

AN ORDINANCE AUTHORIZING THE AWARD, EXECUTION, AND DELIVERY OF AN EQUIPMENT LEASE/PURCHASE AGREEMENT BY THE CITY OF MULLINS, SOUTH CAROLINA, IN AN AGGREGATE PRINCIPAL AMOUNT OF \$325,000, RELATING TO THE ACQUISITION OF CERTAIN EQUIPMENT; AUTHORIZING THE EXECUTION OF OTHER NECESSARY DOCUMENTS AND PAPERS; AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED by the City Council of the City of Mullins, South Carolina, in meeting duly assembled:

ARTICLE I
FINDINGS OF FACT

The City Council of the City of Mullins (the "City Council"), the governing body of the City of Mullins, South Carolina (the "City"), has made the following findings of fact:

Section 1.01 **Need for and Description of Equipment.**

The City Council has determined that a very real need exists for and that it is necessary for the City to acquire the vehicles described on Exhibit A hereto (together, the "Equipment"). The cost of the Equipment, together with transactional fees, is estimated to be \$325,000.

Section 1.02 **Financing Agreement: Selection of Lender.**

The City Council has determined, after due investigation, that it is in the best interests of the City to finance the purchase of the Equipment through an Equipment Lease/Purchase Agreement, and hereby enacts this Ordinance to authorize the acquisition of the Equipment and the entry by the City into an agreement relating to the Lease/Purchase financing of the Equipment (the "Financing Agreement"). Heretofore, the City Administrator (the "City Administrator") has requested a proposal from Anderson Brothers Bank (the "Bank") for the purchase of the Financing Agreement. The Bank has to enter into the Financing Agreement upon terms that are favorable to the City. The form of the Financing Agreement is attached hereto as Exhibit B.

ARTICLE II
AUTHORIZATION

Section 2.01 **Approval of the Acquisition and Financing.**

(a) The City Council hereby approves the acquisition of the Equipment for a purchase price of not exceeding \$325,000.

(b) The City Council hereby approves the entry by the City into a Financing Agreement with The Bank in the principal amount of \$325,000 to finance the purchase of the Equipment. The principal sum of the Agreement in the amount of \$125,000 will bear interest at a rate of Two and seventy-five hundredths per centum (2.75%) per annum and the principal sum of the Agreement in the amount of \$200,000 will bear interest at zero per centum (0%) per annum, for an overall effective rate of 1.071%. Principal of and interest due pursuant to the Agreement will be payable over a term of not exceeding five (5) years and one

(1) month, and will be payable at such times and in such amounts as set forth in the Financing Agreement. A proposed payment schedule pursuant to the Financing Agreement is included in Exhibit B. The Council understands and agrees that this schedule is subject to adjustment should the closing date of the Financing Agreement be rescheduled. All prior actions of City officials in furtherance of the purposes of this Ordinance are hereby ratified, approved, and confirmed.

The Financing Agreement shall not constitute a debt of the City, and the full faith, credit, and taxing power of the City shall not be pledged to secure payment of rental payments or other sums due pursuant to the Financing Agreement.

Section 2.02 Authorization to Contract.

The Mayor of the City (the "Mayor"), the City Administrator, and the City Clerk or Acting City Clerk (either, the "Clerk") are hereby authorized, empowered, and directed, either singly or collectively, to execute, acknowledge, and deliver the Financing Agreement and all necessary or associated documents to The Bank and other appropriate parties.

The Financing Agreement shall be in form substantially similar to that attached hereto as Exhibit A, together with such changes, not inconsistent herewith, as may be approved by the Mayor or the City Administrator in consultation with bond counsel. The principal amount to be advanced under the Financing Agreement shall not exceed \$325,000, and the interest rates applicable thereto shall be as stated in Section 2.01 of this Ordinance. The execution of the Financing Agreement by the Mayor or the City Administrator shall constitute conclusive evidence of approval of the terms and conditions of the Financing Agreement, the principal amount thereof, and the schedule of rental payments due pursuant to the Financing Agreement.

Section 2.03 Other Documents.

The Mayor, the City Administrator, and the Clerk are hereby authorized to take such actions and to execute any and all other documents, instruments, certificates, or other papers, each consistent with the terms of this Ordinance, as they deem necessary and appropriate, with the advice of counsel, to accomplish the transactions contemplated by this Ordinance.

Section 2.04 Repealer.

All prior resolutions and ordinances of the City and any portions thereof conflicting with the terms of this Ordinance are hereby repealed.

Section 2.05 Effective Date of Ordinance.

This Ordinance shall become effective upon the adoption thereof.

ARTICLE III
CERTAIN MATTERS PERTAINING TO THE INTERNAL REVENUE CODE

Section 3.01 **General Tax Covenants.**

The City will comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the tax-exempt status of the Financing Agreement including without limitation the requirement to file the information report pertaining to the Financing Agreement with the Internal Revenue Service.

Section 3.02 **General Tax Representations and Covenants.**

The City hereby represents and covenants that it will not take any action which will, or fail to take any action which failure will, cause the interest component of rental payments made pursuant to the Financing Agreement 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 execution of the Financing Agreement. Without limiting the generality of the foregoing, the City represents and covenants that:

(a) All property provided by the net proceeds of the Financing Agreement will be 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 Financing Agreement or any facility financed with the proceeds of the Financing Agreement 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 (b) 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 Financing Agreement that do not conform to the guidelines set forth in Revenue Procedure 97-13, as may be modified by subsequent pronouncements of the United States Treasury Department applicable thereto.

(d) The City will not sell or lease the Equipment or any property provided by the Financing Agreement 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 Financing Agreement.

(e) The Financing Agreement 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 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 Financing Agreement.

(f) No portion of the proceeds of the Financing Agreement will be used as a substitute for other funds which were otherwise to be used to pay the costs of the Equipment. The City Council has determined, based on its own investigations and reasonable expectations, that the weighted average maturity of the Financing Agreement does not exceed 120% of the reasonably expected economic life of the Equipment.

EXHIBIT A

DESCRIPTION OF EQUIPMENT

One (1) street sweeper.

Multiple air tanks and breathing apparatus for fire department use.

EXHIBIT B

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Agreement") is dated as of [DATE], 2016 between the **CITY OF MULLINS, SOUTH CAROLINA**, a public body of the State of South Carolina (the "City"), and **ANDERSON BROTHERS BANK** ("the Bank").

RECITALS:

The City has the power to acquire such personal property as it may deem appropriate for carrying out its governmental and proprietary functions, and to acquire such property pursuant to lease agreements. This Agreement provides for the Bank to make available to the City the sum of \$325,000 to enable the City to acquire the Equipment (as defined below) by lease, and provides for securing the City's obligations under this Agreement by creating certain security interests in favor of the Bank.

