

LEASE-PURCHASE AGREEMENT

THIS LEASE-PURCHASE AGREEMENT, dated as of March 28, 2025 (the "Agreement"), by and between Bank of Clarendon (the "Bank") and the City of Sumter, South Carolina (the "Borrower"), a body politic and corporate of the State of South Carolina (the "State").

WITNESSETH:

WHEREAS, the Borrower is a duly and validly created, organized and existing public body politic, duly created and existing under and by virtue of the Constitution and laws of the State; and

WHEREAS, the Borrower has the power to finance the acquisition of personal property by contracts that create in some or all of the property acquired a security interest to secure repayment of the financing; and

WHEREAS, the Borrower has determined it is in the best interest of the Borrower to lease the Equipment (as hereinafter defined) and has requested the Bank advance funds for the acquisition of the Equipment; and

WHEREAS, the Bank has agreed to advance or make available funds for the lease of the Equipment and has further agreed to make the Equipment available for use by the Borrower; and

WHEREAS, the Borrower will make Payments (as hereinafter defined) to the Bank for the lease and use of the Equipment from the Bank during the Term (as hereinafter defined); and

WHEREAS, in order to secure the obligations of the Borrower hereunder, the Borrower has agreed to grant the Bank a security interest in the Equipment.

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

ARTICLE 1. DEFINITIONS

For purposes of this Agreement, the following definitions will apply:

1.1 "Acceptance Certificate" means the final Disbursement Request Form executed by the Borrower which certifies that the Borrower has acquired and accepted all of the Equipment.

1.2 "Additional Payments" means all amounts, other than Payments, due from the Borrower to the Bank under this Agreement.

1.3 "Advancement" means the aggregate amount as described on the first page and on Exhibit B of this Agreement, which will be advanced by the Bank to enable the Borrower to acquire the Equipment pursuant to the terms of this Agreement.

1.4 “Borrower Authorized Representative” means the individuals designated to act on behalf of the Borrower in matters relating to this Agreement, as evidenced by a written certificate furnished to the Bank containing the specimen signature of the authorized individuals.

1.5 “Change in Deductibility” means any determination by the Internal Revenue Service or any court of competent jurisdiction that the obligation of the Borrower hereunder is not a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Internal Revenue Code as a result or as a consequence of (i) an action, or failure to act, by the Borrower or (ii) a breach of any representation or warranty made by the Borrower to the Bank relating to the status of this Agreement as a qualified tax-exempt obligation (including but not limited to the representations and warranties contained in Section 6.1(j) of this Agreement).

1.6 “Council” means the City Council of the Borrower, its governing body.

1.7 “Determination of Taxability” shall mean a determination that the interest portion of the Payments is included in gross income of the Bank for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the earlier of the following: (a) the date on which the Bank is advised in writing by the Internal Revenue Service that, as a consequence of an action, or failure to act, by the Borrower, the interest portion of the Payments (hereinafter called “Interest”) is included in the gross income of the Bank for federal income tax purposes; (b) the date on which the Borrower receives notice from the Bank that the Bank has been advised (i) in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to the Bank which asserts, in effect, that Interest received by the Bank is included in the gross income of the Bank for federal income tax purposes, as a result of an action, or failure to act, by the Borrower, or (ii) by an opinion of counsel (approved by the Bank and Borrower) received by the Bank which concludes, in effect, that Interest is included in the gross income of the Bank for federal income tax purposes as a result of an action, or failure to act, by the Borrower; (c) the day on which the Borrower is advised in writing by the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the Interest is included in the gross income of the Bank for federal income tax purposes as a result of an action, or failure to act, by the Borrower; or (d) the day on which the Borrower is advised in writing by counsel to the Bank that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Borrower has been given written notice and an opportunity to participate and defend that the Interest is included in the gross income of the Bank for federal income tax purposes, as a result of an action, or failure to act, by the Borrower.

1.8 “Disbursement Request Form” means the form attached to this Agreement as Exhibit C pursuant to which the Borrower requests all or a portion of the Advancement for the purchase of the Equipment in accordance with Article 2 hereunder.

1.9 “Equipment” means the personal property described in Exhibit A of this Agreement.

1.10 “Escrow Agent” means Bank of Clarendon in its capacity as Escrow Agent.

1.11 “Escrow Fund” means the account created pursuant to Section 2.3 in which all or a portion of the Advancement is deposited by the Bank with the Escrow Agent.

1.12 “Event of Default” has the meaning set forth in Section 12.1.

1.13 “Event of Non-appropriation” has the meaning set forth in Section 5.2(a).

1.14 “Investment Letter” means that letter from the Bank, addressed to the Borrower, regarding the Bank’s entry into this Agreement, a copy of which appears as Exhibit D hereto.

1.15 “Net Proceeds,” when used with respect to any proceeds from policies of insurance required hereunder or proceeds of any condemnation award arising out of the condemnation of all or any portion of the Equipment, means the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys’ fees and costs) incurred in the collection of such proceeds.

1.16 “Payments” means those payments made by the Borrower to the Bank for the lease of the Equipment as described in Article 4 of this Agreement and in the Payment Schedule.

1.17 “Payment Schedule” means the schedule of Payments attached hereto as Exhibit B and incorporated herein by reference, which describes the Borrower’s Payments due hereunder.

1.18 “Qualified Prior Expenditure” means an expenditure made by Borrower prior to the date of this Agreement for the purpose of acquiring Equipment, and which expenditure, if reimbursed to the Borrower from the Advancement, consistent with 26 CFR §1.150-2, would not cause the interest component of Payments or any portion thereof to be includable in income of the Bank or its assigns for federal income tax purposes.

1.19 “Term” means the term of this Agreement, which commences on the date first written above, and terminates, subject to Section 5.2, on the payment by Borrower of all payments due under this Agreement.

1.20 “Uniform Commercial Code” means the Uniform Commercial Code as adopted and codified in the laws of the State. The parties hereto understand that Article 9 of the Uniform Commercial Code as adopted in the State is inapplicable to this Agreement.

ARTICLE 2. ADVANCEMENT; ESCROW FUND

2.1 At closing, the Bank shall (i) advance all or a portion of the Advancement for the purpose of acquiring the Equipment or reimbursing the Borrower for Qualified Prior Expenditures pursuant to a Disbursement Request Form delivered by the Borrower to the Bank, and (ii) deposit the remainder of the Advancement, if any remains, in the Escrow Fund to be hereafter disbursed according to Section 2.2.

2.2 Requisition of Advancement Disbursement. If funds are deposited in the Escrow Fund pursuant to Section 2.1, then to receive a disbursement from the Escrow Fund, a Borrower Authorized Representative shall prepare and execute a Disbursement Request Form and deliver to the Bank and Escrow Agent. The Borrower shall attach to the Disbursement Request Form such documents as may be required by the terms of the Disbursement Request Form to support the request of funds from the Escrow Fund.

2.3 Escrow Fund. Prior to a deposit in the Escrow Fund pursuant to Section 2.1, if any, the Escrow Agent shall establish and hold the Escrow Fund separate and apart from all other funds and accounts of the Borrower. The portion of the Advancement, if any, deposited in the Escrow Fund constitutes the principal of the Escrow Fund. The Escrow Agent shall invest and reinvest the Escrow Fund in a Bank depository account and any interest earned on the principal amount on deposit in the Escrow Fund shall be accrued and retained in the Escrow Fund. Amounts on deposit in the Escrow Fund are subject to a lien and charge in favor of the Bank to secure the Borrower's obligation under this Agreement. The Escrow Fund shall terminate on the earlier of (a) receipt by the Bank and Escrow Agent of an Acceptance Certificate from the Borrower, (b) written notice to the Escrow Agent from the Bank of a default by the Borrower under the Agreement, or (c) termination of the Agreement. Any funds on deposit in the Escrow Fund on termination of the Escrow Fund shall be applied first against the principal portion of the remaining Payments, then accrued but unpaid interest, and last to any other amounts due under this Agreement. Any balance remaining shall be distributed to the Borrower. The Escrow Agent shall not invest any amounts on deposit in the Escrow Fund without the written consent of the Borrower's Authorized Representative. Investment of funds in the Escrow Fund shall be limited to investments authorized pursuant to S.C. Code Ann. §6-5-10 (1976, as amended), and amounts in the Escrow Fund not so invested shall be subject to requirements of S.C. Code Ann. §6-5-15 (1976, as amended).

