address: _____

(Note: Notary seal required for foreign Offeror.)

APPENDIX F

SOUTH CAROLINA CODE OF LAWS

SECTION 11-1-60

Investment of public funds in savings and loan associations, building and loan associations and the like.

The State or any department, institution, agency, district, county, municipality or other political subdivision of the State or any political or public corporation of the State or of the United States may invest its funds or the moneys in its custody or possession eligible for investment in the shares of any Federal savings and loan association or in the shares of any building and loan association organized and existing under the laws of this State when such shares are insured by the Federal Savings and Loan Insurance Corporation and also in bonds or debentures issued by any Federal Home Loan Bank or in the consolidated bonds or debentures issued by the Federal Home Loan Bank Board.