NOW THEREFORE, for and in consideration of the mutual promises in this Agreement, and other good and valuable consideration, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

Unless the context clearly requires otherwise, capitalized terms used in this Agreement and not otherwise defined shall have the following meanings:

"Additional Payments" means any of the Bank's reasonable and customary fees and expenses related to the transactions contemplated by this Agreement, any of the Bank's expenses (including attorneys' fees) in prosecuting or defending any action or proceeding in connection with this Agreement, any required license or permit fees, state and local sales and use or ownership taxes or property taxes which the Bank is required to pay as a result of this Agreement, inspection and re-inspection fees, and any other amounts payable by the City (or paid by the Bank on the City's behalf) as a result of its covenants under this Agreement (together with interest that may accrue on any of the above if the City shall fail to pay the same, as set forth in this Agreement).

"Amount Advanced" has the meaning assigned in Section 2.02.

"Base Payments" means the rental payments payable by the City pursuant to Section 3.01.

"Bond Counsel Opinion" means a written opinion (in form and substance acceptable to the Bank) of an attorney or firm of attorneys acceptable to the Bank.

"Budget Officer" means the City officer from time to time charged with preparing the City's draft budget as initially submitted to the Governing Board for its consideration.

"Business Day" means any day on which banks in the State are not by law authorized or required to remain closed.

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

"City Representative" means the City Administrator or such other person or persons at the time designated, by a written certificate furnished to the Bank and signed on the City's behalf by the Mayor, to act on the City's behalf for any purpose (or any specified purpose) under this Agreement.

"Closing Date" means the date on which this Agreement is first executed and delivered by the parties.

"Code" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and revenue procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended, as applicable to the City's obligations under this Agreement and all proposed (including temporary) regulations which, if adopted in the form proposed, would apply to such obligations. Reference to any specific Code provision shall be deemed to include any successor provisions thereto.

"Equipment" has the meaning assigned in Section 2.03, and is generally expected to include the personal property described in Exhibit A.

"Event of Default" means one or more events of default as defined in Section 6.01.

"Event of Nonappropriation" means any failure by the Governing Board to adopt, by the first day of any Fiscal Year, a budget for the City that includes an appropriation for Required Payments as contemplated by Section 3.05.

"Fiscal Year" means the City's fiscal year beginning July 1 or such other fiscal year as the City may later lawfully establish.

"Governing Board" means the City Council of the City as from time to time constituted.

"Net Proceeds," when used with respect to any amounts derived from claims made on account of insurance coverages required under this Agreement, any condemnation award arising out of the condemnation of all or any portion of the Equipment, or any amounts received in lieu or in settlement of any of the foregoing, means the amount remaining after deducting from the gross proceeds thereof all expenses (including attorneys' fees and costs) incurred in the collection of such proceeds, and after reimbursement to the City or the Bank for amounts previously expended to remedy the event giving rise to such payment or proceeds.

"Payment Dates" means the dates indicated in Exhibit B.

"Prime Rate" means the interest rate so denominated and set by Bank of America, N.A., (whether or not such Bank, or any affiliate thereof, is at any time the counterparty to this Agreement) as its "Prime Rate," as in effect from time to time.

"Project Costs" means all costs of the design, planning, acquiring, preparation of sites for and installing of the Equipment as determined in accordance with generally accepted accounting principles and that will not adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Required Payments payable by the City under this Agreement,

including (a) sums required to reimburse the City or its agents for advances made for any such costs, (b) interest during the period of acquisition of the Equipment and for up to six months thereafter (the "Project Period"), and (c) all costs related to the financing of the Equipment through this Agreement and all related transactions.

"Project Fund" has the meaning assigned in Section 2.02.

"Project Fund Agreement" has the meaning assigned in Section 2.02.

"Required Payments" means Base Payments and Additional Payments.

"Security Property" means the Equipment and all amounts on deposit from time to time in the Project Fund.

"State" means the State of South Carolina.

"UCC" means the Uniform Commercial Code or any successor law as in effect from time to time in the State.

All references in this Agreement to designated "Sections" and other subdivisions are to the designated sections and other subdivisions of this Agreement. The words "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision unless the context indicates otherwise. Words importing the singular number shall include the plural number and vice versa.

ARTICLE II

LEASE; ADVANCE; SECURITY

2.01. Lease. The Bank hereby leases to the City and the City hereby leases from the Bank, the Equipment, for a term beginning on the Closing Date and ending upon final payment of all Required Payments, unless this Lease is earlier terminated. The City shall be entitled to possession of all property constituting any portion of the Equipment and may retain possession of all property constituting any portion of the Equipment so long as no Event of Default is continuing under this Agreement and no Event of Nonappropriation has occurred.

2.02. Advance. The Bank advances \$325,000.00 (the "Amount Advanced") to the City on the Closing Date, and the City hereby accepts the Amount Advanced from the Bank. The Bank is advancing the Amount Advanced by making a deposit to a Project Fund (the "Project Fund") as provided in a Project Fund Agreement of even date (the "Project Fund Agreement") between the City and the Bank. All amounts on deposit from time to time in the Project Fund, including the Amount Advanced and all investment earnings, shall be used only for Project Costs until the Project Fund is terminated as provided under the Project Fund Agreement.

2.03. Security Agreement.

(a) This Agreement is intended as and constitutes a security agreement pursuant with respect to the following:

- (i) all moneys on deposit from time to time in the Project Fund; and
- (ii) all personal property acquired by the City with funds advanced by the Bank pursuant to this Agreement, all personal property obtained in substitution or replacement therefore and all proceeds of the foregoing (collectively, the "Equipment").

(b) As the Equipment consists of vehicles subject to a Certificate of Title, Lessee will cooperate with Lessor to allow Lessor's status as lienholder noted on such certificate. The City hereby grants to the Bank a security interest in the Equipment and in the moneys on deposit from time to time in the Project Fund to secure the Required Payments.

(b) The City shall allow the Bank to deliver and file, or cause to be filed, in such place or places as may be required by law, financing statements (including any continuation statements required by the UCC as determined by the Bank) in such form as the Bank may reasonably require to perfect and continue the security interest in the Equipment and in the moneys on deposit from time to time in the Project Fund.

2.04. City's Limited Obligation. (a) No provision of this Agreement shall be construed or interpreted as creating a pledge of the City's faith and credit within the meaning of any constitutional debt limitation. No provision of this Agreement shall be construed or interpreted as an improper delegation of governmental powers or as a donation or a lending of the City's credit within the meaning of the State constitution. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of the City's moneys (other than the funds held under the Project Fund Agreement or this Agreement), nor shall any provision of this Agreement restrict the future issuance of any of the City's bonds or obligations payable from any class or source of the City's moneys (except to the extent this Agreement restricts the incurrence of additional obligations secured by the Security Property).