ARTICLE 3. ACQUISITION OF EQUIPMENT

3.1 Acquisition of Equipment. The Borrower will acquire the Equipment with the Advancement. To the extent that the Advancement is insufficient to complete the acquisition of the Equipment, the Borrower is responsible for the balance of funds required or shall reduce the scope of the Equipment needed.

3.2 Acceptance of Equipment. The Borrower shall accept the Equipment when and if delivered and placed in good repair and working order and hereby authorizes the Bank to add to Exhibit A, the serial number of each item of Equipment so delivered and any other information necessary, in the Bank's sole determination, to fully describe each item of Equipment. Any delay in delivery of the Equipment does not affect the validity of this Agreement or the Borrower's obligations hereunder. Borrower shall notify the Bank that all Equipment has been received and accepted by executing the Acceptance Certificate. For purposes of laws governing taxation and conditional sales, title to the Equipment is deemed to be in the Borrower, subject to immediate and automatic reversion to the Bank in accordance with Article 5 on default by the Borrower under this Agreement, or failure to appropriate sufficient funds to make any Payment.

3.3 Equipment as Personal Property. The Equipment is, and shall at all times during the Term be and remain, personal property. No portion of the Equipment will become fixtures within the meaning of Article 9 of the Uniform Commercial Code.

3.4 No Alteration. The Borrower shall not make any alterations, additions, or improvements to the Equipment without the Bank's prior written consent, unless such alterations, additions or improvements may be removed without damage to the Equipment and without diminution of the subsequent value or utility of the Equipment. Any alterations, additions or improvements to the Equipment that the Bank reasonably deems cannot be removed without damage or diminution will be deemed permanently affixed to and for purposes of this Agreement will become part of the Equipment and subject to all rights of the Bank herein.

ARTICLE 4. REPAYMENT OF ADVANCEMENT

4.1 Amounts and Times of Payments. The Borrower shall repay the Advancement as provided in the Payment Schedule. Each Payment as represented on the Payment Schedule includes a principal component and an interest component. Each Payment is payable without notice or demand.

4.2 Lease Payment. Each Payment is a lease payment. On payment of all Payments and any other amounts payable under this Agreement, the Borrower may purchase the Equipment from the Bank for \$1.00.

4.3 Late Payments. On failure by the Borrower to make a timely Payment, interest on the then outstanding principal balance shall continue to accrue at the rate indicated on the Payment Schedule until paid by the Borrower. All payments shall be applied first to any late payment charges or other amounts due hereunder that are neither interest nor principal, then to interest accrued to the date of payment, and thereafter to the unpaid principal balance.

4.4 Place of Payments. All payments required to be made to the Bank hereunder shall be made at the Bank's principal office or as may be otherwise directed by the Bank or its assignee.

4.5 No Abatement of Payments. The obligation of the Borrower to make Payments or Additional Payments is not subject to abatement or reduction of for any reason, including but not limited to, any defense, recoupment, setoff, counterclaim, or any claim (real or contingent) arising out of or related to the Equipment. The Borrower assumes the entire risk of loss and damage to the Equipment from any cause whatsoever, it being the intention of the parties that the Payments and Additional Payments shall be made in all events unless the obligation to make such Payments and Additional Payments is terminated as otherwise provided herein.

4.6 Conveyance of Equipment. On payment by the Borrower of all amounts outstanding under this Agreement, all of the Bank's right, title and interest in and to the Equipment will be conveyed to the Borrower and, if requested by Borrower, the Bank shall deliver such documents to evidence the transfer of the Bank's interest in the Equipment to Borrower.

ARTICLE 5. EVENT OF NON-APPROPRIATION

5.1 Limited Obligation of the Borrower. Subject at all times to Section 5.2, it is the Borrower's present intent to make all Payments, and Borrower reasonably believes that funds can be obtained sufficient to make all Payments. The Borrower agrees that funds, if any, which have been lawfully appropriated by the Council and are legally available for Payments and the performance of other obligations set forth in this Agreement, will be applied to Payments and the performance of such obligations. NOTWITHSTANDING THE FOREGOING, THE FULL FAITH, CREDIT AND TAXING POWER OF THE BORROWER ARE NOT PLEDGED FOR THE REPAYMENT OF THE ADVANCEMENT. THE PARTIES AGREE THAT NOTHING CONTAINED IN THIS AGREEMENT IS INTENDED TO CREATE, OR DOES CREATE, INDEBTEDNESS OF THE BORROWER WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION AND SHALL NOT BE SO CONSTRUED. NO PROVISION OF THIS AGREEMENT IS TO BE CONSTRUED TO PLEDGE OR TO CREATE A LIEN ON ANY CLASS OR SOURCE OF BORROWER'S MONEYS (OTHER THAN THE FUNDS HELD IN THE ESCROW FUND), NOR SHALL ANY PROVISION OF THIS AGREEMENT RESTRICT THE FUTURE ISSUANCE OF ANY OF BORROWER'S BONDS OR OBLIGATIONS PAYABLE FROM ANY CLASS OR SOURCE OF BORROWER'S MONEYS (EXCEPT TO THE EXTENT THIS AGREEMENT RESTRICTS THE INCURRENCE OF ADDITIONAL OBLIGATIONS SECURED BY THE EQUIPMENT).

5.2 Non-appropriation.

(a) All payment and performance obligations of the Borrower under this Agreement coming due during the fiscal years that follow the fiscal year in which the Term commences are subject to the availability and appropriation of funds by Council. If Council, on consideration of the budget submitted for approval by the chief financial officer of the Borrower, which budget shall include the amounts of all Payments and any Additional Payments to become due in the fiscal year in which the budget is applicable, determines in its sole discretion not to include the amounts for the Payments and Additional Payments in its final approved budget, then an “Event of Non-appropriation” is deemed to have occurred. The chief financial officer of the Borrower shall promptly notify the Bank in writing of the occurrence of an Event of Non-appropriation;

(b) On the occurrence of an Event of Non-appropriation that is not waived in accordance with subsection (c) below, this Agreement shall be deemed to terminate, without penalty to the Borrower, as of the final day of Borrower’s fiscal year for which Payments have been lawfully appropriated, and Borrower shall have no further obligation to make Payments under this Agreement, except as to those Payments, if any, which have been lawfully appropriated and remain unpaid. No right of action or damages will accrue to the benefit of the Bank, or its assignee, as to that portion of Payments which remain unpaid as a consequence of an Event of Non-appropriation;

(c) The Bank may, in its sole discretion, on request by the chief financial officer of the Borrower, temporarily waive the occurrence of an Event of Non-appropriation and suspend termination of this Agreement for the purpose of allowing reconsideration by Council of its decision to not appropriate funds with which to pay Payments. If such waiver is granted by Bank, then it is effective for thirty (30) days from the beginning of the fiscal year to which the Event of Non-appropriation applies (the “Waiver Period”). If Council lawfully appropriates sufficient funds to make Payments prior to the expiration of the Waiver Period, then the Event of Non-appropriation is deemed to have been remedied, this Agreement shall not terminate and the parties shall be restored to the status quo ante. If Council fails to lawfully appropriate sufficient funds for Payments during the Waiver Period, then this Agreement terminates on the first day following the end of the Waiver Period;

