

[MISSISSIPPI]

**EQUIPMENT LEASE – PURCHASE AGREEMENT**

**Lessor: REGIONS EQUIPMENT FINANCE CORPORATION**

**Address: P.O. Box 11407, Birmingham, Alabama 35246-1001**

**Lessee: CITY OF LAUREL, MISSISSIPPI**

**Address: 401 N. 5TH AVENUE, LAUREL, MS 39440**

Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor, the items of Equipment (the "Equipment") described in Exhibit A attached to this Equipment Lease – Purchase Agreement (the "Lease"), upon the following terms and conditions:

1. **Delivery and Acceptance.** Lessee, or if Lessee so requests, Lessor, shall cause the Equipment to be delivered to Lessee at the location specified in Exhibit A (the "Equipment Location"). Lessee shall pay all transportation and other costs, if any, incurred in connection with the delivery of the Equipment. Lessee shall accept the Equipment as soon as it has been delivered and is operational, or in the event that the manufacturer or vendor allows a pre-acceptance test period, as soon as the test period has expired. Lessee shall evidence its acceptance of the Equipment by executing and delivering to Lessor an acceptance certificate ("Acceptance Certificate") in the form attached hereto as Exhibit B upon receipt of the Equipment.

2. **Term.** This Lease is effective upon the execution hereof by Lessee and Lessor. The term of this Lease commences on the date the Equipment is accepted pursuant to Section 1 above and, unless earlier terminated as expressly provided for in this Lease, terminates absolutely, without further obligation on the part of the Lessee, at the end of the fiscal year in which this Lease is executed and at the end of each succeeding fiscal year for which it may be renewed as hereinafter provided. The term of this Lease will automatically renew for an additional period of one year at the end of each fiscal year unless Lessee gives written notice to Lessor of its intent to terminate the Lease not less than 60 days prior to the end of the fiscal year. If not sooner terminated, the Lease will continue until the Expiration Date set forth in Exhibit C attached hereto (the "Lease Term"). THIS EQUIPMENT LEASE CANNOT BE CANCELED OR TERMINATED EXCEPT AS EXPRESSLY PROVIDED HEREIN.

3. **Rent.** Lessee hereby agrees to pay to Lessor or its assignee the lease payments (the "Lease Payments"), including the interest portion, equal to the aggregate amounts specified in Exhibit C; provided, however, that the Lessee shall be obligated to make such Lease Payments during any fiscal year to the extent that such Lease Payments may be made from current revenues lawfully budgeted and appropriated for such purpose during such year. The Lease Payments are payable without notice or demand at the office of the Lessor (or such other place as Lessor or its assignee may from time to time designate in writing), and commence on the first Lease Payment date as set forth in Exhibit C and thereafter on the dates set forth in Exhibit C. Any payments received later than ten days from the due date will bear interest from the due date at the rate of 3% in excess of the rate set forth on Exhibit C or the highest rate permitted by law, whichever is less. Except as specifically provided in Section 4 hereof, and to the extent permitted by applicable law, the obligation to make the Lease Payments is absolute and unconditional in all events and is not subject to any set-off, defense, counterclaim or recoupment for any reason whatsoever. Any and all payment(s) received by Lessor hereunder shall be applied to amounts due hereunder at Lessor's sole discretion notwithstanding any contrary instruction or instrumentation by Lessee. Unless Lessor decides, in its sole discretion, to apply any and all payments(s) received from Lessee in a different manner, then any payments shall be applied in the following order of priority: (i) to repay any reimbursement items due Lessor from Lessee pursuant to the provisions of this Lease; (ii) to pay for any amounts owed by Lessee by virtue of its indemnification obligations under Section 16 hereof; (iii) to any accrued interest owed in connection with a late Lease Payment; (iv) to any accrued interest with respect to any Lease Payments then due; and then (iv) to reduce the principal component(s) of the Lease Payment(s) as and when due hereunder.

Lessee reasonably believes that funds can be obtained sufficient to make all Lease Payments during the Lease Term and hereby covenants that it will do all things lawfully within its power to obtain, maintain and properly request and pursue funds from which the Lease Payments may be made, including making provisions for such payments to the extent necessary in each budget submitted for the purpose of obtaining funding, using its bona fide best efforts to have such portion of the budget approved. It is Lessee's intent to make Lease Payments for the full Lease Term if funds are legally available therefor and in that regard Lessee represents that the use of the Equipment is essential to its proper, efficient and economic operation.

The total obligation of Lessee for the fiscal year of execution is the sum of the Monthly payments for such fiscal year as set forth on Exhibit C. The total obligation of Lessee in each fiscal year renewal term is the sum of the Monthly payments during such fiscal year renewal term as set forth on Exhibit C. A schedule of Lessee's total obligation for the fiscal year of execution and for each fiscal year in which this Lease is renewed is attached hereto as Exhibit C.

4. **Nonappropriation of Funds.** In the event no funds or insufficient funds are appropriated and budgeted, or funds are otherwise not available out of current revenues of Lessee by any means whatsoever, in any fiscal period for Lease Payments due under this Lease, then Lessee will immediately notify Lessor or its assignee of such occurrence and this Lease shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to Lessee of any kind whatsoever, except as to the portions of Lease Payments herein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available. In the event of such termination, Lessee hereby agrees to peaceably and immediately surrender possession of the Equipment to Lessor or its assignee on the date of such termination, packed for shipment in accordance with manufacturer specifications and freight prepaid and insured to any location in the continental United States designated by Lessor and to execute any and all documents necessary or convenient to memorialize the relinquishment of all of Lessee's rights, title and or interest in such Equipment to Lessor or its successors or assigns. Lessor will have all legal and equitable rights and remedies to take possession of the Equipment.