(b) Nothing in this Section is intended to impair or prohibit execution on the Security Property if the Required Payments are not paid when due or otherwise upon the occurrence of an Event of Default under this Agreement or the Project Fund Agreement.

2.05. City's Continuing Obligations. The City shall remain liable for full performance of all its covenants under this Agreement (subject to the limitations described in Section 2.04), including payment of all Required Payments, notwithstanding the occurrence of any event or circumstances whatsoever, including any of the following:

- (a) the Bank's waiver of any right granted or remedy available to it;
- (b) The forbearance or extension of time for payment or performance of any obligation under this Agreement, whether granted to the City, a subsequent owner of the Equipment or any other person;
- (c) The release of all or part of the Security Property or the release of any party who assumes all or any part of such performance;
- (d) Any act or omission by the Bank (but this section provision does not relieve the Bank of any of its obligations under this Agreement or the Project Fund Agreement);
- (e) The sale of all or any part of the Security Property; or

- (f) Another party's assumption of the City's obligations under this Agreement.

ARTICLE III

CITY'S PAYMENT OBLIGATION AND RELATED MATTERS

3.01. Rental; Purchase Option. (a) As rental for the Equipment, the City shall make Base Payments to the Bank in lawful money of the United States at the times and in the amounts set forth in Exhibit B, except as otherwise provided in this Agreement. As indicated in Exhibit B, the Base Payments reflect the repayment of the Amount Advanced and include designated interest components.

(b) Upon payment of all the Base Payments and all Additional Payments, the City may, at its option, purchase all of the Bank's interest in the Equipment, on an as-is, where-is basis, upon payment to the Bank of the sum of Ten Dollars. This option to purchase the Equipment is personal to the City and is not assignable.

3.02. Additional Payments. The City shall pay all Additional Payments on a timely basis directly to the person or entity to which such Additional Payments are owed in lawful money of the United States.

3.03. Prepayment. At its option and on any scheduled Payment Date, the City may prepay the outstanding principal component of the Amount Advanced (in whole but not in part), and thereby obtain ownership of all the Equipment free of this Agreement and the Bank's security interest in the Security Property, by paying (a) all Additional Payments then due and payable, (b) all interest accrued and unpaid to the prepayment date, and (c) 100% of the outstanding principal component of the Amount Advanced.

3.04. Late Payments. If the City fails to pay any Base Payment when due, the City shall pay additional interest on the principal component of the late Base Payment at an annual rate equal to the Prime Rate from the original due date.

3.05. Appropriations. (a) The Budget Officer shall include in the initial proposal for each of the City's annual budgets the amount of all Base Payments and estimated Additional Payments coming due during the Fiscal Year to which such budget applies. Notwithstanding that the Budget Officer includes such an appropriation for Required Payments in a proposed budget, the Governing Board may determine not to include such an appropriation in the City's final budget for such Fiscal Year.

(b) The Budget Officer shall deliver to the Bank, within 15 days after the beginning of each Fiscal Year, a certificate stating whether an amount equal to the Base Payments and estimated Additional Payments coming due during the next Fiscal Year has been appropriated by the City in such budget for such purposes.

(c) The actions required of the City and its officers pursuant to this Section shall be deemed to be and shall be construed to be in fulfillment of ministerial duties, and it shall be the duty of each and every City official to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the actions required pursuant to this Section and the remainder of this Agreement to be carried out and performed by the City.

(d) The City reasonably believes that it can obtain funds sufficient to pay all Required Payments when due.

3.06. No Abatement. There shall be no abatement or reduction of the Required Payments for any reason, including, but not limited to, any defense, recoupment, setoff, counterclaim, or any claim (real or imaginary) arising out of or related to the Equipment, except as expressly provided in this Agreement. The City assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever. The Base Payments shall be made in all events unless the City's obligation to make Base Payments is terminated as otherwise provided in this Agreement.

ARTICLE IV

CITY'S COVENANTS, REPRESENTATIONS AND WARRANTIES

4.01. Indemnification. To the extent permitted by law, the City shall indemnify, protect and save the Bank and its officers and directors harmless from all liability, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including attorneys' fees, arising out of, connected with, or resulting directly or indirectly from the Security Property or the transactions contemplated by this Agreement, including without limitation the possession, condition or use of the Equipment. The indemnification arising under this Section shall survive the Agreement's termination.

4.02. Covenant as to Tax Exemption. (a) The City shall not take or permit, or omit to take or cause to be taken, any action that would cause its obligations under this Agreement to be "arbitrage bonds" or "private activity bonds" within the meaning of the Code, or otherwise adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Base Payments to which such components would otherwise be entitled. If the City should take or permit, or omit to take or cause to be taken, any such action, the City shall take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

(b) In particular, the City covenants that it shall not permit the Amount Advanced, plus the investment earnings thereon (the "Proceeds"), to be used in any manner that would result in 5% or more of the Base Payments being directly or indirectly secured by an interest in property, or derived from payments in respect of property or borrowed money, being in either case used in a trade or business carried on by any person other than a governmental unit, as provided in Code Section 141(b), or result in 5% or more of the Proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Code Section 141(c); provided, however, that if the City receives a Bond Counsel Opinion that compliance with any such covenant is not required to prevent the interest components of Base Payments from being includable in the counterparty's gross income for federal income tax purposes under existing law, the City need not comply with such covenant.

(c) Unless the City qualifies for one or more exceptions to the arbitrage rebate requirement with respect to this financing, the City shall provide for the rebate to the United States of (i) at least 90% of the required rebate amount (A) on or before 60 days after the date that is five years from the Closing Date, and (B) at least once during each five years thereafter while the Obligations remain outstanding, and (ii) the entire required rebate amount on or before 60 days after the date of final payment of the

Obligations. Payments shall be made in the manner prescribed by the Internal Revenue Service. The City shall cause the required rebate amount to be recomputed as of each fifth anniversary of the Closing Date, and again as of the date of final payment of the Obligations. The City shall provide the Bank with a copy of the results of such computation within 20 days after the end of each computation period or final payment of the Obligations. Each computation shall be prepared or approved, at the City's expense, by a person with experience in matters of accounting for federal income tax purposes, a bona fide arbitrage rebate calculating and reporting service, or nationally-recognized bond counsel, in any case reasonably acceptable to the Bank. The City shall engage such rebate consultant to perform the necessary calculations not less than 60 days prior to the date of the required payment.