(d) On the occurrence of an Event of Non-appropriation that is not waived in accordance with subsection (c), or following expiration of the Waiver Period in which such Event of Non-appropriation remains uncured, the Borrower agrees to peaceably surrender possession of the Equipment to Bank or its assignee at such place as designated by the Bank or its assignee immediately following the termination of this Agreement pursuant to this Section 5.2, and the Equipment shall be packed at Borrower’s cost for shipment at Borrower’s cost in accordance with manufacturer specifications. If Borrower remains in possession of the Equipment, or any portion thereof, more than five business days following termination of this Agreement in accordance with this Section 5.2, then Borrower will be deemed a lessee-at-will and shall pay to the Bank a fair and reasonable amount as rental for use of the Equipment during such period (as determined by Bank in its reasonable judgment); and

(e) On termination of this Agreement under this Article 5 and notwithstanding the provisions of subsection (d), Bank is authorized, to the extent permitted by applicable law, to, elect in its sole discretion (i) take possession of the Equipment, with or without legal action, (ii) lease the Equipment, (iii) collect all rents and profits therefrom, with or without taking possession of the Equipment, and (iv) after deducting all costs of collection and administration expenses, apply the net rents and profits first to the payment of necessary maintenance and insurance costs, and then to Borrower’s account and in reduction of the amounts due from Borrower to Bank hereunder, if any.

ARTICLE 6. REPRESENTATIONS AND WARRANTIES OF BORROWER AND THE BANK

6.1 Representation and Warranties of the Borrower. The Borrower represents and warrants that each of the following is true in all material respects:

(a) The Borrower is a public body corporate and politic duly created and existing under the laws of the State, and has all powers necessary to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder;

(b) This Agreement, and all other documents relating hereto, have been duly and validly authorized, approved, executed and delivered by the Borrower, and the performance by the Borrower of its obligations under such documents has been approved and authorized, under all laws, regulations and procedures applicable to the Borrower, including, but not limited to, compliance with all applicable public meeting and bidding requirements, and the transactions contemplated by this Agreement and all other documents relating hereto constitute a public purpose for which public funds may be expended pursuant to the Constitution and laws of the State, and, assuming due authorization, execution and delivery hereof by the Bank, constitute valid, legal and binding obligations of the Borrower, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by general principles of equity or by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally;

(c) No approval or consent is required from any governmental authority with respect to the entering into or performance by the Borrower of this Agreement and the transactions contemplated hereby, or, if any such approval is required, it has been duly obtained;

(d) Since the date the Bank submitted its proposal to enter into this Agreement with the Borrower, there has been no material change in the financial affairs of the Borrower which would affect its ability to make Payments and perform its other obligations under this Agreement;

(e) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best of the Borrower's knowledge, threatened, against or affecting the Borrower that challenges or questions (i) the validity or enforceability of this Agreement or any other documents relating hereto, (ii) the performance of the Borrower's obligations hereunder, (iii) the right of any member of Council to hold office, (iv) the validity of the proceedings by which the Borrower's entry into this Agreement has been authorized, (v) the authority of the Borrower to acquire the Equipment or (vi) the authority of Council to appropriate funds to make Payments;

(f) The Borrower's entry into and compliance with the provisions of this Agreement, under the circumstances contemplated hereby, does not and will not in any material respect conflict with, or constitute on the part of the Borrower a breach of or default under any agreement or other instrument to which the Borrower is a party, or any existing law, regulation, court order or consent decree to which the Borrower is subject;

(g) There are no liens or encumbrances on the Equipment other than the lien created by this Agreement;

(h) The purchase of the Equipment is essential to the proper, efficient and economical operation of the Borrower and the delivery of its service and the Equipment will provide an essential use and permit the Borrower to carry out public functions that it is authorized by law to perform;

(i) The Borrower has appropriated or otherwise has legally available and sufficient funds to pay all amounts due under this Agreement within the Borrower's current fiscal year. The Borrower has not terminated any lease, rental agreement, payment agreement, equipment acquisitions, Lease-Purchase agreement or installment purchase contract to which the Borrower has been a party at any time during the past 10 years as a result of insufficient funds being appropriated in a fiscal year. During the past 10 years, no event has occurred which would constitute an event of default under any debt, revenue bond or obligation issued by or on behalf of the Borrower; and

(j) If this Agreement is indicated as "Bank Qualified" on the first page of this Agreement, then the Borrower designates its obligation hereunder as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code. The Borrower (i) has not and does not expect to issue, directly or indirectly through subordinate units, more than \$10,000,000 of tax-exempt obligations (other than private activity bonds) during this calendar year and (ii) has not and designated during this calendar year more than \$10,000,000 of its obligations (or of its subordinate units) as "qualified tax-exempt obligations."

6.2 Representations and Warranties of the Bank. The Bank represents and warrants that each of the following is true in all material respects:

(a) The Bank has the power and authority to enter into this Agreement;

(b) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of the organizational documents of the Bank or any restriction or any agreement or instrument to which the Bank is now a party or by which the Bank is bound;

(c) The Bank is entering into this Agreement as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be under its control) within the meaning of the federal securities laws;

(d) The Bank is entering into this Agreement solely for its own account and no other person now has any direct or indirect beneficial ownership or interest therein;

(e) The Bank is cognizant to the extent it deems necessary of the financial and business conditions of the Borrower; the Bank has a net worth substantially in excess of the cost of this Agreement and in the event it should unexpectedly incur the loss of the entire value of this Agreement, such loss would not materially adversely affect its financial condition; and

(f) The Bank has made such investigation as it deems necessary to make its investment decision, and all information, books and records requested by it have been furnished to it; the Bank acknowledges that, except for the financial information received by it and relied on by it from the Borrower concerning the financial position of the Borrower, no other representations have been made to it as to the financial condition of the Borrower.

ARTICLE 7. COVENANTS OF THE BORROWER

7.1 Care and Use. The Borrower shall use the Equipment in a careful and proper manner, in compliance with all applicable laws and regulations, and, at its sole cost and expense, shall service, repair and maintain the Equipment so as to keep the Equipment in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear expected, and shall replace any part of the Equipment as may from time to time become worn out, lost, stolen, destroyed or damaged or unfit for use. The Borrower shall use the Equipment only to perform the Borrower's governmental and proprietary functions.

7.2 Inspection. The Bank shall have the right on reasonable prior notice to the Borrower to enter into and upon the premises where the Equipment is located to inspect the Equipment and observe its use during normal business hours.

7.3 Utilities. The Borrower shall pay, when due, all charges for utility services used in connection with the Equipment. There shall be no abatement of the Payments on account of interruption of any such services.

7.4 Taxes. The Borrower shall pay, when due, all taxes levied by any governmental body as a result of the Borrower's ownership, possession, or use of the Equipment or as a direct or indirect result of the purchase of the Equipment by the Borrower.

7.5 Risk of Loss. The Borrower shall bear all risk of loss to and condemnation of the Equipment, and no such loss or damage and no defect or unfitness or obsolescence with respect to the Equipment shall relieve the Borrower of its obligation to make the Payments. In the event of loss or damage to or condemnation of the Equipment, the Borrower shall either (a) continue to make the Payments due hereunder and repair or replace the Equipment, or (b) prepay in full the principal components of the outstanding Payments. Said repair or replacement of the Equipment shall meet with the satisfaction of the Bank.

7.6 Performance by the Bank of the Borrower's Responsibilities. Any performance required of the Borrower or any payments required to be made by the Borrower may, if not timely performed or paid, be performed or paid by the Bank, and, in that event, the Bank shall be immediately reimbursed by the Borrower for such payments and for any costs and expenses, legal or otherwise, associated with the payments or other performance by the Bank, with interest thereon at a per annum rate equal to the Bank's then-announced "Prime Rate" in effect on the last business day of the calendar month preceding the payment (but not exceeding the maximum rate, if any, permitted by applicable law).

