

**ORDINANCE NUMBER 2902**

**AN ORDINANCE**

**AUTHORIZING THE EXECUTION, DELIVERY, AND PERFORMANCE OF A LEASE-PURCHASE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE LEASE-PURCHASE FINANCING OF CERTAIN VEHICLES AND EQUIPMENT IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$2,465,000, AND OTHER MATTERS RELATING THERETO.**

**WHEREAS**, the City of Sumter, South Carolina (the “City”), is a municipal corporation and political subdivision of the State of South Carolina (the “State”) and is authorized by the laws of the State to acquire, finance and lease personal property (tangible and intangible) for the benefit of the City and its inhabitants and to enter into contracts with respect thereto;

**WHEREAS**, the City Council of the City (the “City Council”) is the governing body of the City;

**WHEREAS**, the City has determined to acquire certain equipment and rolling stock more fully described on Exhibit A hereto (collectively, the “Equipment”) and has further determined that the Equipment is personal property necessary for the City to perform essential governmental functions;

**WHEREAS**, the City Council desires to defray the cost of the Equipment through the issuance of a lease-purchase obligation of the City, and, having circulated a Request for Proposals and having received three (3) proposals for lease-purchase financing of the Equipment, proposes to enter into that Lease/Purchase Agreement with Webster Public Finance Corporation, a subsidiary of Webster Bank, National Association (or one of its affiliates), as further provided in this Ordinance;

**WHEREAS**, the City Council has determined to establish a maximum principal amount of \$2,465,000 for the lease-purchase obligation;

**NOW, THEREFORE, BE IT ORDAINED** by City Council of the City of Sumter as follows:

**ARTICLE I**  
**DEFINITIONS**

The terms defined in this Article I (except as otherwise expressly provided for or unless the context otherwise requires) for all purposes of this Ordinance shall have the respective meanings set forth in this Article I.

“City” means the City of Sumter, South Carolina, its successors and assigns.

“City Council” means the City Council of the City of Sumter, the governing body of the City, and any successor body.

“City Finance Director” shall mean the Finance Director of the City.

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

“Clerk” means the City Clerk of the City, or in her absence for any reason, the acting or deputy City Clerk of the City.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations thereunder.

“Equipment” means the vehicles and any equipment associated therewith the acquisition of which is to be financed through the transactions contemplated by this Ordinance, as set forth on the attached Exhibit A.

“Lease” means the Lease Purchase Agreement, including an Equipment Schedule and a Payment Schedule both attached thereto, to be entered into between the Lessor and the City, as Lessee, in substantially the forms presented to Council at the final reading of this Ordinance, whereby Lessor will lease the Equipment to the City for a term as shall be provided on the Payment Schedule, but not exceeding five (5) years (plus such additional number of days as may be required to allow payments to be made on a given day of the month), subject to annual appropriation by the City Council.

“Lessor” means Webster Public Finance Corporation, a subsidiary of Webster Bank, National Association, or one of its affiliates.

“Ordinance” means this Ordinance of the City Council.

## **ARTICLE II** **AUTHORIZATION OF AND CONSENT TO LEASE**

### **Section 2.01**    **Authorization to Acquire Equipment.**

The City Council hereby approves the acquisition of the Equipment as specified on the attached Exhibit A. Subject to the final terms of the Lease, the City Manager is authorized to make such changes as he deems necessary or advisable to such Exhibit A (including with respect to the description of the Equipment, the quantities to be purchased, or the price to be paid), provided that the aggregate purchase price to be paid for the Equipment, together with associated costs of issuance, does not exceed \$2,465,000, plus any investment earnings applied thereto. Any proceeds of the Lease including investment earnings remaining available after the purchase of the Equipment may be applied in the discretion of the City Manager to the purchase of additional equipment, which when acquired shall be subject to the remaining terms of the Lease.

### **Section 2.02**    **Approval and Authorization to Execute and Deliver Lease.**

(a)    The City Council hereby finds and determines that the terms of the Lease (including the form of Equipment Schedule and the form of Payment Schedule), in the forms presented to Council at the final reading of this Ordinance, are in the best interests of the City for the acquisition financing and leasing of the Equipment.

(b) The form, terms and provisions of the Lease (including the form of Equipment Schedule and the form of Payment Schedule, both attached thereto) are hereby approved in substantially the forms presented to Council at the final reading of this Ordinance, with such insertions, omissions and changes as shall be approved by the City Manager of the City, the execution and delivery of such documents by the City Manager being conclusive evidence of such approval; and the City Manager is hereby authorized and directed to execute, and the Clerk is hereby authorized and directed to attest, the Agreement and any related Exhibits attached thereto and to deliver the Agreement (including such Exhibits) to the respective parties thereto, and the Clerk is hereby authorized to affix the seal of the City to such documents. The City Manager is hereby authorized and directed to sign and deliver on behalf of the City the Lease (including the Equipment Schedule and the Payment Schedule attached thereto) and any related exhibits attached thereto, and all other documents, instruments, certificates, or other papers if and when required or as he otherwise deems necessary and appropriate, with the advice of counsel, to accomplish the transactions contemplated by this Ordinance.

(c) The principal amount of the financing represented by the Lease shall not exceed \$2,465,000, the exact amount to be determined by the City Manager. The term of the Lease shall not exceed five (5) years (plus such additional number of days, if any, as may be required to allow payments to be made on a given day of the month), and the interest rate applicable to the Lease, in the absence of adjustment owing to acts or omissions of the City which have a negative impact on the tax-exempt status of interest on the Lease, shall not exceed 3.76%. The proceeds of the Lease shall be applied to finance the costs of the acquisition of the Equipment and costs of issuance. Payments of principal and interest components due under the Lease shall be subject to annual appropriation. The Lease shall not contain a non-substitution clause.

(d) The City Manager, the City Finance Director and the Clerk, or any one of them, shall take all action necessary or reasonably required by the parties to the Agreement to carry out, give effect to, and consummate the transactions contemplated thereby and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any documents reasonably required to be delivered in connection with the Lease and to carry out the purposes of this Ordinance.

Section 2.03 Award of Lease.

The City Manager has heretofore requested proposals from financial institutions to provide the Lease, and has determined that a proposal submitted by Lessor to enter into the Lease at an interest rate of 3.76% per annum is in the best interests of the City. The City Council ratifies all action taken by the City Manager and confirms the award of the Lease to Lessor.

Section 2.04 Appointment of Authorized Lessee Representatives.

The City Manager and the Finance Director of the City are each hereby designated to act as authorized representatives of the City for purposes of the Lease until such time as the City Council shall designate any other or different authorized representative for purposes of the Lease.

\* \* \* \*

**ARTICLE III**  
**COMPLIANCE WITH REQUIREMENTS OF THE CODE**

**Section 3.01 Tax Representations and Covenants.**

The City reasonably expects that it and entities subordinate thereto will not issue tax-exempt obligations, including the Lease, in calendar year 2026 in an aggregate principal amount in excess of \$10,000,000. The Lease is hereby designated as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Code. The City hereby covenants to timely file Form 8038-G with the Internal Revenue Service.