(d) The City acknowledges that its personnel must be familiar with the arbitrage rebate rules, because the tax-exempt status of the interest on the Obligations depends upon continuing compliance with such rules. The City therefore covenants to take all reasonable action to assure that City personnel responsible for the investment of and accounting for financing proceeds comply with such rules.

4.03. Validity of Organization and Acts. The City is validly organized and existing under State law, has full power to enter into this Agreement and has duly authorized and has obtained all required approvals and all other necessary acts required prior to the execution and delivery of this Agreement. This Agreement is a valid, legal and binding obligation of the City.

4.04. Maintenance of Existence. The City shall maintain its existence, shall continue to be a local governmental unit of the State, validly organized and existing under State law, and shall not take any action to consolidate with or merge into another local governmental unit of the State, or to permit one or more other local governmental units of the State to consolidate with or merge into it, unless the local governmental unit thereby resulting assumes the City's obligations under this Agreement.

4.05. Acquisition of Permits and Approvals. All permits, consents, approvals or authorizations of all governmental entities and regulatory bodies, and all filings and notices required on the City's part to have been obtained or completed as of today in connection with the authorization, execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the acquisition and installation of the Equipment have been obtained and are in full force and effect, and after due investigation the City knows of no reason why any future required permits, consents, approvals, authorizations or orders cannot be obtained as needed.

4.06. No Breach of Law or Contract. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement, nor the fulfillment of or compliance with the terms and conditions of this Agreement, (a) to the best of the City's knowledge, constitutes a violation of any provision of any law, rule or regulation governing the City or (b) will result in a breach of the terms, conditions or provisions of any contract, agreement or instrument or order, rule or regulation to which the City is a party or by which the City is bound.

4.07. No Litigation. There is no litigation or any governmental administrative proceeding to which the City (or any official thereof in an official capacity) is a party that is pending or, to the best of the City's knowledge after reasonable investigation, threatened with respect to (a) the City's organization or existence, (b) its authority to execute and deliver this Agreement or to comply with the terms of this Agreement, (c) the validity or enforceability of this Agreement or the transactions contemplated by this Agreement, (d) the title to office of any Governing Board member or any other City officer, (e) any authority or proceedings relating to the City's execution or delivery of this Agreement, or (f) the undertaking of the transactions

contemplated by this Agreement.

4.08. No Current Default or Violation. (a) No event or condition has heretofore occurred, or presently exists, under the provisions of any contract, other agreement, order, judgment, decree or other instrument or restriction of any kind to which the City is a party or by which it is bound, including this Agreement, which constitutes or which, with notice or lapse of time, or both, would constitute an event of default hereunder.

4.09. No Misrepresentation. No representation, covenant or warranty by the City in this Agreement is false or misleading in any material respect.

4.10. Environmental Warranties and Indemnification. (a) The City warrants and represents to the Bank that, to the best of the City's knowledge after thorough investigation, the Equipment is not now and has not ever been used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials.

(b) The City covenants that the Equipment shall be kept free of Hazardous Materials and shall not be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in connection with the normal maintenance and operation of the Equipment, and the City shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of the City or any lessee, the release of Hazardous Materials onto the Equipment or suffer the presence of Hazardous Materials on the Equipment, except in connection with the normal maintenance and operation of the Equipment.

(c) The City shall comply with, and shall use all reasonable efforts to ensure compliance by all users and lessees with, all applicable federal, State and local laws, ordinances, rules and regulations with respect to Hazardous Materials and shall keep the Equipment free and clear of any liens imposed pursuant to such laws, ordinances, rules and regulations. If the City receives any notices from any governmental agency or any lessee with regard to Hazardous Materials on, from or affecting the Equipment, the City shall immediately notify the Bank. The City shall conduct and complete all investigations, studies, sampling and testing and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from or affecting the Equipment in accordance with all applicable federal, State and local laws, ordinances, rules, regulations and policies and to the Bank's satisfaction.

(d) "Hazardous Materials" means any explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials, asbestos or any materials containing asbestos, or any other substance or material as defined by any federal, State or local environmental law, ordinance, rule or regulation including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. sections 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. sections 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. sections 9601 et seq.), and the regulations adopted and publications promulgated pursuant thereto.

(e) To the extent permitted by law, the City shall indemnify and hold the Bank harmless from and against (i) any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys', consultants' or experts' fees and expenses) of every kind and nature suffered by or asserted against the Bank as a direct or indirect result of any warranty or representation made by the City in subsections (a) through (c) above being false or untrue in any material

respect, or (ii) any requirement under any law, regulation or ordinance, local, State or federal, which requires the elimination or removal of any hazardous materials, substances, wastes or other environmentally regulated substances by the Bank or the City or any transferee or assignee the Bank or the City.

(f) The City's obligations under this Section shall continue in full force and effect notwithstanding full payment of the Required Payments or execution on the security interests created under this Agreement.

4.11. Further Instruments. Upon the Bank's request, the City shall execute, acknowledge and deliver such further instruments reasonably necessary or desired by the Bank to carry out more effectively the purposes of this Agreement or any other document related to the transactions contemplated by this Agreement, and to subject to the liens and security interests hereof and thereof all or any part of the Security Property intended to be given or conveyed hereunder or thereunder, whether now given or conveyed or acquired and conveyed subsequent to the date of this Agreement.

4.12. The Bank's Advances for Performance of City's Obligations. If the City fails to perform any of its obligations under this Agreement, the Bank is hereby authorized, but not obligated, to perform such obligation or cause it to be performed. All expenditures incurred by the Bank (including any advancement of funds for payment of taxes, insurance premiums or other costs of maintaining the Security Property, and any associated legal or other expenses), together with interest thereon at the Prime Rate, shall be secured as Additional Payments under this Agreement. The City promises to pay all such amounts to the Bank immediately upon demand.

4.13. Equipment Will Be Used and Useful. The acquisition and installation of the Equipment is necessary and expedient for the City, and will perform essential functions of the City appropriate for units of local government. The City has an immediate need for, and expects to make immediate use of, all of the Equipment, and does not expect such need or use to diminish in any material respect during the term of the Agreement. The Equipment will not be used in any private business or put to any private business use.

4.14. Financial Information. (a) The City shall send to the Bank a copy of the City's audited financial statements for each Fiscal Year within 30 days of the City's acceptance of such statements, but in any event within 270 days of the completion of such Fiscal Year.

(b) The City shall furnish the Bank, at such reasonable times as the Bank shall request, all other financial information (including, without limitation, the City's annual budget as submitted or approved) as the Bank may reasonably request. The City shall permit the Bank or its agents and representatives to inspect the City's books and records and make extracts therefrom.