7.7 Financial Statements; Budget. The Borrower agrees that it will furnish the Bank at such reasonable times as the Bank shall request current audited financial statements (including, without limitation, the Borrower's annual budget as submitted or approved), and permit the Bank or its agents and representatives to inspect the Borrower's books and records and make extracts therefrom at its own expense during regular business hours and in a manner which will not disrupt the normal business routine of the Borrower. The Borrower represents and warrants to the Bank that all financial statements which have been delivered to the Bank fairly and accurately reflect the Borrower's financial condition and there has been no material adverse change in the Borrower's financial condition as reflected in the financial statements since the date thereof.

7.8 Other Responsibilities and Conditions. Simultaneously with the execution of this Agreement and prior to the disbursement of the Advancement, the Borrower shall cause to be provided to the Bank the following:

(a) Certified copies any ordinance of Council authorizing the Borrower to enter into this Agreement and carry out its terms;

(b) A certificate of the Borrower, executed by any of the Borrower's authorized officers, in form and substance satisfactory to the Bank that certifies (i) the Borrower is duly authorized to enter in the Agreement; (ii) the resolution or ordinance authorizing the Agreement and the transactions contemplated thereunder is in full force and effect and has not been modified, repealed or amended in whole or in part; (iii) each of the Borrower's representations and warranties in the Agreement are true and correct in all material respects as of the date of the certificate; (iv) the names, specimen signatures and positions of the Borrower Authorized Representatives;

(c) An Opinion Letter from counsel to the Borrower, in form and substance satisfactory to the Bank, which opines that (i) the Borrower is a public body corporate and politic duly created and existing under the laws of the State, and has all powers necessary to enter into the Agreement and to carry out its obligations thereunder; (ii) the Agreement is duly authorized and a valid and enforceable obligation of the Borrower; (iii) there is no pending or threatened litigation challenging (A) the Agreement, (B) the Borrower's performance of its obligations thereunder, (C) the right of any member of Council to hold office, (D) the validity of the proceedings by which the Borrower's entry into the Agreement has been authorized, (E) the authority of the Borrower to acquire the Equipment or (F) the authority of the Borrower to appropriate funds to make Payments; and (iv) the Borrower's entry into and compliance with the provisions of the Agreement does not and will not in any material respect conflict with or constitute on the part of the Borrower a breach of or default under any agreement or other instrument to which the Borrower is a party, or any existing law, regulation, court order or consent decree to which the Borrower is subject;

(d) A certificate or other proof of insurance on the Equipment, in a form consistent with the requirements of Article 9 and satisfactory to the Bank; and

(e) Executed originals of any other documents and instruments required by this Agreement or as may be requested by the Bank.

ARTICLE 8. SECURITY INTEREST; LIENS

8.1 Security Interest. To secure all of its obligations under this Agreement, the Borrower grants to the Bank a first and priority security interest in the Equipment, in any and all additions, accessions, repairs, replacements, substitutions, and modifications to the Equipment, and all proceeds of all the foregoing, including any insurance proceeds paid because of loss or damage to the Equipment. The Bank may file a financing statement with respect to the Equipment and this Agreement without the Borrower's signature. If the Equipment is or includes one or more motor vehicles, the ownership of which is evidenced by a certificate of title, the Borrower shall cause the Bank's lien to be properly shown on each certificate as a first lien security interest.

8.2 Security Agreement. This Agreement is intended to confer on the Bank all such rights and remedies as would be conferred upon a secured party pursuant to the Uniform Commercial Code were it applicable to this Agreement. The inapplicability of the Uniform Commercial Code to this Agreement or the unavailability of any rights or remedies otherwise conferred thereby shall not, however, constitute an Event of Default hereunder.

8.3 No Other Liens. The Borrower shall not directly or indirectly create, incur, assume or suffer to exist any lien, charge, security interest, encumbrance or claim on or with respect to the Equipment (except the security interest granted to the Bank). The Borrower shall promptly, at its own expense, take such action as may be necessary to duly discharge any such lien, security interest, charge, encumbrance or claim if the same shall arise at any time. The Borrower shall reimburse the Bank for any expense incurred by the Bank in order to discharge or remove any such lien, security interest, encumbrance or claim.

ARTICLE 9. INSURANCE; DAMAGE; CONDEMNATION; USE OF NET PROCEEDS

9.1 Insurance. The Borrower shall obtain and maintain, at its expense, at all times until termination of this Agreement, a primary policy of insurance covering the Equipment and providing the insurance protection described in this Section 9.1. The Borrower shall maintain fire, casualty, public liability, property damage and theft insurance, and such other insurance as required by the Bank. The Equipment shall be insured in an amount at least equal to its actual cash value. All policies of insurance required under this Article 9 shall be maintained with the South Carolina Municipal Insurance and Risk Financing Fund or other insurance company or companies satisfactory to the Bank and the Bank shall be named as co-loss payee with respect to fire, property damage and theft insurance, if and to the extent permitted by the Borrower's insurance carrier. The Bank will not be named as an additional insured on any policy of insurance.

On acceptance of any Equipment, the Borrower shall deliver to the Bank the policies of insurance or duplicates thereof or other evidence satisfactory to the Bank of such insurance coverage as required under this Section 9.1 for such Equipment. Each insurer shall agree by endorsement on the policy or policies issued by it that it will give 30 days' prior written notice to the Bank of the cancellation or material modification of such policy. The Borrower hereby appoints the Bank as the Borrower's attorney-in-fact (i) to make claim for, receive payment of, and execute and endorse all documents, checks or drafts received in payment under any insurance policies with respect to the Equipment; and (ii) to make, adjust, settle or release any claims under or relating to such insurance. The Borrower agrees to cooperate fully in all accident insurance investigations, claims and litigation proceedings. The Borrower shall cooperate fully with the Bank in filing any proof of loss with respect to any insurance policy described above. The Borrower shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim with respect to the Equipment without the written consent of the Bank.

The Bank may, but shall not be required, to permit the Borrower, in lieu of obtaining the foregoing policies of insurance, to adopt alternative risk management programs including, without limitation, to self-insure in whole or in part, individually or in connection with other units of local government or other institutions, to participate in programs of captive insurance companies, to participate with other units of local government or other institutions in mutual or other cooperative insurance or other risk management programs, to participate in State or federal insurance programs, to take advantage of State or federal laws now or hereafter in existence limiting liability, or to establish or participate in other alternative risk management programs.

9.2 Loss and Damage. In the event of damage or loss to any item of Equipment, Borrower shall within five days notify the Bank in writing of such loss or damage in all material particulars, and within 15 days thereafter notify the Bank in writing of the course of action, consistent with this Section 9.2, which it intends to take with respect to such lost or damaged Equipment. The Borrower (i) shall within thirty (30) days of receipt deposit any Net Proceeds received with respect to such damaged or lost

Equipment in accordance with Section 9.4, or (ii) if such loss or damage shall not give rise to Net Proceeds shall:

(a) Place the damaged Equipment in good repair at Borrower's sole expense, the adequacy of such repairs being subject to Bank's reasonable approval;

(b) Replace at Borrower's sole expense the lost or damaged Equipment with equipment having substantially similar specifications and of equal or greater value to the lost or damaged Equipment immediately prior to the time of the loss or damage, such replacement equipment to be subject to Bank's reasonable approval, whereupon such replacement equipment shall be substituted on Exhibit A hereto; or

(c) Pay Bank in cash all of the following: (i) all amounts owed by Borrower to Bank under this Agreement in the then-current fiscal year, and (ii) following such payment in subsection (i) either, as determined by Borrower (A) the remaining principal balance payable under this Agreement or (B) the principal portion, accrued but unpaid interest, and any other amounts due under this Agreement related to the lost or damaged Equipment. On Bank's receipt of such payment, Borrower shall be entitled to whatever interest Bank may have in the Equipment, or portion thereof, in its then condition and location, without warranty expressed or implied.