Notwithstanding the foregoing, Lessee hereby agrees (i) that it will not cancel this Lease under the provisions of this Section if any funds are appropriated to it, or by it, for the acquisition, retention or operation of the Equipment or other equipment performing functions similar to the Equipment for the fiscal period in which such termination occurs or the next succeeding fiscal period thereafter, and (ii) that it will not, during a period of one (1) year after such termination occurs, appropriate funds or otherwise give priority in the application of funds to any other functionally similar equipment. This section will not be construed so as to permit Lessee to terminate this Lease in order to acquire any other equipment or to allocate funds directly or indirectly to perform essentially the same function for which the Equipment is intended.

Notwithstanding any provision to the contrary contained in this Lease, it is expressly understood and agreed that Lease Payments to be made in each fiscal year shall be payable only out of current revenues of Lessee for that fiscal year lawfully budgeted and appropriated during such year.

5. **Limitation on Warranties and Disclaimer.** Lessee acknowledges and agrees that the Equipment is of a size, design and capacity selected by Lessee, that Lessor is neither a manufacturer nor a vendor of such equipment, and that LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE EQUIPMENT INCLUDING THE MAINTENANCE, INSTALLATION, OPERATION, OR REPAIR THEREOF. Lessee acknowledges that it has selected the equipment based upon its own judgment and expressly disclaims any reliance upon any statements or representations made by Lessor. As between the Lessor and Lessee, all Equipment is or will be accepted by the Lessee "as is" after inspection by Lessee, and nothing herein shall be construed to affect, extinguish, limit or otherwise modify Lessee's rights and remedies between Lessee and any manufacturer or servicer.

Lessor hereby assigns to Lessee during the Lease Term, so long as no Event of Default (as hereinafter defined) has occurred and is continuing, all manufacturer's warranties, if any, express or implied with respect to the Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense.

6. **Authority and Authorization.** Lessee represents, covenants and warrants, and as requested by Lessor, will deliver an opinion of counsel to the effect that: (i) Lessee is a fully constituted political subdivision, agency or public corporation of the State of Mississippi; (ii) the execution, delivery and performance by Lessee of this Lease has been duly authorized by all necessary action on the part of Lessee; (iii) this Lease has been executed on behalf of the Lessee by its duly authorized officers; and (iv) this Lease constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms. Lessee hereby agrees that (i) it will do or cause to be done all things necessary to preserve and keep the Lease in full force and effect; (ii) it has complied with all bidding requirements where necessary and by due notification presented this Lease for approval and adoption as a valid obligation on its part; and (iii) it has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal period.

7. **Title.** Upon acceptance of the Equipment by Lessee hereunder, title to the Equipment will vest in Lessee; subject to reversion to Lessor (i) in the event of termination of this Lease by Lessee pursuant to Section 4 hereinabove; or (ii) upon the occurrence of an Event of Default hereunder related to said Equipment, and as long as such Event of Default is continuing. Lessee (i) shall not sell, assign, subject or otherwise dispose of, or permit legal process or encumbrance upon or against any interest in, this Lease or the Equipment; (ii) shall keep the Equipment free of liens and give immediate written notice to Lessor of any such process or encumbrance; and (iii) shall, at its sole expense, protect and defend Lessor's title and interest against all persons claiming against or through Lessee and, to the extent permitted by applicable law, indemnify and hold Lessor harmless from and against any loss caused thereby. Lessee shall affix to the Equipment any markings requested by Lessor or execute any and all documents reasonably requested to be signed by Lessee to memorialize Lessor's interest in such Equipment.

To the extent allowed by law, Lessee, irrevocably, hereby designates, makes, constitutes and appoints Lessor (and all persons designated by Lessor) as Lessee's true and lawful attorney (and agent-in-fact) with power, at such time of default or nonappropriation or times thereafter as Lessor in its sole and absolute discretion may determine, in Lessee's or Lessor's name, to endorse the name of Lessee upon any Bill of Sale, document, instrument, invoice, freight bill, bill of lading or similar document relating to the Equipment in order to vest title in Lessor and transfer possession to Lessor.

8. **Security Interest.** In order to secure all of its obligations hereunder, Lessee hereby (i) grants to Lessor a first and prior security interest in any and all right, title and interest of Lessee in the Equipment and in all additions, attachments, accessions, and substitutions thereto, and in any proceeds therefrom, (ii) agrees that this Lease or a memorandum of lease may be filed as a financing statement evidencing such security interest, (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence such security interest, and (iv) agrees to pay all fees and charges necessary for filing or recording such instruments or establishing or maintaining such security interest. Lessee hereby acknowledges that only Lessor's original of this Lease constitutes chattel paper for purposes of the Mississippi Uniform Commercial Code. No security interest can be perfected by possession of any other counterpart or of the Equipment.

9. **Personal Property.** The Equipment is and will remain personal property and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. If requested by Lessor, Lessee shall, at Lessee's expense, furnish a landlord or mortgagee waiver with respect to the Equipment.

10. **Use; Repairs.** Lessee shall use the Equipment in a careful manner for the use contemplated by the manufacturer of the Equipment and shall comply with all laws, ordinances, insurance policies and regulations relating to, and shall pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance. Lessee, at its expense, will keep the Equipment in good repair, good operating condition and working order, according to the manufacturer's recommended guidelines or the equivalent and meet any and all recertification requirements and shall furnish proof of such maintenance, if requested by Lessor, and shall furnish all needed servicing and parts, which parts shall become the property of Lessor and part of the Equipment. Lessor shall have no responsibility in any of these matters or for the making of any improvements or additions to the Equipment, as further discussed in Section 11 below. If the Equipment is such as is customarily covered by a maintenance agreement, Lessee shall, at its expense, furnish Lessor upon its reasonable request with a maintenance agreement with a party satisfactory to Lessor.

