

STATE OF SOUTH CAROLINA)
)
COUNTY OF NEWBERRY)

ORDINANCE # 08-19-10

AN ORDINANCE

AUTHORIZING THE EXECUTION OF AN EQUIPMENT LEASE-PURCHASE AGREEMENT IN AN AMOUNT NOT EXCEEDING \$770,000 RELATING TO THE PURCHASE OF CERTAIN EQUIPMENT BY NEWBERRY COUNTY, AUTHORIZING THE EXECUTION OF OTHER NECESSARY DOCUMENTS AND PAPERS, AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED by the County Council of Newberry County, South Carolina, in meeting duly assembled:

ARTICLE I

FINDINGS OF FACT

The County Council of Newberry County, South Carolina, the governing body of Newberry County, South Carolina, has made the following findings of fact:

Section 1.01

The County Council of Newberry County, the governing body of Newberry County (the "Council"), has determined that a very real need exists for and that it is necessary for Newberry County (the "County") to acquire certain equipment, consisting of a fire engine, three trucks, and an ambulance (collectively, the "Equipment"). The total cost of the Equipment and costs associated therewith is estimated to be \$770,000. The Council has determined that it is in the best interests of the County to purchase the Equipment through a lease-purchase financing in accordance with the terms of this Ordinance.

* * * *

ARTICLE II

AUTHORIZATION

Section 2.01 Approval of the Financing.

The Council hereby approves the entry of the County into a Lease-Financing Agreement in principal

amount not to exceed \$770,000 (the "Agreement") to finance the purchase of the Equipment. The interest rate applicable to the agreement shall not exceed 5.0 % per annum (in the absence of default or change in tax status). Payments due under the Agreement shall be expressed to become due annually in each of Fiscal Years 2011 through 2015, inclusive.

The Agreement shall not constitute a debt of the County, and the full faith, credit and taxing power of the County shall not be pledged to secure payment of rental payments or other sums due pursuant to the Agreement. The Agreement shall contain a "non-appropriation" clause suitable to counsel to the County and shall not, in the opinion of such counsel, contain a "non-substitution" clause.

Section 2.02 Authorization to Contract.

The County Administrator is hereby authorized to solicit proposals from financial institutions for the provision of the financing represented by the Agreement. Proposals shall be solicited from at least three financial institutions on not less than seven (7) days notice. The County Administrator is hereby authorized to award the Agreement to the financial institution which proposes the terms most favorable to the County, as determined by the County Administrator in his sole discretion, but subject in any event to the provisions of Section 2.01 of this Ordinance (the "Lessor"). The County Administrator is hereby authorized, empowered and directed to execute, acknowledge and deliver the Agreement and associated documents to the Lessor and other appropriate parties. The execution of the Agreement by the County Administrator shall constitute conclusive evidence of approval of the principal amount and rental payments due pursuant to the Agreement and the terms thereof.

Section 2.03 Other Documents, etc.

The Chairman of the Council, the Clerk to Council and the County Administrator are hereby authorized to execute any and all other documents, instruments, certificates or other papers as they deem necessary and appropriate, with the advice of counsel, to accomplish the transactions contemplated by this Ordinance. The Council further approves the entry by the County into an escrow agreement among the County, the Lender and a financial institution, satisfactory to the County Administrator, as escrow agent, in such form as may be determined by the County Administrator, upon advice of counsel, in order to provide for the deposit and investment of proceeds of the Agreement pending the expenditure thereof.

Section 2.04 Effective Date of Ordinance.

This Ordinance shall become effective upon the third and final reading thereof.

* * * *

ARTICLE III

CERTAIN MATTERS PERTAINING TO THE INTERNAL REVENUE CODE

Section 3.01 General Tax Covenants.

The County 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 Agreement including without limitation, the requirement to file the information report pertaining to the Agreement with the Internal Revenue Service.

Section 3.02 General Tax Representations and Covenants.

The County 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 Agreement to become includable in the gross income of the Lessor, or its assigns, 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 Agreement. Without limiting the generality of the foregoing, the County represents and covenants that:

- (a) All property provided by the net proceeds of the Agreement will be owned by the County in accordance with the rules governing the ownership of property for federal income tax purposes.
- (b) The County shall not permit the proceeds of the Agreement or any facility financed with the proceeds of the 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 County is not a party to or nor will it enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Agreement that do not conform to the guidelines set forth in Revenue Procedure 97-13.
- (d) The County will not sell or lease the Equipment or any property provided by the Agreement to person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the Agreement.
- (e) The Agreement will not be federally guaranteed within the meaning of Section 149(b) of the Code. The County 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 Agreement.

Section 3.03. Qualified Tax-Exempt Obligations.

The County reasonably expects that it and all entities subordinate thereto will issue no tax-exempt obligations (other than private activity bonds) in calendar year 2010 which, along with the Agreement, would aggregate more than \$30,000,000. Accordingly, the Agreement is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.

DONE IN MEETING DULY ASSEMBLED this ____ day of _____, 2010.

(SEAL)

COUNTY COUNCIL OF
NEWBERRY COUNTY, SOUTH CAROLINA

Chairman, County Council
of Newberry County, South Carolina

Attest:

Clerk to Council, Newberry County,
South Carolina

First Reading: August 18, 2010

Second Reading: September 1, 2010

Third Reading: September 15, 2010

STATE OF SOUTH CAROLINA

COUNTY OF NEWBERRY

I, the undersigned, Clerk to Council of Newberry County, South Carolina, DO HEREBY CERTIFY:

1. That the foregoing is a true, correct and verbatim copy of an Ordinance adopted by the County Council of Newberry County on _____, 2010, at which a majority/all members were present. It was first introduced at the regular meeting of County Council held on _____, 2010. At that meeting, it was given first reading by the majority/unanimous vote of the County Council. Afterwards, at the regular meeting of the County Council held on _____, 2010, it was given its second reading and at the regular meeting of the County Council held on _____, 2010, it was give third and final reading by the unanimous vote of County Council. At each of said meetings, a quorum of County Council was present at all times during the proceedings pursuant to which the aforesaid Ordinance was adopted, the original of which is duly entered in the record of minutes of the aforesaid meetings of said County Council in my Custody as such Clerk.

2. As required by Title 30, Chapter 4 of the Code of Laws of South Carolina 1976, as amended (the "*Act*"), being the Freedom of Information Act, a copy of the agenda of meetings (showing the date, time and place of the meeting) of the County Council of the County is posted on a designated bulletin board in the administrative offices of the County at least 24 hours prior to regularly scheduled meetings of the County Council.

3. A copy of the agenda for the County Council meetings is provided to newspapers, radio stations, and television stations as requested.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of the County Council this ___ day of _____, 2010.

(SEAL)

Clerk, Newberry County Council