9.3 Condemnation. Borrower shall immediately notify Bank if any governmental authority shall institute, or shall notify Borrower of any intent to institute, any action or proceeding for the taking of, or damages to, all or any part of the Equipment or any interest therein under the power of eminent domain, or if there shall be any damage to the Equipment due to governmental action, but not resulting in a taking of any portion of the Equipment. Borrower shall file and prosecute its claims for any such awards or payments in good faith and with due diligence and cause the same to be collected and paid over to Bank, and to the extent permitted by law hereby irrevocably authorizes and empowers Bank, in the Borrower's name or otherwise, to collect and receipt for any such award or payment and to file and prosecute such claims. Any condemnation award shall be applied in the same manner as insurance proceeds as if the Equipment was lost or damaged as further provided in Section 9.4.

9.4 Use of Net Proceeds. The Net Proceeds of any insurance policies or condemnation awards shall be deposited in the Escrow Fund or, if no Escrow Fund exists, in a separate fund held by the Bank.

(a) Unless the Borrower exercises its option to prepay all or a portion of the outstanding Payments in accordance with Section 9.4(b), all Net Proceeds shall be applied to the prompt repair or replacement of the Equipment so condemned, lost or damaged. The Bank shall disburse Net Proceeds to the Borrower for such repair or replacement on receipt of a Disbursement Request Form from a Borrower Authorized Representative;

(b) The Borrower may apply the Net Proceeds to pay the principal, accrued but unpaid interest, and any other amounts due under this Agreement related to the Equipment so condemned, lost or damaged;

(c) Any balance of Net Proceeds remaining following application in subsection (a) or (b) shall be applied first against the principal portion of any remaining Payments due under this

Agreement, accrued but unpaid interest, and last to any other amounts due under this Agreement. Any balance of Net Proceeds remaining shall be distributed to the Borrower.

ARTICLE 10. RESERVED

ARTICLE 11. DISCLAIMER OF WARRANTIES

11.1 No Representations by the Bank. The Borrower agrees that it has selected the Equipment based upon its own judgment and disclaims any reliance upon any statements or representations made by the Bank with respect thereto. The Borrower agrees that its acceptance of any portion of the Advancement, whether of even date herewith or hereafter by way of a Disbursement Request Form, shall constitute, to the extent of the particular Equipment to the purchase of which such portion of the Advancement is applied, an acknowledgment that Borrower has inspected such Equipment and found such Equipment to be satisfactory.

11.2 Disclaimer by the Bank. THE BANK MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE EQUIPMENT OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT.

ARTICLE 12. DEFAULT AND REMEDIES

12.1 Definition of Event of Default. The Borrower is deemed to be in default under this Agreement on the happening of any of the following events (each, an "Event of Default"):

(a) The Borrower fails to make any Payment or fails to pay any Additional Payment when due (provided, however, that an Event of Non-appropriation is not an Event of Default under this Agreement); or

(b) The Borrower shall fail to perform or observe any term, condition or covenant of this Agreement or shall breach any warranty by the Borrower herein or therein contained; or

(c) Proceedings under any bankruptcy, insolvency, reorganization or similar litigation shall be instituted by or against the Borrower, or a receiver, custodian or similar officer shall be appointed for the Borrower or any of its property, and such proceedings or appointments shall not be vacated or fully stayed after the institution or occurrence thereof; or

(d) Any warranty, representation or statement made by the Borrower herein or in any other document executed or delivered in connection herewith is found to be incorrect or misleading in any material respect on the date made; or

(e) An attachment, levy or execution of a security interest or lien is levied upon or against the Equipment.

12.2 Remedies on Default. Upon the occurrence of any Event of Default, the Bank may exercise any one or more of the following remedies as the Bank in its sole discretion shall elect:

(a) Subject to Article 5, declare the entire principal amount of the Payments lawfully appropriated for the fiscal year in which such Event of Default occurs and all accrued interest and other charges immediately due and payable without notice or demand to the Borrower;

(b) Proceed by appropriate court action to enforce performance by the Borrower of the applicable covenants of this Agreement or to recover for the breach thereof;

(c) Exercise all the rights and remedies at law or in equity, including those rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State with respect to the enforcement of the security interest granted or reserved hereunder; and

(d) Terminate this Agreement, and thereafter (i) take possession of the Equipment, with or without legal action, and sell the same to a third party, (ii) lease the Equipment to a third party in such manner and for such consideration as it shall determine in its sole discretion, (iii) collect rents and profits, if any, therefrom, with or without taking possession of the Equipment, and (iv) after deducting all costs of collection and administration expenses, apply the net rents and profits first to the payment of necessary maintenance and insurance costs, and then as a credit against the amounts due from Borrower to the Bank hereunder. Any net rents and profits, if any, remaining after satisfaction of the amounts due from the Borrower to the Bank shall be paid to Borrower. If Borrower remains in possession of the Equipment or any portion thereof, more than five business days following termination of the Agreement in accordance with this subsection (d), the Borrower is deemed a lessee-at-will and will pay to the Bank a fair and reasonable amount as rental for the use of the Equipment during such period, as determined by the Bank.

12.3 Further Remedies. All remedies of the Bank are cumulative and may be exercised concurrently or separately. The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy. The Borrower agrees to pay to the Bank all court costs and reasonable attorney fees incurred by Bank in enforcing the Bank's rights and remedies under this Agreement.

12.4 Agreement to Pay Attorneys' Fees and Expenses. In the event of a default by the Borrower under the provisions of this Agreement, the Borrower agrees, subject to the limitations and provisions of State law, that it will pay on demand to the Bank, the reasonable costs and expenses, including attorneys' fees, incurred by the Bank in the collection of Payments and Additional Payments or the enforcement of performance or observation of any obligation or agreement by the Borrower.

ARTICLE 13. ASSIGNMENT

13.1 Assignment by the Borrower. The Borrower shall not sell, assign, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance upon or against any interest in the Equipment or this Agreement (except for the lien and security interest of the Bank therein) without the Bank's prior written consent.

13.2 Assignment by the Bank. The Bank may, at any time and from time to time, assign its interest in the Equipment, this Agreement, including without limitation, the Bank's rights to receive the Payments and any Additional Payments due and to become due hereunder, provided. Any assignment made by the Bank or any subsequent assignee shall not purport to convey any greater interest or rights than those held by the Bank pursuant to this Agreement. All assignments by the Bank shall be subject to the conditions set forth in this Article 13. After the Bank gives the notice described below to the Borrower,

the Borrower shall thereafter make all payments in accordance with the notice to the assignee named therein.

(a) The Bank shall send written notice of the assignment and its effective date to the Borrower before it makes the assignment. Such notification shall be forwarded to the Borrower at least 30 days before the effective date of the assignment. The notification shall include an executed copy of the assignment documents, shall specify the assignee's name and address, and shall provide the Borrower with instructions for making payments after the effective date of the assignment. The requirement of 30 days' notice may be waived in writing by the Borrower;

(b) Each assignee shall prior to the effectiveness of the assignment execute a letter addressed to the Borrower in form identical to the Investment Letter with such changes, if any, reasonably satisfactory to Borrower's counsel, and the representations, warranties and covenants of the Bank and all assignees contained therein are and shall be deemed incorporated into this Agreement and binding upon the Bank and assignees as if fully set forth herein.