The City hereby represents and covenants that it will not take any action that will, or fail to take any action which failure will, cause interest on the Lease to become includable in the gross income of the holder thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Lease. In this connection, the City covenants to execute any and all agreements or other documentation as it may be advised by its bond counsel as will enable it to comply with this Section. Without limiting the generality of the foregoing, the City represents and covenants that:

(A) All property provided by the net proceeds of the Lease will be leased by the City pursuant to the Lease or owned by the City in accordance with the rules governing the ownership of property for federal income tax purposes.

(B) The City shall not permit the proceeds of the Lease or any facility financed with the proceeds of the Lease to be used in any manner that would result in (a) ten percent (10%) or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code, or five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(C) The City is not a party to nor will it enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Lease or by notes paid by the Lease that do not conform to the guidelines set forth in Revenue Procedure 2017-13.

(D) The City will not sell or lease the Equipment or any property obtained with proceeds of the sale thereof to any person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the interest component of payments made by the City under the Lease.

(E) The Lease will not be federally guaranteed within the meaning of Section 149(b) of the Code. The City has not entered into any leases or sales or service contract with any federal government agency with respect to any facility financed with the proceeds of the Lease and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Lease.

\* \* \* \*

**ARTICLE IV**  
**MISCELLANEOUS**

Section 4.01    No General Liability.

Nothing contained in this Ordinance, the Lease, any Escrow Agreement nor any other instrument shall be construed with respect to the City as incurring a pecuniary liability or charge upon the general credit of the City or against its taxing power, nor shall the breach of any Lease contained in this Ordinance, the Lease, any Lease, any Escrow Lease or any other instrument or document executed in connection therewith impose any pecuniary liability upon the City or any charge upon its general credit or against its taxing power, except to the extent that the Rental Payments payable under the Lease are limited obligations of the City, subject to annual appropriation, as provided herein and in the Lease.

Section 4.02    Severability.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 4.03    Repealer.

All bylaws, orders, resolutions, and ordinances, or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency with respect to this Ordinance. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 4.04    Effective Date of Ordinance.

The provisions of this Ordinance shall become effective upon its adoption.

*[Signatures Appear on Following Page]*

DONE, RATIFIED, AND ENACTED THIS 7<sup>th</sup> day of APRIL, 2026.

**CITY OF SUMTER, SOUTH CAROLINA**

\_\_\_\_\_  
David P. Merchant, Mayor

\_\_\_\_\_  
James B. Blassingame, Mayor Pro Tem

\_\_\_\_\_  
Calvin K. Hastie, Sr., Councilman

\_\_\_\_\_  
Colin C. Davis, Councilman

\_\_\_\_\_  
Gifford M. Shaw, Councilman

\_\_\_\_\_  
Anthony Gibson, Councilman

\_\_\_\_\_  
Rebecca Lynn Kennedy, Councilwoman

**ATTEST:**

\_\_\_\_\_  
Cecilia Newman, City Clerk

First Reading: March 17, 2026  
Second Reading: April 7, 2026

**Exhibit A**

| <u>Item*</u>                  | <u>Estimated Cost</u> |
|-------------------------------|-----------------------|
| Fire Department:              |                       |
| Full PPA Replacement          | \$368,000             |
| Public Works:                 |                       |
| 5-Yard Dump Truck             | 125,000               |
| Flat Bed Dump Truck           | 128,000               |
| Sanitation:                   |                       |
| ASL Garbage Truck             | 352,000               |
| Clam Truck/Knuckle Boom       | 245,000               |
| Shuttle Truck                 | 128,000               |
| Admin:                        |                       |
| PC Refresh (Hardware)         | 600,000               |
| Water & Sewer:                |                       |
| 5-Yard Dump Truck             | 125,000               |
| Articulating Loader           | 118,000               |
| Sewer/Storm Water Camera      | 154,000               |
| Mongoose Sewer Jetter Trailer | <u>122,000</u>        |
| TOTAL                         | \$2,465,000           |

\*Including any associated equipment.

**STATE OF SOUTH CAROLINA**

**COUNTY OF SUMTER**

I, the undersigned, City Clerk of the City of Sumter, South Carolina (the "City"), **DO HEREBY CERTIFY:**

That the foregoing constitutes a true, correct, and verbatim copy of an Ordinance enacted by the City Council of the City (the "City Council") on April 7, 2026. The Ordinance was read at two public meetings of the City Council on two separate days, March 17, 2026, and April 7, 2026. An interval of at least six days occurred between each reading of the Ordinance. At each such meeting, a quorum of the City Council was present and remained present throughout the meeting.

The meetings held on March 17, 2026, and April 7, 2026, were duly called regular meetings of the City Council. As required by Chapter 4, Title 30 of the Code of Laws of South Carolina 1976, as amended, a notice of said meeting (including the date, time, and place thereof, as well as an agenda) was posted prominently in the City Hall of the City and on the City's public website at least twenty-four hours prior to said meeting. In addition, the local news media and all persons requesting notification of meetings of the City Council were notified of the time, date, and place of such meeting, and were provided with a copy of the agenda therefor at least twenty-four hours in advance of such meeting.

The original of the Ordinance is duly entered in the permanent records of the City, in my custody as City Clerk.

The Ordinance is now of full force and effect, and has not been modified, amended or repealed.

**IN WITNESS WHEREOF**, I have hereunto set my Hand and the Seal of the City of Sumter, South Carolina, this \_\_\_\_ day of April, 2026.

**(SEAL)**

\_\_\_\_\_  
City Clerk, City of Sumter,  
South Carolina

## LEASE PURCHASE AGREEMENT

This Lease Purchase Agreement (this "Agreement"), dated as of April 15, 2026, is made and entered into by and between WEBSTER PUBLIC FINANCE CORPORATION, A SUBSIDIARY OF WEBSTER BANK, NATIONAL ASSOCIATION, and its successors and permitted assigns ("Lessor"), and City of Sumter, South Carolina, a political subdivision of the State of South Carolina ("Lessee").

### RECITALS

WHEREAS, Lessee desires to lease and acquire from Lessor the Equipment (as defined herein) subject to the terms and conditions hereof;

WHEREAS, Lessee is authorized under the constitution and laws of the State of South Carolina (the "State") to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

### ARTICLE I LEASE, FUNDING AND ACQUISITION OF EQUIPMENT

Section 1.01 Lease. Lessor hereby agrees to sell, transfer and lease to Lessee, and Lessee hereby agrees to acquire, purchase and lease from Lessor the property described in the Equipment Schedule attached as Schedule 1 hereto and incorporated by reference herein, upon the terms and conditions set forth herein, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto (the "Equipment").

Section 1.02 Funding. Upon satisfaction (or waiver by Lessor) of the conditions set forth in Section 1.03, Lessor will cause the sum of \$2,465,000.00 (the "Funding Amount") to be wire transferred to such account as instructed by Lessee (the "Acquisition Account"). Lessee will draw from the Acquisition Account such sums as are necessary to acquire the Equipment and pay issuance costs. As used herein, "Closing Date" means the date of Lessor's payment of the Funding Amount.