4.15. Taxes and Other Governmental Charges. The City shall pay, as Additional Payments, the full amount of all taxes, assessments and other governmental charges lawfully made by any governmental body during the term of this Agreement. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the City shall be obligated to provide for Additional Payments only for such installments as are required to be paid during the Agreement term. The City shall not allow any liens for taxes, assessments or governmental charges with respect to the Security Property or any portion thereof to become delinquent (including, without limitation, any taxes levied upon the Security Property or any portion thereof which, if not paid, will become a charge on any interest in the Security Property, including the Bank's interest, or the rentals and revenues derived therefrom or hereunder).

4.16. City's Insurance. (a) The City shall, at its own expense, acquire, carry and maintain broad-form extended coverage property damage insurance with respect to all Equipment in an amount equal to the estimated replacement cost, including installation costs, of the Equipment. Such property damage insurance shall include a loss payee certificate in favor of the Bank; provided, however, that if the City's provider of such property damage insurance will not, as a matter of policy, provide such certificate, the City shall so notify the Bank. The City shall provide evidence of such coverage to the Bank promptly upon installation of the Equipment. Any Net Proceeds of the insurance required by this subsection (a) shall be payable as provided in Section 5.14.

(b) The City shall, at its own expense, acquire, carry and maintain comprehensive general tort liability insurance (and auto liability insurance, if applicable) in an amount not less than \$600,000 for personal injury or death and \$600,000 for property damage.

(c) The City shall also maintain workers' compensation insurance issued by a responsible carrier authorized under State law to insure the City against liability for compensation under applicable State law as in effect from time to time.

(d) All insurance shall be maintained with generally recognized responsible insurers and may carry reasonable deductible or risk-retention amounts. All such policies shall be deposited with the Bank, provided that in lieu of such policies there may be deposited with the Bank a certificate or certificates of the respective insurers attesting the fact that the insurance required by this Section is in full effect. Prior to the expiration of any such policy, the City shall furnish the Bank evidence satisfactory to the Bank that the policy has been renewed or replaced or is no longer required by this Agreement.

(e) No City agent or employee shall have the power to adjust or settle any property damage loss greater than \$50,000 with respect to the Equipment, whether or not covered by insurance, without the Bank's prior written consent.

(f) the Bank shall not be responsible for the sufficiency or adequacy of any required insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Bank.

(g) The City shall deliver to the Bank annually by June 30 of each year a certificate stating that the risk coverages required by this Agreement are in effect, and stating the carriers, policy numbers, coverage limits and deductible or risk-retention amounts for all such coverages.

ARTICLE V

THE EQUIPMENT

5.01. Acquisition and Installation. The City shall comply with all provisions of law applicable to the acquisition of the Equipment, accept all portions of the Equipment when properly delivered, provide for the proper installation thereof and thereafter promptly place each such portion in service.

5.02. Changes in Location. The City shall promptly inform the Bank if any component of the Equipment shall be moved from the location designated for such Equipment at the time of its acquisition.

5.03. Acquisition and Installation within Funds Available. The City represents that, based upon its examination of the plans and specifications for the Equipment, estimated installation costs and the Equipment's anticipated configuration, the Equipment can be acquired and installed for a total price within the total amount of funds to be available therefor in the Project Fund, income anticipated to be derived from the investment thereof and other funds previously identified and designated for such purposes. If the total amount available for such purposes from the Amount Advanced shall be insufficient to pay the entire cost of acquiring and installing the Equipment, the City promises to pay any such excess costs (or, with the consent of the Bank, which consent shall not be unreasonably withheld, modify the list of Equipment at Exhibit A hereto to allow for the acquisition of equipment for which sufficient Amounts Advanced remain), with no resulting reduction or offset in the amounts otherwise payable by the City under this Agreement. Any payment required of the City under this Section 5.03 is subject to lawful appropriation by the Governing Body of funds with which to make such payment. The failure of the Governing Body to so appropriate shall constitute an Event of Nonappropriation.

5.04. Disclaimer of Warranties. The City agrees that the Bank has not designed the Equipment, that the Bank has not supplied any plans or specifications with respect thereto and that the Bank (a) is not a manufacturer of, nor a dealer in, any of the component parts of the Equipment or similar Equipment, (b) has not made any recommendation, given any advice nor taken any other action with respect to (i) the choice of any supplier, vendor or designer of, or any other contractor with respect to, the Equipment or any component part thereof or any property or rights relating thereto, or (ii) any action taken or to be taken with respect to the Equipment or any component part thereof or any property or rights relating thereto at any stage of the acquisition, installation and equipping thereof, (c) has not at any time had physical possession of the Equipment or any component part thereof or made any inspection thereof or of any property or rights relating thereto, and (d) has not made any warranty or other representation, express or implied, that the Equipment or any component part thereof or any property or rights relating thereto (i) will not result in or cause injury or damage to persons or property, (ii) has been or will be properly designed, or will accomplish the results which the City intends therefor, or (iii) is safe in any manner or respect.

THE BANK MAKES NO EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT OR ANY COMPONENT PART THEREOF, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OR REPRESENTATION WITH RESPECT TO THE MERCHANTABILITY OR THE FITNESS OR SUITABILITY THEREOF FOR ANY PURPOSE, and further including the design or condition thereof; the safety, quality or capacity thereof; compliance thereof with the requirements of any law, rule, specification or contract pertaining thereto; any latent defect; the Equipment's ability to perform any function; that the Amount Advanced will be sufficient to pay all costs of the acquisition and installation of the Equipment; or any other characteristic of the Equipment; it being agreed that the City is to bear all risks relating to the Equipment, the installation thereof and the transactions contemplated by this Agreement, and the City hereby waives the benefits of any and all implied warranties and representations of the Bank.

The provisions of this Section shall survive the Agreement's termination.

5.05. Right of Entry and Inspection. The Bank and its representatives and agents shall have the right to enter upon the City's property and inspect the Equipment from time to time during installation and after the completion of installation, and the City shall cause any vendor, contractor or sub-contractor to cooperate with the Bank and its representatives and agents during such inspections.

No right of inspection or approval granted in this Section shall be deemed to impose upon the Bank any duty or obligation whatsoever to undertake any inspection or to make any approval. No inspection

made or approval given by the Bank shall be deemed to impose upon the Bank any duty or obligation whatsoever to identify or correct any defects in the Equipment or to notify any person with respect thereto, and no liability shall be imposed upon the Bank, and no warranties (either express or implied) are made by the Bank as to the quality or fitness of any improvement, any such inspection and approval being made solely for the Bank's benefit.