(c) The Borrower shall not be obligated to make Payments or Additional Payments to anyone other than the Bank until the notification specified in subsection (a) is received by the Borrower or until the effective date of the assignment, whichever is later. Should the Borrower incorrectly make Payments or Additional Payments to the Bank after the conditions specified in the preceding sentence are met, the Bank shall return those payments to the Borrower; and

(d) The Borrower shall execute, at the Bank's request, notice of assignment and other related documents that are reasonably necessary to protect the security interest in the Equipment or in this Agreement, and to maintain those security interests in perfected form. If so requested, the acknowledgment shall in no way be deemed necessary to make the assignment effective.

(e) The Borrower shall have no liability for fees charged or administrative expenses incurred by an assignee of this Agreement.

13.3 Registered Obligation. During the term of this Agreement, Borrower shall keep a complete and accurate record of all assignments necessary to comply with Section 149(a) of the Internal Revenue Code and regulations applicable thereto. On receipt of notice of assignment from the Bank as described in Section 13.2(a), Borrower shall record the assignment in Borrower's books of registry. No transfer of this Agreement shall be in form or substance such that the Borrower would be required to reflect in its books of registry at any point in time more than one owner of this Agreement.

13.4 Escrow Fund Assignment by the Bank. In connection with an assignment by the Bank of this Agreement, the Bank may freely assign all or any part of its interest in the Escrow Fund and its duties as Escrow Agent to another financial institution mutually acceptable to the Bank and Borrower, provided such financial institution must be a qualified public depository within the meaning of S.C. Code Ann. §6-5-15(1976, as amended).

ARTICLE 14. TAX COVENANTS

14.1 Intent of Parties. If the Agreement is designated as "tax-exempt" as indicated on the first page hereof, it is the intention of the parties hereto that the interest portion of the Payments paid by the Borrower to the Bank under this Agreement are to be tax-exempt under Section 103 of the Internal Revenue Code. Borrower acknowledges that the continued exclusion of the interest component

of the Payment from the Bank's gross income for federal income tax purposes depend in part, on the Borrower's compliance with certain provisions and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder. To that end, the Borrower covenants that it will comply with all requirements of the Code that must be satisfied subsequent to the execution of this Agreement so that the interest component of each Payment is and remains excludable from gross income for federal income tax purposes, and further, specifically covenants as follows:

(a) The Borrower will make no use of the Advancement (the "Proceeds") which would cause this Agreement to be an "arbitrage bond" within the meaning of Section 148 of the Code;

(b) The Equipment shall be used exclusively for essential governmental purposes of the Borrower and no use shall be made of the proceeds or of the Equipment, directly or indirectly, which would cause this Agreement to be a "private activity bond" within the meaning of Section 141 of the Code;

(c) The Borrower is not a party to nor will it enter into any contracts with any person for the use or management of the Equipment that do not conform to the guidelines set forth in Revenue Procedure 2017-13.

(d) No part of the payment of principal or interest under this Agreement is or shall be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof; and

(e) The Borrower shall timely file such reports and information as required by the Code, including a Form 8038-G or 8038-GC, or other comparable forms, as applicable, and shall furnish the Bank copies of such filings.

14.2 Duty to Notify the Bank. The Borrower agrees to give prompt written notice to the Bank on the Borrower's receipt of any oral or written notice or information from any source whatsoever to the effect that a Determination of Taxability or a Change in Deductibility has occurred.

ARTICLE 15. MISCELLANEOUS

15.1 Waiver. No covenant or condition of this Agreement can be waived except by the written consent of the Bank. Any failure of the Bank to require strict performance by the Borrower or any waiver by the Bank of any of the terms, covenants or conditions herein are not a waiver of any other breach of the same or any other term, covenant or condition herein.

15.2 Severability. If any provision in this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction, such ruling shall not affect any other term or provision herein, except that the invalid or unenforceable provision and the other provisions in this Agreement automatically shall be modified as minimally as possible so as to be valid and enforceable and to effectuate the intent of the parties, provided that such modification can be made while still preserving the intent of the parties, and the remaining terms and provisions, as modified, if modified, shall remain binding on the parties. In the event that no such modification can be made while still preserving the intent of the parties hereto, then the invalid or unenforceable provision shall be stricken from this Agreement, and the remaining terms, if sufficient to constitute a binding contract, shall remain in full force and effect.

15.3 Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State.

15.4 Notices. Any and all notices, requests, demands, and other communications given under or in connection with this Agreement shall be in writing and shall be deemed to have been given when the writing is delivered, if given or delivered by hand, overnight delivery service, or facsimile or electronic transmitter (with confirmed receipt), or three (3) days after being mailed, or on the day it was actually received, whichever is earlier, if mailed by first class United States mail, postage prepaid, to the mailing address, telecopy number or email addresses set forth below:

If to the Bank, address to:

Bank of Clarendon
106 South Brooks Street
Manning, South Carolina 29102
Telephone for Overnight: (803) 433-4451
Facsimile: (803) 433-4705
Email: chrislee@bankofclarendon.com
Attention: Chris Lee, Commercial Loan Officer

If to the Borrower, address to:

City of Sumter, South Carolina
21 North Main Street
Sumter, South Carolina 29150
Telephone for Overnight: (803) 436-2570
Facsimile: (803) 436-2615
Email: dmccormick@sumtersc.com
Attention: Deron McCormick, City Manager

The Borrower or the Bank may, by notice given hereunder, designate any further or different addresses or telecopy numbers to which subsequent demands, notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed. The Bank also may give notice to the Borrower at any updated address for the Borrower of which the Borrower gives the Bank informal notice which the Bank maintains in its records.

15.5 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

15.6 Entire Agreement. This Agreement, together with the exhibits and attachments hereto, which are incorporated herein by reference, constitutes the entire Agreement between the parties, and this Agreement shall not be modified, amended, altered or changed except by written agreement signed by the parties.

15.7 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

15.8 Time. Time is of the essence of this Agreement and each and all of its provisions.

15.9 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

15.10 Reliance of the Bank on Document. The Bank may act in reliance on any writing, instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Bank is not liable in any manner for the sufficiency or correctness as to the form, manner of execution, or validity of any instrument or as to the identity, authority, or right of any person executing the same; and the Bank's duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Bank, and for the disposition of the same in accordance herewith.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

(SEAL)

CITY OF SUMTER, SOUTH CAROLINA

By: _____
Name: Deron McCormick
Title: City Manager

ATTEST:

By: _____
Name: Linda Hammett
Title: City Clerk

BANK OF CLARENDON,
as Bank and Escrow Agent

By: _____
Name: Chris Lee
Title: Senior Vice President

[SIGNATURE PAGE TO LEASE-PURCHASE AGREEMENT]

EXHIBIT A

DESCRIPTION OF EQUIPMENT

Agreement Date: March 28, 2025

Borrower: City of Sumter, South Carolina

Advancement: \$2,075,000

| <u>Description and Serial Number</u> | <u>Purchase Price</u> | <u>Department and Purpose or Function of Equipment</u> | <u>Location of Equipment After Delivery</u> |
|--------------------------------------|-----------------------|--|---|
| Ventrac Mower/Tractor | \$90,000 | All equipment for use in the City's general municipal operations | Various locations throughout the City |
| Brush Truck | 200,000 | | |
| Bonnell Olympian Truck | 290,000 | | |
| Street Sweeper | 320,000 | | |
| Rescue Truck | 500,000 | | |
| Garbage Trucks (2) | <u>675,000</u> | | |
| Total Estimated Cost | \$2,075,000 | | |