Section 1.03 Conditions Precedent. Lessor's payment of the Funding Amount and the performance by Lessor of any of its obligations hereunder, are subject to the satisfaction the following:

(a) Lessor has received all of the following documents, which shall be reasonably satisfactory, in form and substance, to Lessor:

(i) wiring instructions for deposit of the proceeds of this Agreement into the Acquisition Account;

(ii) a certified copy of the ordinance enacted by Lessee's governing body, duly authorizing the execution and delivery of this Agreement and the performance by Lessee of its obligations hereunder and thereunder, satisfactory to Lessor;

(iii) an incumbency certificate for the authorized official(s) of Lessee executing this Agreement, in the form attached hereto as Exhibit A or otherwise satisfactory to Lessor;

(iv) evidence of insurance coverage or self-insurance as required by Article V;

(v) an opinion of counsel to Lessee, dated the Closing Date and substantially in the form satisfactory to Lessor;

(vi) an opinion of qualified bond counsel or special tax counsel to Lessee as to the valid execution and delivery of this Agreement and excludability of the interest payable hereunder from gross income for federal income tax purposes, addressed to Lessor and dated the Closing Date;

(vii) a properly completed and executed IRS Form 8038-G; and

(viii) such other documents as may be reasonably requested by Lessor.

Section 1.04 Delivery, Installation and Acceptance of Equipment. Lessee shall order the Equipment, cause the Equipment to be delivered and installed at the location(s) specified in Equipment Schedule attached hereto and shall pay all taxes, delivery costs and installation costs, if any, in connection therewith. When all of the Equipment has been delivered, installed and accepted, Lessee shall promptly deliver to Lessor an Acceptance Certificate, executed by an authorized official of Lessee, in the form attached hereto as Exhibit B. The insufficiency of the Funding Amount to pay all costs of the Equipment and any other costs related thereto shall not affect Lessee's obligations under this Section 1.04. Lessee shall provide notice to Lessor of each draw from the Acquisition Account.

## ARTICLE II TERM; RENTAL PAYMENTS

Section 2.01 Term. The term of this Agreement (the "Lease Term") shall commence on the Closing Date and shall continue until the end of the current fiscal year of Lessee (the "Original Term"); provided that the Lease Term may be continued, at the option of Lessee, at the end of the Original Term or any renewal term of this Agreement, each having a duration of one year and a term coextensive with Lessee's fiscal year or such earlier date specified in the Payment Schedule attached hereto (each a "Renewal Term"), up to the maximum Lease Term set forth in the Payment Schedule. At the end of the Original Term and at the end of each Renewal Term until the maximum Lease Term has been completed, Lessee shall be deemed to have exercised its option to continue each this Agreement for the next Renewal Term, unless sooner terminated pursuant to this Agreement.

Section 2.02 Rental Payments. Lessee agrees to pay the rental payments in the amounts (the "Rental Payments") and on the dates (each a "Payment Date") as specified in the Payment Schedule. A portion of each Rental Payment is paid as an interest component at the rate of interest shown in the Payment Schedule (the "Schedule Rate") and the balance is paid as principal, as specified in the Payment Schedule. All Rental Payments shall be paid to Lessor at such place as Lessor may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments in lawful money of the United States of America from moneys legally available therefor.

Section 2.03 Current Expense. The obligations of Lessee hereunder, including its obligation to pay the Rental Payments due in any fiscal year shall constitute a current expense of Lessee for such fiscal year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State. THE RENTAL PAYMENTS ARE TO BE MADE ONLY FROM LESSEE'S LEGALLY AVAILABLE FUNDS APPROPRIATED ON AN ANNUAL BASIS, AND NEITHER LESSEE, THE STATE, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE HEREUNDER FROM THE COMPELLED LEVY OF AD VALOREM OR OTHER TAXES EXCEPT FROM THOSE LEGALLY AVAILABLE FUNDS APPROPRIATED BY LESSEE ON AN ANNUAL BASIS. Nothing herein shall constitute a pledge by Lessee of the full faith and credit or taxing power of Lessee. The City Manager or other official charged with preparing the administration's proposed annual budget for a given fiscal year shall include therein Rental Payments to become due during such fiscal year, for consideration by the City Council. Lessor acknowledges that appropriation for Rental Payments is a governmental function which Lessee cannot contractually commit

itself in advance to perform. Lessee reasonably believes as of the date hereof that moneys in an amount sufficient to make all Rental Payments can and will lawfully be appropriated and made available to permit Lessee's continued utilization of the Equipment in the performance of its essential functions during the Lease Term.

Section 2.04 Nonappropriation. If during the then current fiscal year of Lessee, sufficient funds are not appropriated to pay the Rental Payments required hereunder for the following fiscal year (an "Event of Nonappropriation"), Lessee shall be deemed not to have renewed this Agreement for the following fiscal year, and this Agreement shall terminate at the end of the then current fiscal year, and Lessee shall not be obligated to pay Rental Payments beyond the then current fiscal year for which funds have been appropriated. Upon an Event of Nonappropriation, Lessee shall return the Equipment to Lessor in accordance with the requirements of Section 10.03. Lessee shall notify Lessor in writing no later than 30 days following an Event of Nonappropriation, but failure to provide such notice shall not operate to extend the Lease Term. If Lessee fails to return the Equipment or otherwise comply with Section 10.03, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of an amount equal to the Rental Payments that would thereafter have come due if this Agreement had not been terminated and which are attributable to the number of days after which Lessee fails to comply with Lessor's instructions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions as required hereunder. In addition, upon an Event of Nonappropriation, Lessee agrees that it shall promptly pay to Lessor any then-unexpended portion of the Funding Amount.

Section 2.05 Unconditional Rental Payments. Subject to Sections 2.03 and 2.04 hereof, (a) Lessee's obligation to make Rental Payments and any other payments hereunder shall be absolute and unconditional; (b) Lessee shall make such payments when due and shall not withhold any of such payments pending final resolution of any disputes; (c) Lessee shall not assert any right of set-off or counterclaim against its obligation to make such payments; (d) Lessee's obligation to make Rental Payments or other payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment; and (e) Lessee shall be obligated to continue to make payments required under this Agreement if title to, or temporary use of, the Equipment or any part thereof shall be taken under exercise of the power of eminent domain.

**ARTICLE III  
PURCHASE AND PREPAYMENT**

Section 3.01 End of Lease Term. Lessee shall have the option to purchase all of the Equipment upon the expiration of the Lease Term and payment in full of all Rental Payments then due and all other amounts then owing hereunder, and the payment of \$1.00 to Lessor.