5.06. Compliance with Requirements. (a) The City shall cause the Equipment to be installed in a careful manner and in compliance with all applicable legal requirements.

(b) The City shall observe and comply promptly with all current and future requirements relating to the Equipment's use or condition imposed by (i) any judicial, governmental or regulatory body having jurisdiction over the Equipment or any portion thereof or (ii) any insurance company writing a policy covering the Equipment or any portion thereof, whether or not any such requirement shall necessitate structural changes or improvements or interfere with the use or enjoyment of the Equipment.

(c) The City shall obtain and maintain in effect all licenses and permits required for the Equipment's operation.

(d) The City shall in no event use the Equipment or any part thereof, nor allow the same to be used, for any unlawful purpose, or suffer any act to be done or any condition to exist with respect to the Equipment or any part thereof, nor any article to be brought thereon, which may be dangerous, unless safeguarded as required by law, or which may, in law, constitute a nuisance, public or private, or which may make void or voidable any insurance then in force with respect thereto.

5.07. Use and Operation. The City shall use and operate the Equipment and related property as various vehicles and equipment, and for no other purpose unless required by law. The City shall be solely responsible for the Equipment's operation, and shall not contract with any other person or entity for the Equipment's operation.

5.08. Maintenance and Repairs; Additions. (a) The City shall keep the Equipment in good order and repair (reasonable wear and tear excepted) and in good operating condition, shall not commit or permit any waste or any other thing to occur whereby the value or usefulness of the Equipment might be impaired, and shall make from time to time all necessary or appropriate repairs, replacements and renewals.

(b) The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Equipment that it may deem desirable for its governmental or proprietary purposes and that do not materially impair the effective use, nor materially decrease the value or substantially alter the intended use, of the Equipment. The City shall do, or cause to be done, all such things as may be required by law in order fully to protect the security of and all the Bank's rights under this Agreement.

(c) Any and all additions to or replacements of the Equipment and all parts thereof shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the "Equipment" for the purposes of this Agreement.

(d) Notwithstanding the provisions of subsection (c) above, however, the City may, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Equipment. All such property shall remain the City's sole property in which the Bank shall have no interest; provided, however, that any such property which becomes permanently affixed to the Equipment shall be subject to the lien and security interest arising under this Agreement if the Bank shall

reasonably determine that the Equipment would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

5.09. Security. The City shall take all reasonable steps necessary to safeguard the Equipment against theft. The security afforded the Equipment shall at all times be equal to or better than the security afforded the City's personal property that is not subject to this Agreement.

5.10. Utilities. The City shall pay all charges for utility services furnished to or used on or in connection with the Equipment.

5.11. Risk of Loss. The City shall bear all risk of loss to and condemnation of the Equipment.

5.12. Condemnation. (a) The City shall immediately notify the Bank if any governmental authority shall institute, or shall notify the City 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. The City 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 the Bank, and to the extent permitted by law hereby irrevocably authorizes and empowers the Bank, in the City's name or otherwise, to collect and receipt for any such award or payment and to file and prosecute such claims. If the City receives any Net Proceeds arising from any such action, the City shall apply such Net Proceeds as provided in Section 5.14.

(b) If any of the real or personal property acquired or improved by the City (in whole or in part) using any portion of the Amount Advanced consists of or is located on any real property acquired by the City through the exercise of the power of eminent domain, or through the threat of the exercise of the power of eminent domain, then during the term of this Agreement the City may not transfer any interest in such real property to any entity other than a local governmental unit without the Bank's prior express written consent.

5.13. No Encumbrance, Mortgage or Pledge of Equipment. (a) The City shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien (including mechanics' and materialmen's liens), charge, encumbrance or other claim in the nature of a lien on or with respect to the Equipment. The City shall promptly, at its own expense, take such action as may be duly necessary to discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred or suffered to exist.

(b) The City shall reimburse the Bank for any expense incurred by the Bank to discharge or remove any such mortgage, pledge, lien, security interest, encumbrance or claim, with interest thereon at the Prime Rate.

5.14. Damage and Destruction; Use of Net Proceeds. (a) The City shall promptly notify the Bank if (i) the Equipment or any portion thereof is stolen or is destroyed or damaged by fire or other casualty, (ii) a material defect in the installation of the Equipment shall become apparent, or (iii) title to or the use of all or any portion of the Equipment shall be lost by reason of a defect in title. Each notice shall describe generally the nature and extent of such damage, destruction or taking.

(b) If the Net Proceeds arising from any single event, or any single substantially related sequence of events, is not more than \$50,000, the City shall retain such Net Proceeds and apply the same to

the prompt completion, repair or restoration of the Equipment, and shall promptly thereafter report to the Bank regarding the use of such Net Proceeds.

(c) If the Net Proceeds arising from any single event, or any single substantially related sequence of events, is more than \$50,000, then the City shall cause such Net Proceeds to be paid to an escrow agent (which shall be a bank, trust company or similar entity exercising fiduciary responsibilities) or deposit in a special escrow fund to be held by such escrow agent. The City shall thereafter provide for the application of all Net Proceeds to the prompt completion, repair or restoration of the Equipment, as the case may be. The escrow agent shall disburse Net Proceeds for the payment of such costs upon receipt of requisitions in substantially the form of Exhibit A to the Project Fund Agreement. If the Net Proceeds shall be insufficient to pay in full the cost of completion, repair or restoration, the City shall either (i) complete the work and pay any cost in excess of the Net Proceeds, or (ii) not carry out such completion, repair or restoration, and instead apply the Net Proceeds, together with other available funds as may be necessary, to the prepayment of all outstanding Required Payments pursuant to Section 3.03.

(d) Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of Net Proceeds shall be the City's property and shall be part of the Equipment.

ARTICLE VI

DEFAULTS AND REMEDIES; TERMINATION

6.01. Events of Default. An "Event of Default" is any of the following:

(a) The City's failing to make any Base Payment when due.

(b) The City's breaching or failing to perform or observe any term, condition or covenant of this Agreement or of the Project Fund Agreement on its part to be observed or performed, other than as provided in subsection (a) above, including payment of any Additional Payment, for a period of 15 days after written notice specifying such failure and requesting that it be remedied shall have been given to the City by the Bank, unless the Bank shall agree in writing to an extension of such time prior to its expiration.

(c) The institution of proceedings under any bankruptcy, insolvency, reorganization or similar law by or against the City as a debtor, or the appointment of a receiver, custodian or similar officer for the City or any of its property, and the failure of such proceedings or appointments to be vacated or fully stayed within 30 days after the institution or occurrence thereof.