CITY OF SUMTER, SOUTH CAROLINA

By: _____

Name: Deron McCormick

Title: City Manager

Date: March 28, 2025

EXHIBIT B
PAYMENT SCHEDULE

Equipment Lease-Purchase Agreement
Between Bank of Clarendon, as Bank, and
The City of Sumter, as Borrower
March 28, 2025

| | Date | Payment | Interest | Principal | Balance |
|--------------------|------------|-------------------|------------------|-------------------|--------------|
| Loan | 03/28/2025 | | | | 2,075,000.00 |
| 1 | 04/28/2025 | 38,130.07 | 6,761.04 | 31,369.03 | 2,043,630.97 |
| 2 | 05/28/2025 | 38,130.07 | 6,658.83 | 31,471.24 | 2,012,159.73 |
| 3 | 06/28/2025 | 38,130.07 | 6,556.29 | 31,573.78 | 1,980,585.95 |
| 4 | 07/28/2025 | 38,130.07 | 6,453.41 | 31,676.66 | 1,948,909.29 |
| 5 | 08/28/2025 | 38,130.07 | 6,350.20 | 31,779.87 | 1,917,129.42 |
| 6 | 09/28/2025 | 38,130.07 | 6,246.65 | 31,883.42 | 1,885,246.00 |
| 7 | 10/28/2025 | 38,130.07 | 6,142.76 | 31,987.31 | 1,853,258.69 |
| 8 | 11/28/2025 | 38,130.07 | 6,038.53 | 32,091.54 | 1,821,167.15 |
| 9 | 12/28/2025 | 38,130.07 | 5,933.97 | 32,196.10 | 1,788,971.05 |
| 2025 Totals | | 343,170.63 | 57,141.68 | 286,028.95 | |
| 10 | 01/28/2026 | 38,130.07 | 5,829.06 | 32,301.01 | 1,756,670.04 |
| 11 | 02/28/2026 | 38,130.07 | 5,723.82 | 32,406.25 | 1,724,263.79 |
| 12 | 03/28/2026 | 38,130.07 | 5,618.23 | 32,511.84 | 1,691,751.95 |
| 13 | 04/28/2026 | 38,130.07 | 5,512.29 | 32,617.78 | 1,659,134.17 |

| | | | | | |
|--------------------|------------|-------------------|------------------|-------------------|--------------|
| 14 | 05/28/2026 | 38,130.07 | 5,406.01 | 32,724.06 | 1,626,410.11 |
| 15 | 06/28/2026 | 38,130.07 | 5,299.39 | 32,830.68 | 1,593,579.43 |
| 16 | 07/28/2026 | 38,130.07 | 5,192.41 | 32,937.66 | 1,560,641.77 |
| 17 | 08/28/2026 | 38,130.07 | 5,085.09 | 33,044.98 | 1,527,596.79 |
| 18 | 09/28/2026 | 38,130.07 | 4,977.42 | 33,152.65 | 1,494,444.14 |
| 19 | 10/28/2026 | 38,130.07 | 4,869.40 | 33,260.67 | 1,461,183.47 |
| 20 | 11/28/2026 | 38,130.07 | 4,761.02 | 33,369.05 | 1,427,814.42 |
| 21 | 12/28/2026 | 38,130.07 | 4,652.30 | 33,477.77 | 1,394,336.65 |
| 2026 Totals | | 457,560.84 | 62,926.44 | 394,634.40 | |
| 22 | 01/28/2027 | 38,130.07 | 4,543.21 | 33,586.86 | 1,360,749.79 |
| 23 | 02/28/2027 | 38,130.07 | 4,433.78 | 33,696.29 | 1,327,053.50 |
| 24 | 03/28/2027 | 38,130.07 | 4,323.98 | 33,806.09 | 1,293,247.41 |
| 25 | 04/28/2027 | 38,130.07 | 4,213.83 | 33,916.24 | 1,259,331.17 |
| 26 | 05/28/2027 | 38,130.07 | 4,103.32 | 34,026.75 | 1,225,304.42 |
| 27 | 06/28/2027 | 38,130.07 | 3,992.45 | 34,137.62 | 1,191,166.80 |
| 28 | 07/28/2027 | 38,130.07 | 3,881.22 | 34,248.85 | 1,156,917.95 |
| 29 | 08/28/2027 | 38,130.07 | 3,769.62 | 34,360.45 | 1,122,557.50 |
| 30 | 09/28/2027 | 38,130.07 | 3,657.67 | 34,472.40 | 1,088,085.10 |
| 31 | 10/28/2027 | 38,130.07 | 3,545.34 | 34,584.73 | 1,053,500.37 |
| 32 | 11/28/2027 | 38,130.07 | 3,432.66 | 34,697.41 | 1,018,802.96 |
| 33 | 12/28/2027 | 38,130.07 | 3,319.60 | 34,810.47 | 983,992.49 |
| 2027 Totals | | 457,560.84 | 47,216.68 | 410,344.16 | |
| 34 | 01/28/2028 | 38,130.07 | 3,206.18 | 34,923.89 | 949,068.60 |
| 35 | 02/28/2028 | 38,130.07 | 3,092.38 | 35,037.69 | 914,030.91 |

| | | | | | |
|--------------------|------------|-------------------|------------------|-------------------|------------|
| 36 | 03/28/2028 | 38,130.07 | 2,978.22 | 35,151.85 | 878,879.06 |
| 37 | 04/28/2028 | 38,130.07 | 2,863.68 | 35,266.39 | 843,612.67 |
| 38 | 05/28/2028 | 38,130.07 | 2,748.77 | 35,381.30 | 808,231.37 |
| 39 | 06/28/2028 | 38,130.07 | 2,633.49 | 35,496.58 | 772,734.79 |
| 40 | 07/28/2028 | 38,130.07 | 2,517.83 | 35,612.24 | 737,122.55 |
| 41 | 08/28/2028 | 38,130.07 | 2,401.79 | 35,728.28 | 701,394.27 |
| 42 | 09/28/2028 | 38,130.07 | 2,285.38 | 35,844.69 | 665,549.58 |
| 43 | 10/28/2028 | 38,130.07 | 2,168.58 | 35,961.49 | 629,588.09 |
| 44 | 11/28/2028 | 38,130.07 | 2,051.41 | 36,078.66 | 593,509.43 |
| 45 | 12/28/2028 | 38,130.07 | 1,933.85 | 36,196.22 | 557,313.21 |
| 2028 Totals | | 457,560.84 | 30,881.56 | 426,679.28 | |
| 46 | 01/28/2029 | 38,130.07 | 1,815.91 | 36,314.16 | 520,999.05 |
| 47 | 02/28/2029 | 38,130.07 | 1,697.59 | 36,432.48 | 484,566.57 |
| 48 | 03/28/2029 | 38,130.07 | 1,578.88 | 36,551.19 | 448,015.38 |
| 49 | 04/28/2029 | 38,130.07 | 1,459.78 | 36,670.29 | 411,345.09 |
| 50 | 05/28/2029 | 38,130.07 | 1,340.30 | 36,789.77 | 374,555.32 |
| 51 | 06/28/2029 | 38,130.07 | 1,220.43 | 36,909.64 | 337,645.68 |
| 52 | 07/28/2029 | 38,130.07 | 1,100.16 | 37,029.91 | 300,615.77 |
| 53 | 08/28/2029 | 38,130.07 | 979.51 | 37,150.56 | 263,465.21 |
| 54 | 09/28/2029 | 38,130.07 | 858.46 | 37,271.61 | 226,193.60 |
| 55 | 10/28/2029 | 38,130.07 | 737.01 | 37,393.06 | 188,800.54 |
| 56 | 11/28/2029 | 38,130.07 | 615.18 | 37,514.89 | 151,285.65 |
| 57 | 12/28/2029 | 38,130.07 | 492.94 | 37,637.13 | 113,648.52 |
| 2029 Totals | | 457,560.84 | 13,896.15 | 443,664.69 | |

| | | | | | |
|---------------------|------------|---------------------|-------------------|---------------------|-----------|
| 58 | 01/28/2030 | 38,130.07 | 370.30 | 37,759.77 | 75,888.75 |
| 59 | 02/28/2030 | 38,130.07 | 247.27 | 37,882.80 | 38,005.95 |
| 60 | 03/28/2030 | 38,130.07 | 124.12 | 38,005.95 | 0.00 |
| 2030 Totals | | 114,390.21 | 741.69 | 113,648.52 | |
| Grand Totals | | 2,287,804.20 | 212,804.20 | 2,075,000.00 | |