Section 3.02 Prepayment. Lessee shall have the option to prepay outstanding amounts due hereunder in whole, but not in part, on any Payment Date by paying an amount equal to all Rental Payments and any other amounts then due or past due hereunder, including the Rental Payment due on the Payment Date on which the option shall be effective, plus a percentage of the remaining unpaid principal as follows:

| <u>Lease Term</u>        | <u>Prepayment as Percentage of Unpaid<br/>Principal</u> |
|--------------------------|---|
| Up to First Anniversary  | No Prepayment   |
| Up to Second Anniversary | 102%  |
| Up to Third Anniversary  | 101%  |

Lessee shall give written notice to Lessor of its intention to exercise its option not less than thirty (30) days prior to the Payment Date on which the option will be exercised and shall pay to Lessor not later than such Payment Date.

Section 3.03 Mandatory Prepayment from Excess Funding Amount. Any portion of the Funding Amount not applied to the costs of the Equipment and costs of issuance and unexpended on the earlier of (a) the second anniversary of the Funding Date and (b) the date on which Lessee executes the final Acceptance Certificate, shall be applied by Lessor on the succeeding Rental Payment date to all or a portion of the Rental Payments due and owing in the succeeding twelve (12) months and any remaining amounts shall be applied by Lessor as prepayment to the remaining principal balance owing hereunder in the inverse order of Rental Payment dates.

Section 3.04 Release of Lessor's Interest. Upon timely receipt of all amounts required for the purchase of the Equipment pursuant to Section 3.01 or Section 3.02, this Agreement shall terminate, all of Lessor's security interest in the Equipment shall terminate, and Lessor shall deliver to Lessee all such documents and instruments as Lessee may reasonably request to evidence the termination of this Agreement and Lessor's security interest in the Equipment, without warranty by or recourse to Lessor.

#### **ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 4.01 Representations and Warranties. Lessee represents and warrants to Lessor as of the Closing Date as follows:

(a) Lessee is a political subdivision of the State within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code"), duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement and the transactions contemplated hereby, and to perform all of its obligations under this Agreement.

(b) The execution and delivery of this Agreement have been duly authorized by all necessary action of Lessee's governing body and such action is in compliance with all public bidding and other State and federal laws applicable to this Agreement and the acquisition and financing of the Equipment by Lessee.

(c) This Agreement has been duly executed and delivered by and constitute the valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms.

(d) The execution, delivery and performance of this Agreement by Lessee does not (i) violate any State or federal law or local law or ordinance, or any order, writ, injunction, decree, or regulation of any court or other governmental agency or body applicable to Lessee, or (ii) conflict with or result in the breach or violation of any term or provision of, or constitute a default under, any note, bond, mortgage, indenture, agreement, deed of trust, lease or other obligation to which Lessee is bound.

(e) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, challenging Lessee's authority to enter into this Agreement or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement.

(f) Lessee or Lessee's governing body has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments during Lessee's current fiscal year, and such moneys will be applied in payment of all Rental Payments due and payable during such current fiscal year.

(g) Lessee has an immediate need for, and expects to make immediate use of, the Equipment, which need is not temporary or expected to diminish during the Lease Term.

(h) The estimated total costs of the Equipment, as may be modified pursuant to the Payment Schedule, plus costs associated with the entry by the Lessee into this Agreement, including attorneys' fees, will not be less than the Funding Amount; (ii) the Equipment has been ordered or is expected to be ordered within six months after the Closing Date and the Equipment will be delivered and installed, and the Vendors thereof fully paid, within 24 months from the Closing Date; (iii) Lessee will pursue the acquisition of the Equipment and the expenditure of the Funding Amount with due diligence; (iv) no sinking, debt service, reserve or similar fund will be maintained by Lessee with respect to the Rental Payments or pledged as security therefor; (v) the Equipment has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the final Payment Date; (vi) there are no other obligations of Lessee which are being sold within 15 days of the Closing Date or are being sold pursuant to the same plan of financing as this Agreement, and are expected to be paid from substantially the same source of funds; (vii) Lessee made a declaration of its intention to reimburse the costs of the Equipment to be reimbursed with the Funding Amount not later than 60 days after the date on which the first payment, if any, was made; (viii) the officer or official who has executed this Agreement on Lessee's behalf is familiar with Lessee's expectations regarding the use and expenditure of the Funding Amount; and (ix) the facts and estimates set forth in this paragraph are accurate and the expectations of Lessee set forth in this paragraph are reasonable.

(j) No part of this Agreement nor any other agreement, document, certificate or written statement furnished to Lessor by or on behalf of Lessee in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in any material respect. There is no fact that Lessee has not disclosed or in writing to Lessor that would cause a material adverse change in the business, assets, operations or condition, financial or otherwise, of Lessee.

#### Section 4.02 Tax Covenants.

(a) Lessee covenants and agrees that it will (i) comply with all provisions of the Code and the Treasury Department regulations applicable to establishing and maintaining the excludability of the interest component of the Rental Payments from federal gross income pursuant to Section 103 of the Code; (ii) not permit the Equipment to be directly or indirectly used for a private business use within the meaning of Section 141 of the Code including, without limitation, use by private persons or entities pursuant to contractual arrangements which do not satisfy Internal Revenue Service ("IRS") guidelines for permitted management contracts, as the same may be amended from time to time; (iii) invest and reinvest moneys related to this Agreement from time to time in a manner that will not cause this Agreement to be classified as an "arbitrage bond" within the meaning of Section 148(a) of the Code; (iv) rebate an amount equal to excess earnings on invested proceeds of this Agreement to the federal government if required by, and in accordance with, Section 148(f) of the Code and make the determinations and maintain the records required by the Code; and (v) complete and timely file an IRS Form 8038-G with the IRS in accordance with Section 149(e) of the Code.

(b) If Lessor either (i) receives notice, in any form, from the IRS; or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor and reasonably acceptable to Lessee,

that Lessor may not exclude the interest component of any Rental Payment from gross income for federal income tax purposes, then Lessee shall pay to Lessor, within thirty (30) days after Lessor notifies Lessee of such determination, the amount which, with respect to Rental Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest component of all Rental Payments due through the date of such event) that are imposed on Lessor as a result of the loss of the exclusion, will restore to Lessor the same after tax yield on the transaction evidenced by this Agreement (assuming tax at the highest marginal corporate tax rate) that it would have realized had the exclusion not been lost. Additionally, Lessee agrees that upon the occurrence of such an event, it shall pay additional rent to Lessor on each succeeding Payment Date an amount that will maintain such after tax yield to Lessor. Lessor's determination of the amount necessary to maintain its after-tax yield as provided in this Section 4.02(b) shall be conclusive (absent manifest error).

(c) Lessee certifies that it has designated this Agreement as a qualified tax-exempt obligation in accordance with Section 265(b)(3) of the Code, that it has not designated more than \$10,000,000 of its obligations as qualified tax exempt obligations in accordance with such section for the current calendar year and that it reasonably anticipates that the total amount of tax-exempt obligations to be issued by Lessee during the current calendar year will not exceed \$10,000,000.

## **ARTICLE V INSURANCE**

Section 5.01 Liability and Property Insurance. Lessee shall, at its own expense, procure and maintain continuously in effect during the Lease Term: (a) public liability insurance for death or injuries to persons, or damage to property arising out of or in any way connected to the Equipment sufficient to protect Lessor and its assigns from liability in all events, with a coverage of not less than \$600,000 per occurrence, and (b) insurance against such hazards as Lessor may require, including, but not limited to, all-risk casualty and property insurance, equal to the actual value of the Equipment as to both property/casualty and liability coverages.