11. **Alterations.** Lessee shall not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent unless such alterations, additions or improvements may be readily removed without damage to the Equipment. Any alteration to the Equipment which cannot be readily removed without damage to the Equipment will become part of the Equipment and the property of Lessor. Notwithstanding the foregoing, any upgrade, addition or modification added by the Lessee as required by law or under any manufacturer's or service's recommendations will, without further action, become a part of the Equipment and the sole property of Lessor.

12. **Location; Inspection.** The Equipment will not be removed from, or if the Equipment consists of rolling stock, its permanent base will not be changed from, the Equipment Location without Lessor's prior written consent which will not be unreasonably withheld. Lessor is entitled to enter upon the Equipment Location or elsewhere during reasonable business hours to inspect the Equipment or observe its use and operation.

13. **Liens and Taxes.** Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment. If Lessee fails to pay said charges and taxes when due, Lessor shall have the right, but shall not be obligated, to pay said charges and taxes. If Lessor pays any charges or taxes for which Lessee is responsible or liable under this Lease, Lessee shall reimburse Lessor therefor immediately upon demand from Lessor. Lessee hereby agrees to cooperate with Lessor in filing all tax returns and informational statements, if any, required by any federal, state, and/or local governmental agency.

14. **Risk of Loss; Damage; Destruction.** Lessee hereby assumes all risk of loss of or damage to the Equipment from any cause whatsoever, and no such loss of or damage to the Equipment nor defect therein nor unfitness or obsolescence thereof shall relieve Lessee of the obligation to make Lease Payments or to perform any other obligation under this Lease. In the event of damage to any item of Equipment, Lessee shall immediately place the same in good repair with the proceeds of any insurance recovery applied to the cost of such repair. If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee, at Lessor's option, shall: either (a) replace the same with like equipment in good repair; or (b) on the next Lease Payment date, pay Lessor: (i) all amounts then owed by Lessee to Lessor under this Lease, including the Lease Payment due on such date; and (ii) an amount equal to the applicable Concluding Payment set forth in Exhibit C. In the event that Lessee is obligated to make such payment with respect to less than all of the Equipment, Lessor will provide Lessee with the pro rata amount of the Lease Payment and the Concluding Payment to be made by Lessee with respect to the Equipment which has suffered the event of loss. To the extent allowed by law, Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payments of, negotiate with insurance carrier(s), bring lawsuits, settle claims or suits, and execute and endorse all documents, checks or drafts issued with respect to any loss, damage, destruction, to, or theft of, the Equipment and/or under any insurance policy relating to the Equipment.

15. **Insurance.** Lessee shall, at its expense, maintain at all times during the Term, fire and extended coverage, public liability and property damage insurance with respect to the Equipment in such amounts, covering such risks, and with such insurers as shall be satisfactory to Lessor, or, with Lessor's prior written consent, may self-insure against any or all such risks. In no event will the insurance limits be less than the amount of the then applicable Concluding Payment with respect to such Equipment. Each insurance policy will name Lessee as an insured and Lessor or its assigns as an additional insured and loss payee, and will contain a clause requiring the insurer to give Lessor at least 30 days prior written notice of any alteration in the terms of such policy or the cancellation thereof. The proceeds of any such policies will be payable to Lessee and Lessor or its assigns as their interests may appear. Upon acceptance of the Equipment and upon each insurance renewal date, Lessee shall deliver to Lessor a certificate evidencing such insurance. In the event that Lessee has been permitted to self-insure, Lessee shall furnish Lessor with a letter or certificate to such effect. In the event of any loss, damage, injury or accident involving the Equipment, Lessee shall promptly provide Lessor with written notice thereof and make available to Lessor all information and documentation relating thereto. Lessee shall furnish a certificate of insurance or other evidence satisfactory to Lessor that the required insurance coverage is in effect. Lessor has no duty to ascertain the existence of or to examine the insurance policies to advise Lessee if the insurance coverage does not comply with the requirements of this Section.

In the event Lessee fails to maintain the full insurance coverage on the Equipment as required by this Lease or fails to keep the Equipment in good repair and operating condition, Lessor may, but is not obligated to, purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements which are necessary and provide for payment thereof; and all amounts so advanced therefore by Lessor are considered additional rent for the then current Lease Payments, which amounts Lessee hereby agrees to pay, together with interest thereon at the rate of three (3%) per cent per annum in excess of the rate set forth on Exhibit C or at the highest rate permitted by applicable law, whichever is less.

Lessee hereby consents to Lessor's release, upon its failure to obtain appropriate insurance coverage, of any and all information necessary to obtain insurance with respect to the Equipment and/or Lessor's interest therein. Lessor retains the right to substitute its own insurance for any insurance obtained by Lessee in accordance with this Section upon reasonable notice to Lessee with an insurer or through an agent or broker of its choice, at Lessor's sole cost.