CITY OF SUMTER, SOUTH CAROLINA

By: _____
Name: Deron McCormick
Title: City Manager
Date: March 28, 2025

EXHIBIT C

DISBURSEMENT REQUEST FORM

Date: _____

1. The amount of the requested disbursement to be paid to City of Sumter, South Carolina \$_____

2. The method of disbursement (limited to two draws per month):

☐ Bank of Clarendon Account Transfer to Acct #: _____

Acct name: _____

☐ Wire Transfer Bank Name: _____ ABA#: _____

Credit Acct Name: _____

Credit Acct #: _____

Special Instructions: _____

3. A brief description of the purpose of the disbursement: _____

4. The undersigned certifies as follows:

- a. Payment of the disbursement for the purpose requested will not cause the undersigned to be in violation of any of terms of the Lease-Purchase Agreement dated March 28, 2025 (the "Agreement").
- b. The amounts requested to be disbursed were properly incurred in connection with the acquisition of the Equipment and were not subject of any previous request for disbursement.
- c. The Equipment for which the disbursement is requested has been finally accepted by the Borrower.
- d. No notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under the Agreement to any of the persons, firms or corporations named herein has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this disbursement.
- e. This disbursement contains no items representing payment on account of any percentage entitled to be retained on the date of this requisition.
- f. No Event of Default is continuing under the Agreement, and no event or condition is existing which, with notice or lapse of time or both, would become an Event of Default.

- g. The Borrower has in place insurance on this portion of the Equipment that complies with the insurance provisions of the Agreement.
5. Attached hereto are the following: proof of insurance, bills, receipts, invoices, or other documents evidencing the amounts and purposes for which the disbursement is requested.
6. Also attached hereto is a list of the Equipment to which this Disbursement Request applies, including descriptions, quantities and serial numbers.
7. Borrower agrees that the Equipment subject to this Disbursement Request shall be added to the Description of Equipment List (Exhibit A to the Agreement) without further notice to or request by Borrower.
8. Borrower acknowledges that the delivery and any required installation of the Equipment subject to this Disbursement Request has been completed in accordance with the terms of the Agreement, and that such Equipment has been inspected and accepted by Borrower on _____, 20__.

☐ (check if the following sentence is true): Acceptance Certificate. The items of Equipment subject to this Disbursement Request represent the final items of the Equipment to be accepted by Borrower. The Borrower has acquired and accepted all of the Equipment.

By: _____

Title: _____

Date: _____

Send Completed Form and Attachments to:

chrislee@bankofclarendon.com

OR mail to: Chris Lee

Commercial Loan Officer

Bank of Clarendon

106 Brooks Street, Manning, SC 29102

OR Fax: (803) 433-4705

Original Advancement: \$2,075,000

File Lien Holder (Title) and Certificate Holder & Loss Payee (Certificate of Insurance) as follows:

**Bank of Clarendon
P.O. Box 520
Manning, South Carolina 29102**

EXHIBIT D

WRITTEN CONFIRMATION OF LESSOR

March 28, 2025

City of Sumter Council
Sumter, South Carolina

Haynsworth Sinkler Boyd, P.A.
Columbia, South Carolina

Re: \$2,285,000 Lease-Purchase Agreement between Bank of Clarendon and
the City of Sumter, South Carolina, dated December 1, 2022

Ladies and Gentlemen:

The undersigned, on behalf of Bank of Clarendon, as Lessor under the above-referenced Lease-Purchase Agreement (the ***"Lessor"***), has agreed to make a loan to the City of Sumter, South Carolina (the ***"City"***). In accordance with South Carolina law, the loan will be made in the form of a Lease Purchase Agreement issued by the City (the ***"Lease Agreement"***).

The Lessor hereby represents, warrants and covenants as follows:

- (1) The Lease Agreement is being purchased solely for the account of the Lessor and for the purpose of investment, and not with a present view for the resale, distribution, subdivision, or fractionalization thereof; no other person will upon the purchase of the Lease Agreement by the Lessor have any direct or indirect ownership or interest in the Lease Agreement; and the Lessor has no present intention of reselling, distributing, subdividing or fractionalizing the Lease Agreement or any portion thereof either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances, although the Lessor reserves the right to dispose of the Lease Agreement or any of its interest therein.
- (2) Transfer of the Lease Agreement is restricted to transferees which are financial institutions or similar to financial institutions, and may be made only through participation or syndication. Any such transferee must execute and deliver to the above-named addressees a letter substantially similar to this letter and satisfactory to such addressees prior to any such transfer.
- (3) Ownership of the Lease Agreement is required to be recorded on a registration book maintained by the City. The Lessor agrees that ownership of the Lease Agreement may not be divided in a manner that would require the registration of more than a single owner of the Lease Agreement at any one time. Neither the Lease Agreement nor any interest therein will be transferred by way of a public offering, limited public offering, or any other transaction subject to jurisdiction of or regulation by the United States Securities and Exchange Commission.
- (4) The loan made by the Lessor to the City is represented solely by the Lease Agreement, which will, upon the delivery of the Lease Agreement and the making of the loan, constitute a contract between the City and the Lessor.

- (5) The Lease Agreement has not been rated by any credit rating agency.
- (6) The Lease Agreement has not been assigned a CUSIP number.
- (7) Assignment of Lessor's rights under the Lease Agreement is subject to the terms and conditions of the Lease Agreement and this Written Confirmation of Lessor.
- (8) There is no Lease Agreement facilitating creation of a market for trading, such as a marketing or remarketing Lease Agreement or continuing disclosure Lease Agreement, with respect to the Lease Agreement or any obligations of the City thereunder.
- (9) The rights and obligations of the Lessor under the Lease Agreement will be those of the Lessor, not the securities affiliate of the Lessor or any other separately identifiable department or division of the Lessor.
- (10) The Lessor will treat the Lease Agreement as a loan, not a security, for accounting and regulatory purposes.
- (11) Registration of the Lease Agreement shall be in physical form, in name of the Lessor or any single transferee.
- (10) The Lessor has sufficient knowledge and experience in financial and business matters, including those involving loans to public bodies, to be able to evaluate the risks and merits of the credit represented by its decision to make a loan to the City in the form of the Lease Agreement.
- (11) The Lessor understands that no official statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the City and the Lease Agreement is being issued, and that, in due diligence, it has made its own inquiry and analysis with respect to the City, the Lease Agreement, and other material factors affecting the security for and payment of the City's obligations under the Lease Agreement.
- (12) The Lessor acknowledges that it has either been supplied with or has access to information, including financial statements and other financial information, regarding the City, to which a reasonable lender would attach significance in making credit decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Lease Agreement and the security therefor, so that as a reasonable lender, it has been able to make its decision to make the loan represented by the Lease Agreement.
- (13) The Lessor understands that the scope of engagement of Haynsworth Sinkler Boyd, P.A., as Counsel with respect to the Lease Agreement has been limited to matters set forth in its opinion based on its view of such legal proceedings as it deems necessary to approve the validity of the Lease Agreement. The City is Counsel's sole client in connection with the sale and issuance of the Lease Agreement.
- (14) The undersigned is authorized by the Lessor to execute and to deliver to the addressees hereof this Written Confirmation of Lessor.

BANK OF CLARENDON

By: _____
Chris Lee
Senior Vice President