Section 5.02 Insurance Requirements. The Lessee presently maintains insurance with the South Carolina Municipal Insurance and Risk Financing Fund (the "Insurer"). All insurance policies required by Section 5.01 shall be taken out and maintained with the Insurer, insurance companies rated not less than "A" by A.M. Best Company, or entities otherwise acceptable to Lessor. The Lessee shall notify the Lessor in writing at least 30 days prior to any change in the coverage (including cancellation). No insurance shall be subject to any co-insurance clause. Each casualty and property insurance policy shall be endorsed to name Lessor and its assigns as co-loss payee, in each case regardless of any breach of warranty or other act or omission of Lessee. Lessee may self-insure against the risks described in Section 5.01 with the prior written consent of Lessor.

## **ARTICLE VI ADDITIONAL OBLIGATIONS**

Section 6.01 Use and Maintenance of Equipment. Lessee shall, at its own expense, maintain the Equipment in good condition and proper working order, and shall make all necessary repairs and replacements to keep the Equipment in such condition. The Equipment will be used by Lessee only for the purpose of performing Lessee's essential governmental functions. Lessee shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any manufacturer's guidelines or in violation of any applicable law or regulation or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain and maintain all permits and licenses necessary for the installation and operation of the

Equipment. Lessee shall have sole responsibility to maintain and repair the Equipment. Lessee shall provide Lessor access at all reasonable times to examine and inspect the Equipment and provide Lessor with such access to the Equipment as may be reasonably necessary to perform maintenance on the Equipment in the event of failure by Lessee to perform its obligations hereunder. If Lessor reasonably determines that Lessee is not maintaining any of the Equipment in accordance with this Section 6.01, Lessor may (in addition to any other remedies it may have) require Lessee to enter into maintenance contracts for such Equipment in form approved by Lessor and with approved providers.

Section 6.02 Taxes. Lessee shall pay all taxes, assessments and other charges which are assessed or levied against the Equipment or any part thereof, during the Lease Term, whether assessed against Lessee or Lessor. With respect to any taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the then current fiscal year of the Lease Term.

Section 6.03 Modification of Equipment. Lessee will not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition will adversely affect the originally intended value, function or use of the Equipment.

Section 6.04 Liens. Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided. Lessee shall promptly, at its own expense, take such actions as may be necessary duly to discharge or remove any such Lien if the same shall arise at any time.

Section 6.05 Financial Information. Lessee shall deliver to Lessor (i) its annual audited financial statements within 270 days after the end of each fiscal year and (ii) its annual budget for each fiscal year promptly following approval thereof, including written evidence that the Rental Payments for such fiscal year have been appropriated. The only remedy for failure by Lessee to comply with this Section 6.05 shall be an action for mandamus.

Section 6.06 Advances. If Lessee shall fail to perform any of its obligations under Section 6.01 or Section 6.03, or shall fail to maintain the insurance required by Article V, Lessor may (but shall not be required to) take such action to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand, with interest at the Schedule Rate from the date of the advance to the date of repayment.

## **ARTICLE VII TITLE; SECURITY INTEREST; NO WARRANTIES BY LESSOR**

Section 7.01 Title. During the Lease Term, legal title to all Equipment shall be in Lessee, subject to Lessor's interests under this Agreement. Upon the occurrence of an Event of Default or upon termination of this Agreement due to an Event of Nonappropriation, title shall immediately vest in Lessor, free and clear of any right, title or interest of Lessee.

Section 7.02 Security Interest. As security for Lessee's obligations to pay all Rental Payments and all other amounts due and payable and to perform and observe all covenants, agreements and conditions (direct or indirect, absolute or contingent, due or to become due or existing or hereafter arising) hereunder, Lessee hereby grants to Lessor a first priority, security interest in any and all of the Equipment (now existing or hereafter acquired), and any and all proceeds of the foregoing. Lessee agrees to execute and deliver to Lessor Uniform Commercial Code financing statements and any amendments thereto as may be requested

by Lessor and certificates of title or certificates of origin (or applications thereof) noting Lessor's interest thereon, provided that Lessee makes no representation as to efficacy or enforceability of any Uniform Commercial Code financing statement which the Lessor may, in its sole discretion, file with State or local governmental authorities.

Section 7.03 Personal Property. The Equipment is and shall at all times be and remain personal property and not fixtures.

Section 7.04 No Warranties. Lessee acquires and leases the Equipment "AS IS." Lessee acknowledges that Lessor did not manufacture the Equipment. Lessor does not represent the manufacturer, supplier, owner or dealer, and Lessee selected the Equipment based upon Lessee's own judgment. Lessor makes no warranties, express or implied, including warranties of merchantability or fitness for a particular purpose or otherwise or as to the Equipment's value, design, condition, use, capacity or durability. Lessee agrees that regardless of cause, Lessor is not responsible for, and Lessee will not make any claim against Lessor for, any damages, whether consequential, direct, special or indirect incurred by Lessee in connection with the Equipment. Neither the manufacturer, supplier or dealer nor any salesperson, employee or agent of the manufacturer, supplier or dealer is Lessor's agent or has any authority to speak for Lessor or to bind Lessor in any way. For and during the Lease Term, Lessor assigns to Lessee any manufacturer's or supplier's product warranties, express or implied, applicable to any Equipment and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's sole expense. Lessee agrees that (a) all Equipment will have been purchased in accordance with Lessee's specifications from suppliers selected by Lessee, (b) Lessor is not a manufacturer or dealer of any Equipment and has no liability for the delivery or installation of any Equipment, (c) Lessor assumes no obligation with respect to any manufacturer's or supplier's product warranties or guaranties, (d) no manufacturer or supplier or any representative of said parties is an agent of Lessor, and (e) any warranty, representation, guaranty or agreement made by any manufacturer or supplier or any representative of said parties shall not be binding upon Lessor.

## ARTICLE VIII RISK OF LOSS; CASUALTY

Section 8.01 Risk of Loss. As between Lessee and Lessor, Lessee bears the entire risk of loss, theft, damage or destruction of any Equipment in whole or in part for any reason whatsoever. No loss to the Equipment shall relieve Lessee from the obligation to make any Rental Payments or to perform any other obligation hereunder. Proceeds of any insurance recovery will be applied to Lessee's obligations under this Article VIII.

Section 8.02 Notice of Loss. If a casualty occurs to the Equipment, Lessee shall immediately notify Lessor of the same and Lessee shall, unless otherwise directed by Lessor, immediately repair the same.