16. **Indemnification.** To the extent permitted by applicable law, Lessee hereby indemnifies and agrees to defend and hold Lessor and any successor, assignee or secured party of Lessor, harmless from and against all claims, costs, expenses (including, but not limited to, attorneys' fees and expenses), damages, losses, judgments and liabilities of any nature whatsoever that may be imposed on, incurred by, or asserted against an indemnified party with respect to any item of Equipment or its purchase, acceptance, delivery, ownership, leasing, possession, maintenance, use, operation or transportation, or arising out of this Lease or the transactions contemplated hereby, whether or not other parties are involved, including, without limitation, (a) claims for injury to or death of persons and for damage to property, (b) claims relating to patent, copyright or trademark infringement, and (c) claims relating to latent or other defects in the Equipment whether or not discoverable by Lessor. Lessee hereby agrees to give Lessor prompt notice of any such claim or liability. Any payment made hereunder to Lessor shall include the amount of any taxes required to be paid by Lessor as the result of the receipt of such payment. The provisions of this Section 16 survive the termination of this Lease.

17. **Purchase Option.** Upon 30 days prior written notice from Lessee to Lessor, and on the condition that there is no Event of Default, or an event which with notice or lapse of time, or both, could become an Event of Default, then existing, Lessee will be entitled to purchase Lessor's interest in, to the extent thereof, the Equipment on the Lease Payment dates set forth in Exhibit C by paying to Lessor, on such date, the Lease Payment then due together with the Concluding Payment amount set forth opposite such date. Upon satisfaction by Lessee of such purchase conditions, Lessor shall transfer any and all of its right, title and interest in the Equipment to Lessee as is, without warranty, express or implied, except that Lessor shall warrant to Lessee that the Equipment is free and clear of any liens created by Lessor. Unless Lessee exercises an option to purchase the Equipment or renews the terms of this Lease as provided in any Exhibit to this Lease and except as otherwise provided in this Lease, upon expiration of the Term as to each item of Equipment or upon demand of Lessor pursuant to this section, Lessee, at its own risk and expense, including, but not limited to the expense of maintaining all insurance thereon, shall either (a) provide adequate and suitable storage space at the place where the Equipment was delivered hereunder or to which it was moved in accordance with this Lease, and shall permit Lessor to store such Equipment free of charge, and at the risk of Lessee for public liability and physical damage exposure, for a period not to exceed one hundred eighty (180) days, during which period Lessee shall provide Lessor reasonable access thereto; or (b) immediately assemble, prepare for shipment, and return the Equipment to Lessor in the same condition as delivered, ordinary wear and tear excepted, and meeting all recertification requirements, with all damaged or missing parts replaced, at such location within the United States as Lessor designates. Lessee hereby agrees to provide to Lessor written notice at least one hundred eighty (180) days prior to the end of the Term of the Lease if Lessee intends to return the Equipment to Lessor (the "Return Notice"). In the event Lessee fails to deliver to Lessor the Return Notice at least one hundred eighty (180) days prior to the end of the Term of the Lease, the Term will be extended automatically for one hundred eighty (180) days and Lessee shall continue to pay Lease Payments as agreed to by the Lessor and Lessee at such time.

18. **Assignment.** Without Lessor's prior written consent, Lessee shall not (i) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Lease or the Equipment or any interest in this Lease or the Equipment, or (ii) sublet or lend the Equipment or permit it to be used by anyone other than Lessee or Lessee's employees or agents. Lessee shall remain primarily liable on this Lease. Lessor may assign its right, title and interest in and to this Lease, the Equipment and any other documents executed with respect to this Lease and/or grant or assign a security interest in this Lease and the Equipment, in whole or in part. Lessee hereby agrees that any such assignment shall not materially change Lessee's duties or obligations under this Lease. Any such assignees shall have all the rights of Lessor under this Lease. No assignment or reassignment of any of Lessee's right, title or interest in this Lease or the Equipment will be effective unless and until Lessor consents to such assignment and Lessor receives a duplicate original counterpart of the document by which the assignment or reassignment is made, disclosing the name and address of each such assignee. DURING THE LEASE TERM LESSEE SHALL KEEP A COMPLETE AND ACCURATE RECORD OF ALL SUCH ASSIGNMENTS IN FORM NECESSARY TO COMPLY WITH SECTION 149(a) OF THE INTERNAL REVENUE CODE OF 1986, OR ANY SUCCESSOR PROVISION THEREOF, AND THE REGULATIONS, PROPOSED OR EXISTING, FROM TIME TO TIME PROMULGATED THEREUNDER. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the successors and assigns of the parties hereto. No further action will be required by Lessor or by Lessee to evidence the assignment, but Lessee shall acknowledge such assignments in writing if so requested.

19. **Events of Default.** The term "Event of Default", as used herein, means the occurrence of any one or more of the following events:

- (a) Lessee fails to make any Lease Payment (or any other payment including insurance premiums required hereunder) when due in accordance with the terms of this Lease;
- (b) Lessee fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure is not cured within 20 days after written notice thereof by Lessor; or
- (c) The discovery by Lessor that any statement, representation or warranty made by Lessee in this Lease or in any writing ever delivered by Lessee pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect;
- (d) Lessee shall attempt to abandon, remove, sell, encumber or sublet any item of Equipment or to assign any rights under or interest in this Lease; or
- (e) Lessee fails to appropriate sufficient funds to pay all Lease Payments due or to become due for the then-current fiscal year, unless in accordance with Section 4 hereof; or
- (f) Lessee shall become insolvent or make an assignment for the benefit of creditors, or a trustee or receiver shall be appointed for Lessee or for a substantial part of its assets, or bankruptcy, reorganization or insolvency proceedings shall be instituted by or against Lessee; or
- (g) Lessee shall suffer a material adverse change in its financial conditions or operations; or
- (h) Lessee shall be in default under any other agreement with Lessor or any of its affiliates or any other lender.