(d) Any warranty, representation or statement made by the City in this Agreement or the Project Fund Agreement is found to be incorrect or misleading in any material respect on the Closing Date (or, if later, on the date made), provided, however, that the Bank and the City agree that representations and other statements herein regarding the applicability of the UCC to this Agreement or the enforceability of any indemnification provisions herein shall not be the basis for an Event of Default.

(e) Any lien, charge or encumbrance prior to the security interest created under Section 2.03, or affecting the validity of the Agreement, is found to exist, or proceedings are instituted against the City to enforce any lien, charge or encumbrance against the Equipment and such lien, charge or encumbrance would be prior to the lien of this Agreement.

6.02. Remedies on Default. Upon the continuation of any Event of Default, the Bank may, without any further demand or notice, exercise any one or more of the following remedies:

(a) Declare the unpaid principal components of the Base Payments which have been appropriated but not paid to the Bank immediately due and payable;

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

(c) As provided in the Project Fund Agreement, require the Bank to pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the Bank may reasonably deem appropriate; and

(d) Avail itself of all available remedies under this Agreement, including execution as provided in Section 6.03, and recovery of attorneys' fees and other expenses.

6.03. Execution on Personal Property. Upon the continuation of any Event of Default and in addition to all other remedies granted in this Agreement, the Bank shall have all the rights and remedies of a secured party under the UCC and may proceed to execute upon the Security Property.

6.04. Consequences of Nonappropriation. Upon an Event of Nonappropriation, the City shall have no further obligation to pay Base Payments beyond the end of the Fiscal Year for which amounts have been appropriated for Base Payments. This Agreement shall terminate on the last day of the Fiscal Year for which amounts have been appropriated for Base Payments without any penalty to the Borrower whatsoever. The City agrees to peaceably surrender possession the Equipment to the Bank or its assignees on the first day of the Fiscal Year to which the Event of Nonappropriation applies, packed for shipment in accordance with manufacturer specifications and freight prepaid and insured to any location in the continental United States or Canada designated by the Bank.

In addition, upon the occurrence of any Event of Nonappropriation, the Bank may, without any further demand or notice, (a) as provided in the Project Fund Agreement, require the Escrow Agent to pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the Bank may reasonably deem appropriate, and (b) take action with respect to the City and the Equipment as contemplated in Section 6.05. An Event of Nonappropriation and resulting termination of this Agreement shall not relieve the City of liability for any defaults under this Agreement or the Project Fund Agreement occurring prior to the Event of Nonappropriation, or of liability under those provisions of this Agreement and the Project Fund Agreement which are stated to survive termination.

6.05. Possession of Equipment. Upon the continuation of an Event of Default or the occurrence of an Event of Nonappropriation, the City shall immediately lose the right to possess, use and enjoy the Equipment (but may remain in possession of the Equipment as a lessee at will of the Bank), and thereupon the City (a) shall pay monthly in advance to the Bank a fair and reasonable rental value for the use and possession of the Equipment (in an amount the Bank shall determine in its reasonable judgment), and (b) upon the Bank's demand, shall deliver possession of the Equipment to the Bank or, at the Bank's direction, to any purchaser of the Equipment after an execution sale.

In addition, upon the continuation of any Event of Default or the occurrence of an Event of Nonappropriation, the Bank, to the extent permitted by law, is hereby authorized to (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 the City's account and in reduction of the City's corresponding Required Payments in such fashion as the Bank shall reasonably deem appropriate. The Bank shall be liable to account only for rents and profits it actually receives.

6.06. No Remedy Exclusive; Delay Not Waiver. All remedies under this Agreement 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. If any Event of Default shall occur and thereafter be waived by the Bank, such waiver shall be limited to the particular breach so waived and shall not be deemed a waiver of any other breach under this Agreement.

6.07. Payment of Costs and Attorney's Fees. If the Bank employs an attorney to assist in the enforcement or collection of Required Payments, or if the Bank voluntarily or otherwise shall become a party to any suit or legal proceeding (including a proceeding conducted under any state or federal bankruptcy or insolvency statute) to protect the Equipment, to protect the lien of this Agreement, to enforce collection of the Required Payments or to enforce compliance by the City with any of the provisions of this Agreement, the City agrees to pay reasonable attorneys' fees and all of the costs that may reasonably be incurred (whether or not any suit or proceeding is commenced), and such fees and costs (together with interest at the Prime Rate) shall be secured as Required Payments.

ARTICLE VII

MISCELLANEOUS

7.01. Notices. (a) Any communication required or permitted by this Agreement must be in writing.

(b) Any communication under this Agreement shall be sufficiently given and deemed given when delivered by hand or five days after being mailed by first-class mail, postage prepaid, addressed as follows:

- (i) If to the City, to Post Office Drawer 408, Mullins, South Carolina 29574, Attention: City Administrator, or
- (ii) If to the Bank, to Anderson Brothers Bank, Post Office Box 310, Mullins, South Carolina 29574.

(c) Any addressee may designate additional or different addresses for communications by notice given under this Section to each of the others.

7.02. No Assignments by City. The City shall not sell or assign any interest in this Agreement.

7.03. Assignments by the Bank. The Bank may, at any time and from time to time, assign all or any part of its interest in the Security Property or this Agreement, including, without limitation, the Bank's rights to receive Required Payments. 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.

The City agrees that this Agreement may become part of a pool of obligations at the Bank's or its assignee's option. The Bank or its assignees may assign or reassign all or any part of this Agreement,

including the assignment or reassignment of any partial interest through the use of certificates evidencing participation interests in this Agreement. Notwithstanding the foregoing, no assignment or reassignment of the Bank's interest in the Equipment or this Agreement shall be effective unless and until the City shall receive a duplicate original counterpart of the document by which such assignment or reassignment is made disclosing the name and address of each such assignee.

The City further agrees that the Bank's interest in this Agreement may be assigned in whole or in part upon terms which provide in effect that the assignor or assignee will act as a collection and paying agent for any holders of certificates of participation in this Agreement, provided the City receives a copy of such agency contract and such collection and paying agent covenants and agrees to maintain for the full remaining term of this Agreement a written record of each assignment and reassignment of such certificates of participation.

The City agrees to execute any document reasonably required in connection with any assignment. Any assignor must provide notice of any assignment to the City, and the City shall keep a complete and accurate record of all assignments as required by the Code. After the giving of any such notice, the City shall thereafter make all payments in accordance with the notice to the assignee named therein and shall, if so requested, acknowledge such assignment in writing, but such acknowledgment shall in no way be deemed necessary to make the assignment effective.