Section 8.03 Application of Proceeds. If Lessor determines that any item of Equipment has suffered a casualty loss that is beyond repair, then Lessee shall either: (a) immediately replace such Equipment with similar equipment in good repair, condition and working order free and clear of any liens and deliver to Lessor a purchase order, bill of sale or other evidence of sale to Lessee covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment hereunder, or (b) on the next scheduled Payment Date, pay Lessor (i) all amounts owed by Lessee hereunder, including any overdue Rental Payments and the Rental Payment due on such date, plus (ii) the remaining unpaid principal advanced hereunder. If the net proceeds of any insurance are insufficient to pay in full the

cost of any repair, restoration, modification or improvement of the Equipment, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of available insurance proceeds, or (b) on the next scheduled Payment Date, pay Lessor (iii) all amounts owed by Lessee hereunder, including any overdue Rental Payments and the Rental Payment due on such date, plus (iv) the remaining unpaid principal advanced hereunder. If Lessee makes any payments pursuant to this Section to replace, repair, modify or improve any Equipment, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article II.

Section 8.04 Claims and Expenses. Lessee shall bear the risk of loss for, shall pay directly and shall defend against any and all claims, liabilities, proceedings, actions, expenses (including reasonable attorney's fees), damages or losses arising under or related to any Equipment, including, but not limited to, the possession, ownership, lease, use or operation thereof. These obligations of Lessee shall survive any expiration or termination of this Agreement. Lessee shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses (including attorneys' fees), damages or losses which arise directly from events occurring after any Equipment has been returned by Lessee to Lessor in accordance with the terms hereof or which arise directly from the gross negligence or willful misconduct of Lessor.

## **ARTICLE IX ASSIGNMENT**

Section 9.01 Assignment by Lessor. This Agreement is entered into by Lessor for purposes of making a commercial loan for its own account with the present intent to hold this Agreement to maturity or earlier prepayment and without any present intent to distribute or sell any interest herein or portion hereof, provided, however that Lessor – without the consent of (but with notice to) the Borrower - to assign, transfer or convey this Agreement or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the Borrower, unless and until the Purchaser/Lender has delivered to the Borrower written notice thereof that discloses the name and address of the assignee and such assignment, and transfer or conveyance shall be made only to (i) an affiliate of the registered owner of the Loan or (ii) banks, insurance companies or other financial institutions or their affiliates. Nothing in the Loan shall limit the right of the Lessee or its assignee to sell or assign participation interests in the Loan to one or more entities listed in (i) or (ii). Lessee shall keep a complete and accurate record of all such assignments, when notified by the Lessor of the same, in the form necessary to comply with Section 149(a) of the Code. Lessee agrees to acknowledge in writing any such assignments if so requested. The Lessor agrees that it will not voluntarily dispose of all or any portion of this Agreement unless it procures from each assignee thereof representations and covenants in form and content the same as those made by the Lessor in its Written Confirmation of Lessor of even date herewith.

Section 9.02 Assignment and Subleasing by Lessee. Without the prior written consent of the Lessor, neither this Agreement nor the Equipment may be assigned, subleased, sold, transferred, pledged or mortgaged by Lessee.

**ARTICLE X**  
**EVENTS OF DEFAULT; REMEDIES**

Section 10.01 Events of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

(a) Lessee's failure to pay any Rental Payment or other amount required to be paid to Lessor hereunder within ten (10) days following the due date thereof, other than by reason of an Event of Nonappropriation;

(b) Lessee's failure to maintain insurance as required herein;

(c) With the exception of the above clauses (a) or (b), Lessee's failure to perform or abide by any condition, agreement or covenant hereunder for a period of thirty (30) days after written notice by Lessor to Lessee specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of time prior to its expiration;

(d) Any statement, representation or warranty made by Lessee in this Agreement or in any writing delivered by Lessee pursuant hereto or in connection herewith proves at any time to have been false, misleading or erroneous in any material respect as of the time when made; or

(e) Lessee shall be in default under any other financing agreement executed at any time with Lessor or any Lessor affiliate; or

(f) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization, moratorium or insolvency proceeding; or

(g) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

Section 10.02 Remedies on Default. Upon the occurrence of any Event of Default, Lessor shall have the right, at its option and without any further demand or notice to one or more or all of the following remedies:

(a) Lessor, with or without terminating this Agreement, may declare all Rental Payments payable hereunder to the end of the then-current fiscal year of Lessee to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable;

(b) Lessor may terminate this Agreement and by written notice to Lessee direct Lessee to deliver the Equipment in the manner provided in Section 10.03. Lessor may thereafter dispose of the Equipment. If Lessor terminates this Agreement and disposes of any or all of the Equipment, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs and expenses (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all costs and expenses incurred in completing the disposition of the Equipment; (iii) any sales or transfer taxes incurred in the disposition of the Equipment; (iv) any Rental Payments payable hereunder to the end

of the then-current fiscal year of Lessee; (v) the outstanding principal component of Rental Payments; and (vi) any other amounts then due hereunder. Any disposition proceeds remaining after the requirements of clauses (i), (ii), (iii), (iv), (v) and (vi) have been met shall be paid to Lessee. No deficiency shall be allowed against Lessee, except with respect to any unpaid Rental Payments to the end of the then-current fiscal year of Lessee and unpaid costs and expenses incurred by Lessor in connection with the repossession and disposition of the Equipment;

(c) By written notice to the Lessee, Lessor may direct that any unexpended portion of the Funding Amount be promptly paid to Lessor, such sums to be credited to payment of Lessee's obligations hereunder; and

(d) Lessor may exercise any other remedy available, at law or in equity, with respect to such Event of Default.

Section 10.03 Return of Equipment; Release of Lessee's Interest. Upon termination of this Agreement (whether as result of an Event of Nonappropriation or Event of Default), Lessee shall, within ten (10) days after such termination, at its own expense: (a) perform any repairs required to place the related Equipment in the condition required by Section 6.01; (b) if deinstallation, disassembly or crating is required, cause the Equipment to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Lessor; and (c) return the Equipment to a location in the continental United States specified by Lessor, freight and insurance prepaid by Lessee. In addition, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of such legal title to Lessor and the termination of Lessee's interest therein.

Section 10.04 Late Charge. Lessee shall pay Lessor a charge on any Rental Payment or any other amount payable hereunder not paid on the date such payment is due at a rate equal to the Schedule Rate from such date.

Section 10.05 No Remedy Exclusive. Each of the rights and remedies under this Agreement is cumulative and may be enforced separately or concurrently. No course of dealing or conduct between Lessor and Lessee shall be effective to amend, modify or change any provisions of this Agreement. No failure or delay by Lessor to insist upon the strict performance of any term, covenant or agreement of the Agreement, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, covenant or agreement or of any such breach, or preclude Lessor from exercising any such right, power or remedy at any later time or times.

Section 10.06 Costs and Attorneys' Fees. Upon the occurrence of an Event of Default, Lessee agrees to pay to Lessor or reimburse Lessor for, in addition to all other amounts payable hereunder, all of Lessor's costs of collection, including reasonable attorneys' fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Lessee, shall be secured by this Agreement until paid, and shall bear interest at the Schedule Rate. In the event suit or action is instituted to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial and on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

**ARTICLE XI  
MISCELLANEOUS PROVISIONS**

Section 11.01 Notices. All notices, requests and other communications to either party hereunder shall be in writing and shall be given to such party at its address or telecopier number set forth on the signature pages hereof or such other address or telecopier number as such party may hereafter specify. Each such notice, request or other communication shall be effective (a) if given by certified mail, 72 hours after such communication is deposited with the United States Postal Service with first class postage prepaid, addressed as aforesaid or (b) if given by any other means, including e-mail or facsimile, when delivered at the address, email address or telecopier number specified on the signature pages hereto or to such other addresses or telecopier numbers as specified in writing by a party to the other party hereunder, as evidenced by a confirmation report.

