

A REIMBURSEMENT RESOLUTION

RELATING TO THE DECLARATION OF INTENT BY THE CITY OF ISLE OF PALMS, SOUTH CAROLINA TO REIMBURSE CERTAIN EXPENDITURES MADE PRIOR TO THE ISSUANCE OF TAX-EXEMPT DEBT.

WHEREAS, the Internal Revenue Service and U.S. Treasury Department have published regulations that govern when a borrower such as the City of Isle of Palms, South Carolina (the "City") can reimburse itself for expenditures made on projects prior to the issuance of tax exempt debt for such projects; and

WHEREAS, the regulations require that the borrower declare an official intent to reimburse an expenditure not later than sixty days after the payment of the expenditure; and

WHEREAS, the City Council of the City (the "City Council") is the governing body of the City; and

WHEREAS, the City Council heretofore found that it was necessary to provide funding for the restoration, renourishment, control and repair of beaches situated within the City and to make certain other expenditures related thereto (the "Project"), the cost to be defrayed with the proceeds of a borrowing to be incurred by the City, as well as other funds available to the City, if any; and

WHEREAS, it is now necessary for the City to make available certain initial funds for the initial phases of some of the Project; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City, as follows:

Section 1. The City hereby declares that this Resolution shall constitute its declaration of official intent pursuant to Regulation § 1.150-2 to reimburse the City from the proceeds of tax-exempt debt to be issued pursuant to Title 5, Chapter 21, Article 5, Code of Laws of South Carolina 1976, as amended, in the amount of not exceeding \$700,000 from the proceeds of a borrowing to be incurred by the City, for certain expenditures incurred with respect to the Project prior to the date of the borrowing to finance the Project (the "Expenditures").

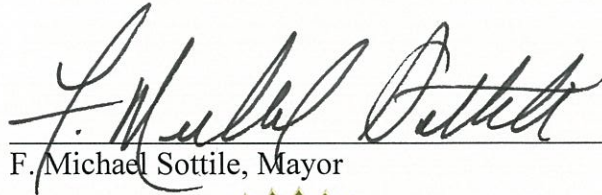
Section 2. In order for the Expenditures to be eligible for reimbursement, the City recognizes that the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid, or (b) the dates the Project were placed in service, but in no event more than three (3) years after the date on which the original Expenditure is paid.

Section 3. The City understands that Expenditures which may be reimbursed are limited to Expenditures which are (1) properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service

under Regulation § 1.150-2) under general federal income tax principles; or (2) certain de minimis or preliminary expenditures satisfying the requirements of Regulation § 1.150-2(f).

Section 4. This resolution shall take effect immediately.

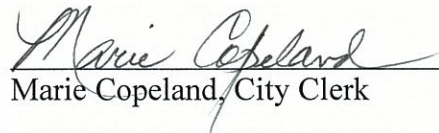
PASSED AND APPROVED BY THE CITY COUNCIL FOR THE CITY OF ISLE OF PALMS, SOUTH CAROLINA, ON THE 26TH DAY OF FEBRUARY, 2008.


F. Michael Sottile, Mayor

(SEAL)



ATTEST:


Marie Copeland, City Clerk