The City shall not be liable for any claim asserted by any assignee of rights under this Agreement which claim does not arise out of a breach of the terms, conditions and covenants contained herein. This provision shall be binding upon all assignees of this Agreement. If the Bank or any assignee thereof assigns its rights hereunder into a pool of obligations or such that an assignor or assignee of this Agreement shall act as a collection and paying agent for any holders of certificates of participation in this Agreement, the Bank or any subsequent assignee hereof which has assigned its rights into a pool of obligations or for the benefit of holders of certificates of participation in this agreement shall indemnify, hold harmless and defend the City from for any claim asserted by any assignee of one or more rights under this Agreement which claim does not arise out of a breach of the terms, conditions and covenants contained herein.

7.04. Amendments. No term or provision of this Agreement may be amended, modified or waived without the prior written consent of the City and the Bank.

7.05. Governing Law. The City and the Bank intend that State law shall govern this Agreement.

7.06. Liability of Officers and Agents. No officer, agent or employee of the City shall be subject to any personal liability or accountability by reason of the execution of this Agreement or any other documents related to the transactions contemplated by this Agreement. Such officers or agents shall be deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section shall not relieve an officer, agent or employee of the City from the performance of any official duty provided by law.

7.07. Severability. If any provision of this Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Agreement.

7.08. Non-Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right shall not be a Business Day, such payment shall be made or act performed or right exercised on or before the next preceding Business Day.

7.09. **Entire Agreement.** This Agreement constitutes the City's entire agreement with respect to the general subject matter covered by this Agreement.

7.10. **Binding Effect.** Subject to the specific provisions of this Agreement, and in particular Section 7.03, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have duly signed, sealed and delivered this Agreement by duly authorized officers, all as of the date first above written.

(SEAL)

ATTEST:

CITY OF MULLINS, SOUTH CAROLINA

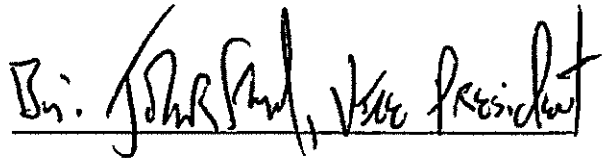


City Clerk
City of Mullins, South Carolina



City Administrator
City of Mullins, South Carolina

ANDERSON BROTHERS BANK



*[Lease Agreement between the City of Mullins, South Carolina
and Anderson Brothers Bank]*

EXHIBIT A -- EQUIPMENT DESCRIPTION

<u>Quantity</u>	<u>Description</u>
One (1)	Street Sweeper
Multiple	Air tanks and breathing apparatus for fire department

EXHIBIT B – PAYMENT SCHEDULE

**Payment Schedule to Lease Agreement dated as of November 4, 2016 (the “Lease Agreement”),
between The City of Mullins, South Carolina, and Anderson Brothers Bank**

The payments required to repay the advance made pursuant to the Lease Agreement call for an amortization period of five(5) years. Payments are annually in arrears in the amount of \$33,464.67. A portion of each payment is paid as and represents payment of interest at an effective annual interest rate of 1.071%.

Payments are due beginning on May 4, 2017, and semi-annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on November 4, 2021, all as set forth in the attached amortization schedule.

[Amortization schedule attached]

Issue: CITY OF MULLINS, SOUTH CAROLINA
\$325,000 EQUIPMENT LEASE-PURCHASE OF 2016B

Date: NOVEMBER 4, 2016

Interest Rate: 2.75% AS TO \$125,000
 0% AS TO \$200,000
EFFECTIVE RATE=1.071%

Lender: ANDERSON BROS. BANK
 MULLINS, SOUTH CAROLINA

Bond Counsel: HAYNSWORTH SINKLER BOYD, P.A.
 COLUMBIA, SOUTH CAROLINA

Payment No.	Date	2.75% Payment	2.75% Interest	2.75% Principal	0% Payment	Total Payment
1	5/4/2017	\$13,464.67	\$1,718.75	\$11,745.92	\$20,000.00	\$33,464.67
2	11/4/2017	13,464.67	1,557.24	11,907.43	20,000.00	33,464.67
3	5/4/2018	13,464.67	1,393.52	12,071.15	20,000.00	33,464.67
4	11/4/2018	13,464.67	1,227.54	12,237.13	20,000.00	33,464.67
5	5/4/2019	13,464.67	1,059.28	12,405.39	20,000.00	33,464.67
6	11/4/2019	13,464.67	888.70	12,575.97	20,000.00	33,464.67
7	5/4/2020	13,464.67	715.78	12,748.89	20,000.00	33,464.67
8	11/4/2020	13,464.67	540.49	12,924.18	20,000.00	33,464.67
9	5/4/2021	13,464.67	362.78	13,101.89	20,000.00	33,464.67
10	11/4/2021	13,464.67	182.62	13,282.05	20,000.00	33,464.67
Grand Totals		\$134,646.70	\$9,646.70	\$125,000.00	\$200,000.00	\$334,646.70


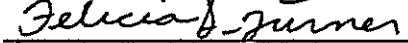
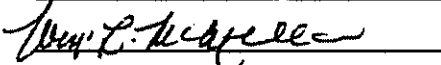
CLOSING CERTIFICATE

The undersigned officers of the City of Mullins, South Carolina (the "City"), hereby certify as follows:

1. On October 31, 2016, the City Council of the City (the "Council") adopted the ordinance (the "Ordinance"), authorizing and providing for a lease financing. The Ordinance was duly adopted at a meeting duly called and held at which a quorum was present and acting throughout. The Ordinance has not been repealed, revoked, rescinded or amended, but remains in full effect as of today.

2. Pursuant to the Ordinance, the Council has awarded the financing to Anderson Brothers Bank (as so awarded, the "Lease Agreement").

3. The signatures set forth below are the true and genuine signatures of the persons holding the indicated offices. The indicated persons have held such offices at all times since the Ordinance was adopted.

<u>Printed Name</u>	<u>Title</u>	<u>Signature</u>
David Hudspeth	City Administrator	
Felicia S. Turner	City Clerk	
William L. McMillan	Mayor	

4. The City Attorney is Robert Corley. The City's Bond Counsel is Haynsworth Sinkler Boyd, P.A.


5. The City has duly authorized, executed and delivered the Lease Agreement and the Project Fund Agreement provided for by the Ordinance. We have reviewed the City's representations as set forth in such Agreements, and all of such representations are correct and complete in all material respects as if made today.

6. The seal impressed below is the City's official seal, and has been the City's official seal since prior to the adoption of the Ordinance.

The remainder of this page has been left blank intentionally; signature page follows.

WITNESS our signatures and the seal of the City of Mullins, South Carolina, this ^{7th} 4th day of November, 2016.

(SEAL)



Mayor



City Clerk