Section 11.02 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. Specifically, as used herein the term "Lessor" means any person or entity to whom Lessor has assigned its right to receive Rental Payments hereunder.

Section 11.03 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.04 Rules of Construction. Unless the context otherwise requires, (a) the singular of each term used in this Agreement includes the plural and the plural of each such term includes the singular, (b) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements, or modifications set forth herein), and shall include all exhibits, schedules, annexes and other attachments thereto, (c) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in this Agreement, shall be construed to refer to this Agreement in its entirety and not to any particular provision thereof, (d) any reference herein to any person shall be construed to include such person's successors and permitted assigns, (e) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, (f) the terms "Article" and "Section" refer to an article or section of this Agreement and the terms "Exhibit" and "Schedule" refer to an exhibit or schedule to this Agreement, and (g) the symbol "\$" refers to United States dollars or such coin or currency as at the time of payment is legal tender for the payment of public and private debts in the United States of America.

Section 11.05 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. This Agreement may be amended or modified only by written documents duly authorized, executed and delivered by Lessor and Lessee.

Section 11.06 Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required to perfect, confirm, establish, reestablish, continue or complete the interests of Lessor in this Agreement, to

consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement.

Section 11.07 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.08 Relationship of Parties. Lessee acknowledges and agrees that (i) this Agreement and the transactions related thereto is an arm's-length commercial transaction between Lessor and Lessee, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, Lessor is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of Lessee, (iii) Lessor has not assumed an advisory or fiduciary responsibility in favor of Lessee with respect to the transactions contemplated hereby or the discussions, undertakings, and procedures leading thereto (regardless of whether Lessor or any affiliate thereof has provided other services or is currently providing other services to Lessee on other matters) and Lessor has no obligation to Lessee with respect to the transactions contemplated hereby except the obligations expressly set forth in this Agreement, and (iv) Lessee has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

Section 11.09 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or clauses hereof.

Section 11.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and in making proof of this Agreement it shall not be necessary to produce or account for more than one such counterpart.

Section 11.11 Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts", if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[signatures appear on following page]

**CITY OF SUMTER, SOUTH CAROLINA,**  
as Lessee

**WEBSTER PUBLIC FINANCE CORPORATION,**  
a subsidiary of Webster Bank, National Association,  
as Lessor

By: \_\_\_\_\_  
Name: Deron L. McCormick  
City Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EQUIPMENT SCHEDULE**

1. Equipment Description: The Equipment consists of the following:

| <u>Item*</u>                  | <u>Estimated Cost</u> |
|-------------------------------|-----------------------|
| Fire Department:              |                       |
| Full PPA Replacement          | \$368,000             |
| Public Works:                 |                       |
| 5-Yard Dump Truck             | 125,000               |
| Flat Bed Dump Truck           | 128,000               |
| Sanitation:                   |                       |
| ASL Garbage Truck             | 352,000               |
| Clam Truck/Knuckle Boom       | 245,000               |
| Shuttle Truck                 | 128,000               |
| Admin:                        |                       |
| PC Refresh (Hardware)         | 600,000               |
| Water & Sewer:                |                       |
| 5-Yard Dump Truck             | 125,000               |
| Articulating Loader           | 118,000               |
| Sewer/Storm Water Camera      | 154,000               |
| Mongoose Sewer Jetter Trailer | <u>122,000</u>        |
| TOTAL                         | \$2,465,000           |

\*Including any associated equipment.

Proceeds of the Agreement remaining after the Equipment listed above has been acquired by the City, if any, may be applied to the purchase of additional personal property, which when acquired shall constitute Equipment under the Agreement. The City shall notify the Lessor upon the acquisition of additional personal property of the nature and cost of the same.

**SCHEDULE II**

**PAYMENT SCHEDULE**

1. Closing Date: April 15, 2026
2. Funding Amount: \$2,465,000.00
3. Interest Rate: 3.76%
4. Rental Payments:

| <u>Date</u> | <u>Payment</u> | <u>Principal</u> | <u>Interest</u> | <u>Balance</u> |
|-------------|----------------|------------------|-----------------|----------------|
| 5/1/2026    | \$45,127.28    | \$4,119.29       | \$41,007.99     | \$2,423,992.01 |
| 6/1/2026    | 45,127.28      | 7,848.35         | 37,278.93       | 2,386,713.08   |
| 7/1/2026    | 45,127.28      | 7,478.37         | 37,648.91       | 2,349,064.17   |
| 8/1/2026    | 45,127.28      | 7,605.75         | 37,521.53       | 2,311,542.64   |
| 9/1/2026    | 45,127.28      | 7,484.26         | 37,643.02       | 2,273,899.62   |
| 10/1/2026   | 45,127.28      | 7,124.89         | 38,002.39       | 2,235,897.23   |
| 11/1/2026   | 45,127.28      | 7,239.34         | 37,887.94       | 2,198,009.29   |
| 12/1/2026   | 45,127.28      | 6,887.10         | 38,240.18       | 2,159,769.11   |
| 1/1/2027    | 45,127.28      | 6,992.85         | 38,134.43       | 2,121,634.68   |
| 2/1/2027    | 45,127.28      | 6,869.38         | 38,257.90       | 2,083,376.78   |
| 3/1/2027    | 45,127.28      | 6,092.72         | 39,034.56       | 2,044,342.22   |
| 4/1/2027    | 45,127.28      | 6,619.13         | 38,508.15       | 2,005,834.07   |
| 5/1/2027    | 45,127.28      | 6,284.95         | 38,842.33       | 1,966,991.74   |
| 6/1/2027    | 45,127.28      | 6,368.68         | 38,758.60       | 1,928,233.14   |
| 7/1/2027    | 45,127.28      | 6,041.80         | 39,085.48       | 1,889,147.66   |
| 8/1/2027    | 45,127.28      | 6,116.64         | 39,010.64       | 1,850,137.02   |
| 9/1/2027    | 45,127.28      | 5,990.33         | 39,136.95       | 1,811,000.07   |
| 10/1/2027   | 45,127.28      | 5,674.47         | 39,452.81       | 1,771,547.26   |
| 11/1/2027   | 45,127.28      | 5,735.88         | 39,391.40       | 1,732,155.86   |
| 12/1/2027   | 45,127.28      | 5,427.42         | 39,699.86       | 1,692,456.00   |
| 1/1/2028    | 45,127.28      | 5,479.80         | 39,647.48       | 1,652,808.52   |
| 2/1/2028    | 45,127.28      | 5,351.43         | 39,775.85       | 1,613,032.67   |
| 3/1/2028    | 45,127.28      | 4,885.70         | 40,241.58       | 1,572,791.09   |
| 4/1/2028    | 45,127.28      | 5,092.35         | 40,034.93       | 1,532,756.16   |
| 5/1/2028    | 45,127.28      | 4,802.64         | 40,324.64       | 1,492,431.52   |
| 6/1/2028    | 45,127.28      | 4,832.16         | 40,295.12       | 1,452,136.40   |
| 7/1/2028    | 45,127.28      | 4,550.03         | 40,577.25       | 1,411,559.15   |