**20. Remedies.** Upon the occurrence of an Event of Default, and so long as such Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies:

- (a) the Lessor may, at its option, declare all installments of the Lease Payments, payable until the end of the Term of the Lease, to be immediately due and payable, whereupon the same shall become immediately due and payable. If Lessor elects to exercise the remedy afforded in this Section 20(a) and accelerates all Lease Payments payable until the end of the Term of this Lease, the amount then due and payable by the Lessee as accelerated rents shall be the sum of (1) the aggregate Lease Payments due until the end of the Term of this Lease, (2) the Concluding Payment specified as due at the end of the Term of this Lease, less the net amount realized by the Lessor upon disposition of the Equipment, and (3) any other amounts which may be owing to the Lessor pursuant to this Lease;
- (b) the Lessor may, without demand or legal process, take possession of the Equipment with or without terminating this Lease and without any liability to the Lessee for such repossession, and lease or sell the Equipment;
- (c) release or sell any or all of the Equipment at a public or private sale on such terms and notices as Lessor deems reasonable and, in addition to reclaiming the total proceeds received from such lease or sale, recover from Lessee damages, not as a penalty, but liquidated for all purposes and in an amount equal to the sum of (i) any accrued and unpaid Lease Payments, and other amounts due hereunder, as of the later of (A) the date of the Event of Default, (B) the date that Lessor has obtained possession of the Equipment or (C) such other date as Lessee has made an effective tender of possession of the Equipment back to Lessor ("Default Date"); plus Lease Payments (at the periodic rate provided for in this Lease) for the additional period (but in no event longer than six (6) months) that it takes Lessor to resell or re-let all of the Equipment, plus interest at the rate per annum charged by the Internal Revenue Service for the late payment of tax; (ii) the difference between the monthly Lease Payments for the remainder of the Term as they become due and the net proceeds, if any, of any reletting of the Equipment after deducting all of Lessor's expenses in connection with such reletting, including without limitation, all repossession costs, broker's commissions, attorney's fees and expenses, and alteration costs and expenses of preparing the Equipment for reletting; and (iii) any indemnity under Section 16 hereunder, if then determinable, plus interest at the same rate per annum charged by the Internal Revenue Service for the late payment of tax, LESS the amount received by Lessor upon such public or private sale or re-lease of such items of Equipment, if any; and
- (d) the Lessor may require the Lessee to furnish copies of all books and records of the Lessee pertaining to the Equipment; and
- (e) the Lessor may exercise any other right, remedy or privilege which may be available to it under applicable laws of the State of Mississippi or any other applicable laws, including, without limitation, the rights of a secured party under the Mississippi Uniform Commercial Code, or proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach of this Lease or to rescind this Lease as to any or all of the Equipment.

In addition, Lessee will remain liable for all covenants and, to the extent permitted by applicable law indemnities under this Lease and for all legal fees and other costs and expenses, including court costs and reasonable attorney's fees, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor. A cancellation hereunder shall occur only upon notice by Lessor and only as to such Items of Equipment as Lessor specifically elects to cancel, and this Lease shall continue in full force and effect as to the remaining items of Equipment, if any. Lessee shall be liable for and shall pay to Lessor all attorneys' fees and expenses and other costs incurred by Lessor in exercising Lessor's remedies, including placing any Equipment in the condition required by Section 10 hereof. If this Lease is deemed at any time to be one intended as security as set forth in Section 8, Lessee hereby agrees that the Equipment shall secure, in addition to the indebtedness herein, all other indebtedness at any time owing by Lessee to Lessor. No remedy referred to in this Lease is intended to be exclusive, but each shall be in addition to any other remedy referred to or otherwise available to Lessor at law or in equity. No express or implied waiver by Lessor of any Default will constitute a waiver of any other Default by Lessor or a waiver of any of Lessor's rights and no delay by Lessor in enforcing any right or requiring performance of any provisions of this Lease by Lessee will be a waiver of such right or affect the right of Lessor to enforce such provision.

Notwithstanding any provision of this Section to the contrary, the Lessee may terminate this Lease as provided in Section 4, and the Lessee shall not be liable under this Lease for any Lease Payments in excess of the amount otherwise due under Section 3.

**21. Notices.** All notices to be given under this Lease shall be made in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five days subsequent to mailing if mailed in accordance with this Section.

**22. 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 Lease.

**23. Governing Law.** This Lease shall be construed in accordance with, and governed by the laws of, the State of Mississippi.

**24. Delivery of Related Documents.** Lessee shall execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transaction contemplated by this Lease. At the request of Lessor, Lessee shall furnish Lessor annual financial statements of Lessee within 120 days after the end of Lessee's fiscal year.

**25. Entire Agreement; Waiver.** This Lease, together with the Acceptance Certificate and other attachments hereto, and other documents or instruments executed by Lessee and Lessor in connection herewith, constitute the entire agreement between the parties with respect to the lease of the Equipment, and this Lease shall not be modified, amended, altered or changed except with the written consent of Lessee and Lessor. Any provision of this Lease found to be invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remainder of this Lease. The waiver by Lessor of any breach by Lessee of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach thereof.

**26. Decrease in Deductibility of Interest Expense.** The Lessee hereby acknowledges that the Lease Payments were calculated assuming that a financial institution that accepted an assignment of Lessor's interest on the date of delivery of this Lease could deduct 80% of such financial institution's interest expense allocable to this Lease. If (i) the Lessor, or any assignee of the Lessor or its assigns, is a financial institution for purposes of Section 265 of the Internal Revenue Code of 1986 (the "Code"), (ii) the deductible portion of such financial institution's interest expense allocable to this Lease is decreased for any reason (including without limitation a change in applicable law or the fact that this Lease does not qualify as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code), and (iii) such decrease would have been effective if such financial institution had acquired its interest in the Lease on the date of delivery of this Lease, then for each whole percentage point of decrease (below 80%) in the portion of allocable interest expense allowed as a deduction, the interest rate used to calculate the Lease Payments shall increase in an amount sufficient to provide Lessor with the exact same rate of return as initially calculated assuming that the Lease Payments payable to Lessor by Lessee are "qualified tax-exempt obligations."

The interest rate adjustment required by this Section shall be made each time that the allowable deduction for allocable interest expense decreases and shall be effective as of the date such decrease becomes effective for the financial institution that is at the time Lessor (or an assignee of Lessor or its assigns). No such adjustment in the interest rate shall be effective during any period when the Lessor (or an assignee of Lessor or its assigns) is not a financial institution for purposes of Section 265 of the Code.

Any adjustment required by this Section shall increase the amount of interest payable as a part of each Lease Payment affected, but shall not change the principal component of any Lease Payment.

**27. Covenant Regarding Tax-Exempt Interest.** The Lessee hereby covenants and agrees that it will not take any action, or fail to take any action, if such action or failure to act would cause the interest portion of each Lease Payment to be or become includible in gross income of the Lessor for purposes of federal income taxation. Without limiting the generality of the preceding sentence, the Lessee hereby covenants and agrees that, to the extent necessary for the interest portion of each Lease Payment to be so excludable from gross income,

(a) the Equipment shall not be used in any private business use; the Lease Payments shall not be secured by, or derived from, property used in a private business use; no portion of the proceeds of this Lease shall be used to make or finance loans to persons other than governmental units; and proceeds of this Lease shall not be used in any manner that would cause this Lease to be or become a "private activity bond", as defined in Section 141 of the Code; and

(b) the Lessee shall submit to the Secretary of the Treasury a statement or report with respect to the execution and delivery of this Lease as required by Section 149(e) of the Code.

If Lessor determines in good faith (which determination shall be supported by a written opinion of nationally recognized bond counsel, a copy of which has been provided to the Lessee) or if the Internal Revenue Service shall claim in writing that the interest portion of the Lease Payments is includible in the gross income of Lessor or any former Lessor ("Taxable"), then the interest rate hereunder shall be adjusted to the Prime Rate plus 1.0%, determined daily according to the Prime Rate in effect for such date, effective as to the earliest date that such interest was Taxable. Any additional amount of interest due for the period prior to the date Lessee was notified that interest was Taxable and began making payments at the adjusted rate shall be paid by Lessee, at the option of Lessor, (i) within thirty (30) days after the date Lessee is notified of the amount due, or (ii) on such other payment schedule as shall be satisfactory to Lessor. "Prime Rate" shall mean the rate of interest announced by Regions Bank (the "Bank") as its prime rate, with the understanding that the Bank's prime rate is one of its base rates established from time to time for lending purposes and is not necessarily the best or lowest rate offered by the Bank and is evidenced by the recording thereof after its announcement in such internal publication or publications as the Bank may designate. Notwithstanding anything to the contrary herein, if it is determined that the interest rate is includible in the gross income of Lessor then the Lessee may immediately terminate this Lease.

**28. Representations of Lessee.** Lessee hereby represents and warrants that: (i) Lessee is a duly constituted, organized and validly existing political subdivision existing under the laws of the State of Mississippi and is authorized to lease personal property and to sell or lease or otherwise dispose of personal property; (ii) Lessee has full power, authority, and legal right to execute, deliver and perform the agreements on its part contained in this Lease; (iii) the person or persons executing this Lease on behalf of Lessee have been duly authorized under the laws of the State of Mississippi and a duly adopted resolution of Lessee's governing body is in full force and effect on the date hereof to execute this Lease on behalf of Lessee and to obligate Lessee hereunder; (iv) Lessee has taken all necessary steps or complied with all procedures required for the authorization and execution of this Lease; (v) all Lease Payments which are to be made hereunder will be paid out of funds which are legally available for such purpose; (vi) Lessee has obtained or made, or does not require, the approval of or the giving of notice to any Federal, State, local or foreign governmental authority in order to enter into this Lease; (vii) Lessee is not required to submit this Lease to Lessee's electorate for approval; (viii) Lessee, by entering into this Lease, does not violate any law binding on Lessee or contravene any indenture, credit agreement, or any other agreement under which Lessee is a party or by which it is bound; (ix) this Lease constitutes a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms; (x) there are no pending or threatened actions or proceedings before any court, administrative agency or other tribunal or body or judgments which may materially adversely affect Lessee's financial condition or operations; (xi) the Equipment is personal property and is not now nor will it become either real property or a fixture or inventory; (xii) the use of the Equipment is essential, necessary, useful, and appropriate to the lawful purposes of Lessee and in the discharge of its duties as a governmental body; (xiii) the Lease application (if any) is true and is not misleading; (xiv) the execution of this Lease does not constitute a default in any other agreement of Lessee; (xv) there is not existing, and Lessee will not directly or indirectly create, incur, assume or suffer to exist, any mortgage, security interest, pledge, lien, charge, encumbrance or claim on or with respect to the Equipment, title thereto or any interest therein, except the respective rights of Bank and Lessee under this Lease and further excepting any mortgage, security interest, pledge, lien or encumbrance granted by Bank; (xvi) the Equipment is of size, design, capacity and manufacture selected by Lessee and will be suitable for Lessee's purposes; (xvii) Lessee will cause to be done, executed, acknowledged and delivered all such further acts, instruments, conveyances and assurances as Bank shall require for accomplishing the purposes of this Lease; (xviii) Lessee, upon delivery of the Equipment under this Lease, shall cause said Equipment to be duly registered, and at all times thereafter to remain duly registered, in the name of Bank, or at Bank's request shall furnish to Bank such information as may be required to enable Bank to make application for such registration, and shall promptly furnish to Bank such information as may be required to enable Bank to timely file any reports required to be filed by it under this Lease with any governmental authority; (xix) Lessee has complied with insurance provisions of Section 15; (xx) Lessee will execute or file any reports or tax forms required by State or Federal authorities; (xxi) Lessee and its governing body reasonably believe that Lessee shall have sufficient available funds during each fiscal year through the maximum term to elect to appropriate monies to make the Lease Payments hereunder; and (xxii) all actions of the governing body of the Lessee and its members concerning this Lease have been taken in accordance with the laws of the State of Mississippi.