| <u>Date</u> | <u>Payment</u>        | <u>Principal</u>    | <u>Interest</u>       | <u>Balance</u> |
|-------------|-----------------------|---------------------|-----------------------|----------------|
| 8/1/2028    | \$45,127.28           | \$4,570.31          | \$40,556.97           | \$1,371,002.18 |
| 9/1/2028    | 45,127.28             | 4,439.00            | 40,688.28             | 1,330,313.90   |
| 10/1/2028   | 45,127.28             | 4,168.32            | 40,958.96             | 1,289,354.94   |
| 11/1/2028   | 45,127.28             | 4,174.64            | 40,952.64             | 1,248,402.30   |
| 12/1/2028   | 45,127.28             | 3,911.66            | 41,215.62             | 1,207,186.68   |
| 1/1/2029    | 45,127.28             | 3,908.60            | 41,218.68             | 1,165,968.00   |
| 2/1/2029    | 45,127.28             | 3,775.15            | 41,352.13             | 1,124,615.87   |
| 3/1/2029    | 45,127.28             | 3,288.88            | 41,838.40             | 1,082,777.47   |
| 4/1/2029    | 45,127.28             | 3,505.79            | 41,621.49             | 1,041,155.98   |
| 5/1/2029    | 45,127.28             | 3,262.29            | 41,864.99             | 999,290.99     |
| 6/1/2029    | 45,127.28             | 3,235.48            | 41,891.80             | 957,399.19     |
| 7/1/2029    | 45,127.28             | 2,999.85            | 42,127.43             | 915,271.76     |
| 8/1/2029    | 45,127.28             | 2,963.45            | 42,163.83             | 873,107.93     |
| 9/1/2029    | 45,127.28             | 2,826.93            | 42,300.35             | 830,807.58     |
| 10/1/2029   | 45,127.28             | 2,603.20            | 42,524.08             | 788,283.50     |
| 11/1/2029   | 45,127.28             | 2,552.29            | 42,574.99             | 745,708.51     |
| 12/1/2029   | 45,127.28             | 2,336.55            | 42,790.73             | 702,917.78     |
| 1/1/2030    | 45,127.28             | 2,275.89            | 42,851.39             | 660,066.39     |
| 2/1/2030    | 45,127.28             | 2,137.15            | 42,990.13             | 617,076.26     |
| 3/1/2030    | 45,127.28             | 1,804.61            | 43,322.67             | 573,753.59     |
| 4/1/2030    | 45,127.28             | 1,857.69            | 43,269.59             | 530,484.00     |
| 5/1/2030    | 45,127.28             | 1,662.18            | 43,465.10             | 487,018.90     |
| 6/1/2030    | 45,127.28             | 1,576.86            | 43,550.42             | 443,468.48     |
| 7/1/2030    | 45,127.28             | 1,389.53            | 43,737.75             | 399,730.73     |
| 8/1/2030    | 45,127.28             | 1,294.24            | 43,833.04             | 355,897.69     |
| 9/1/2030    | 45,127.28             | 1,152.32            | 43,974.96             | 311,922.73     |
| 10/1/2030   | 45,127.28             | 977.36              | 44,149.92             | 267,772.81     |
| 11/1/2030   | 45,127.28             | 866.99              | 44,260.29             | 223,512.52     |
| 12/1/2030   | 45,127.28             | 700.34              | 44,426.94             | 179,085.58     |
| 1/1/2031    | 45,127.28             | 579.84              | 44,547.44             | 134,538.14     |
| 2/1/2031    | 45,127.28             | 435.60              | 44,691.68             | 89,846.46      |
| 3/1/2031    | 45,127.28             | 262.75              | 44,864.53             | 44,981.93      |
| 4/1/2031    | <u>45,127.28</u>      | <u>145.35</u>       | <u>44,981.93</u>      |                |
|             | <b>\$2,707,636.80</b> | <b>\$242,636.80</b> | <b>\$2,465,000.00</b> |                |

**INCUMBENCY AND AUTHORIZATION CERTIFICATE**

The undersigned Cecilia Newman, duly appointed and acting Clerk of the City of Sumer, South Carolina (“Lessee”), certifies as follows:

1. The individuals identified below are the duly elected or appointed officers of Lessee holding the offices set forth opposite their respective names.

2. The individuals identified below have the authority on behalf of Lessee to enter into that certain Lease Purchase Agreement, dated as of April 15, 2026 (the “Agreement”) between the Lessee and Webster Public Finance Corporation, and the documents, instruments and certificates contemplated therein.

| <u>Name</u>       | <u>Title</u>          | <u>Signature</u> |
|-------------------|-----------------------|------------------|
| Deron McCormick   | City Manager          | _____            |
| Jonathan Flinchum | City Finance Director | _____            |

3. The ordinance enacted by the governing body of Lessee in duly-called meetings held on March 17, 2026 and April 7, 2026, approving the acquisition and financing of the property as described in the Agreement is in full force and effect, has not been modified, amended, rescinded, terminated or otherwise revoked and reflects all actions taken by Lessee in connection with the approval of the financing contemplated by the Agreement.

IN WITNESS WHEREOF, I have duly executed this certificate and have affixed to it the seal of City of Sumter, South Carolina on this 15th day of April, 2026.

**(SEAL)**

By: \_\_\_\_\_

Cecilia Newman  
Clerk to City Council

**ACCEPTANCE CERTIFICATE**

Webster Public Finance Corporation,  
a subsidiary of Webster Bank, National Association  
[address]  
Concord, North Carolina

Re: Lease Purchase Agreement dated as of April 15, 2026 (the "Agreement") between Webster Public Finance Corporation, a subsidiary of Webster Bank, National Association and the City of Sumter, South Carolina ("Lessee")

Ladies and Gentlemen:

I, the undersigned, hereby certify that I am the duly qualified and acting officer of Lessee and, with respect to the above-referenced Agreement, that:

1. All Equipment subject to the Agreement has been delivered and installed, is in good working order and is fully operational and has been fully accepted by Lessee on or before the date hereof.
2. Attached hereto are true and correct copies of the manufacturers' and dealers' invoices for the Equipment.
3. Lessee has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments required to be paid under the Agreement during the current fiscal year of Lessee. Such moneys will be applied in payment of all such Rental Payments due and payable during such current fiscal year.
4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Agreement) exists on the date hereof.

CITY OF SUMTER, SOUTH CAROLINA

By: \_\_\_\_\_

Deron McCormick  
City Manager

Dated: \_\_\_\_\_