29. **No Agency.** Lessee hereby acknowledges and agrees that neither the manufacturer, the supplier, nor any salesman, representative or other agent of the manufacturer or supplier, is an agent of Lessor. No salesman, representative or agent of the manufacturer or supplier is authorized to waive or alter any term of condition of this Lease and no representation as to the Equipment or any other matter by the manufacturer or supplier shall in any way affect Lessee's duty to pay Lease Payments and perform its other obligations as set forth in this Lease.

30. **Finance Lease.** Lessee hereby acknowledges that for purposes of the Mississippi Uniform Commercial Code (the "UCC") this Lease is a finance lease and lessor is not an agent of the manufacturer or vendor of the equipment. Lessee hereby acknowledges that Lessee has selected the supplier of the equipment and directed Lessor to purchase the equipment from the supplier. Lessee hereby acknowledges that it is entitled under Article B of Part 5 of Chapter 2A of Title 75 of the UCC to all warranties and other rights provided to Lessee by the supplier of the equipment and to contact the supplier for an accurate and complete statement of any such express warranties and other rights and any disclaimers or limitations of such rights or of remedies.

31. **Waivers of Lessee.** To the extent permitted by Mississippi law, Lessee hereby waives any and all rights and remedies conferred by including, without limitation, any rights to (a) cancel or repudiate the Lease, (b) reject or revoke acceptance of the Equipment, (c) recover damages from the Lessor for breach of warranty or for any other reason, (d) claim a security interest in any rejected Equipment in the Lessee's possession or control, (e) deduct from rent all or any part of any claimed damages resulting from the Lessor's default under the Lease, (f) accept partial delivery of the Equipment, (g) "cover" by making any purchase or lease of substitute equipment, (h) recover from the Lessor or any assignee of the Lessor any general, special, incidental or consequential damages for any reason whatsoever, and (i) specific performance, replevin or the like for any of the Equipment. The Lessee also waives any statutory right it may have now or in the future to require the Lessor to sell or re-lease the Equipment or otherwise to mitigate damages.

32. **Additional Provisions.** Any additional provisions and modifications, if any, to the standard language of this Lease are set forth in Exhibit D attached hereto.

**LESSEE: CITY OF LAUREL, MISSISSIPPI**

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

Title: \_\_\_\_\_

Attest:

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

Title: \_\_\_\_\_

**LESSOR: REGIONS EQUIPMENT FINANCE CORPORATION**

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

Title: \_\_\_\_\_



**Regions Equipment Finance Corporation  
Property and Liability Insurance Request Form**

Regions Equipment Finance Corporation  
1900 5<sup>th</sup> Avenue North, Suite 2400  
BIRMINGHAM, AL 35203

ity,

From: Regions Equipment Finance Corporation  
Heidi Peebles  
1900 5<sup>th</sup> Avenue North, Suite 2400  
Birmingham, AL 35203  
205-264-5119  
heidi.peebles@regions.com

RE: 0.00: Request for Insurance: Regions Equipment Finance Corporation

Dear Sir or Madam:

**CITY OF LAUREL, MISSISSIPPI** has a new Financing Agreement with **REGIONS EQUIPMENT FINANCE CORPORATION** for \$ **0.00** in equipment. This equipment needs to be added to their insurance. The following are our insurance requirements and an exhibit that lists the equipment along with the location and costs. Please fax the insurance certificate(s) to me as soon as possible so as not to delay the Financing Agreement closing.

☐ **Additional Interest/Certificate Holder:**

**Regions Equipment Finance Corporation**  
1900 Fifth Avenue North, Suite 2400,  
Birmingham, Alabama 35203

☐ **Liability Insurance**

**Regions Equipment Finance Corporation** must be named as **Lessor and Additional Insured** for at least:

☐ **Property Insurance:**

**REGIONS EQUIPMENT FINANCE CORPORATION** must be named as December 18, 2018 as such interests may appear.

**REGIONS EQUIPMENT FINANCE CORPORATION** must be provided with special form replacement cost insurance for damage to the Equipment.  
An All Risk of Loss Payable Clause is required  
Fire and extended coverage, including theft, vandalism, malicious mischief, etc. is required.

☐ **Notice of Cancellation ("Mortgagee Waiver Clause"):**

**30 Days Notice of Cancellation** is required for Liability and Property Damage Insurance.

☐ **Description of Insured Equipment:**

**REGIONS EQUIPMENT FINANCE CORPORATION** will accept a certificate which attaches the equipment description provided with this email. If you prefer, **REGIONS EQUIPMENT FINANCE CORPORATION** will also accept a general description of the Equipment such as **"Equipment leased/loaned by the Insured from REGIONS EQUIPMENT FINANCE CORPORATION pursuant to Schedule 1 to Master Agreement dated December 18, 2018."**

☐ **Form of Certificate Used to Provide Evidence:**

Vehicles: According to the ACORD Forms Instruction Guide, the **ACORD 28** should be used to evidence both liability and property damage insurance for **financed vehicles**.

All Other Equipment: According to the ACORD Forms Instruction Guide, the ACORD 28 (titled "Evidence of Property Insurance") was designed to be delivered to a party, like Regions, which has an interest in the policy. Regions requires the use of the ACORD 28 as evidence of Physical Damage Insurance. Proof of Liability Insurance can also be provided on the ACORD 28 in the boxes labeled "Coverage Information" or "Remarks." Alternatively, proof of Liability Insurance can be provided on an ACORD 25-S (titled "Certificate of Liability Insurance") along with an endorsement adding Regions as Additional Insured (note: property insurance must still be shown on an ACORD 28).

**REGIONS EQUIPMENT FINANCE CORPORATION**

**AUTO DEBIT AUTHORIZATION LETTER**

Regions Equipment Finance Corporation  
1900 Fifth Avenue North  
Birmingham, Alabama 35203

Ladies and Gentlemen:

This letter authorizes and requests Regions Equipment Finance Corporation and Regions Equipment Finance, Ltd. (collectively, the "Lessor") to withdraw from the undersigned's account with the bank or financial institution indicated below (the "Bank") all amounts due under the Financing and Lease Agreement (the "Lease"), including without limitation: (a) all periodic rent payable pursuant to the Lease; and (b) all late fees, personal property tax, non-sufficient funds charges, and other amounts due under the Lease commencing January 18, 2019. Lessor is further requested to deliver a copy of this letter to the Bank as the undersigned's authorization to assist Lessor in accordance with the terms of this letter.

Anything herein to the contrary notwithstanding, the undersigned agrees:

1. All actions contemplated by this letter are taken as a convenience to the undersigned only. Nothing herein, and no action taken hereunder, shall be deemed to release the undersigned from any obligations pursuant to the Lease, including, without limitation, the obligation to pay rent, and the undersigned agrees that if, for any reason, Lessor is unable to effect the automatic withdrawal contemplated hereby, the undersigned shall, immediately upon notice and demand, pay all rent then due and payable under the Lease.

2. Nothing herein, and no action on Lessor's part, shall be deemed to create any undertaking or obligation on Lessor's part and the undersigned hereby agrees to indemnify and hold harmless Lessor and the Bank for all actions taken by each of them, their officers, employees, agents and attorneys in connection with the matters contemplated by this letter.

Name and Address of Bank:

Bank Name: \_\_\_\_\_

Bank Address: \_\_\_\_\_

Name on Account: \_\_\_\_\_

Account Number: \_\_\_\_\_

ABA Number: \_\_\_\_\_

**CITY OF LAUREL, MISSISSIPPI:**

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**PAY PROCEEDS LETTER  
TO  
EQUIPMENT LEASE – PURCHASE AGREEMENT  
DATED: December 18, 2018  
BETWEEN REGIONS EQUIPMENT FINANCE CORPORATION  
AND  
CITY OF LAUREL, MISSISSIPPI**

Regions Equipment Finance Corporation  
1900 Fifth Avenue North  
Suite 2400  
Birmingham, Alabama 35203

**Re:** The Lease, executed by **CITY OF LAUREL, MISSISSIPPI** (the "Company") and either Regions Equipment Finance Corporation ("Regions") (the Lease, as it incorporates the terms of the Equipment Lease-Purchase Agreement is hereinafter referred to as the "Agreement").

With reference to the Agreement, you are hereby authorized to disburse proceeds in the amount of **\$0.00** by funds transfer or deposit, in such amounts and with such payees as are listed below:

1. Payee:  
Ref. No.:  
Amount: \$258,686.81

Funds Transfer to Account No. \_\_\_\_\_ in Payee's Name at \_\_\_\_\_ ABA# \_\_\_\_\_;

**Notification Information:** \_\_\_\_\_

Should the closing occur at a later date, the proceeds should be adjusted accordingly.

**LESSEE: CITY OF LAUREL, MISSISSIPPI**

**BY:** \_\_\_\_\_

**ITS:** \_\_\_\_\_

(To be written on Lessee's Letterhead)

ESSENTIAL USE LETTER

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

**Regions Equipment Finance Corporation**  
P.O. Box 11407  
Birmingham, Alabama 35246-1001

Re: Equipment Lease – Purchase Agreement dated December 18, 2018

Gentlemen:

This letter is being written with respect to the use of the equipment (the “Equipment”) to be leased to the undersigned pursuant to the above – referenced Equipment Lease – Purchase Agreement. The Equipment will be used by

\_\_\_\_\_  
(Department or Division Using Equipment)

for the following purposes:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(State how and for what purposes the Equipment will be used)

The undersigned hereby represents that the use of the Equipment is essential and necessary to its proper, efficient and economic operation of its governmental functions and its purchase is pursuant to a legitimate public purpose.

Very truly yours,

**CITY OF LAUREL, MISSISSIPPI**

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

Title: \_\_\_\_\_

INCUMBENCY CERTIFICATE

I, \_\_\_\_\_, do hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of **CITY OF LAUREL, MISSISSIPPI**, a political subdivision or agency or public corporation duly organized and existing under the laws of the State of Mississippi ("Lessee"), that I have custody of the records of such entity, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of Lessee holding the offices set forth opposite their respective names. I further certify that (i) the signatures set opposite their respective names and titles are their true and authentic signatures and (ii) such officers have the authority on behalf of Lessee to enter into that certain Equipment Lease – Purchase Agreement dated December 18, 2018, between Lessee and Regions Equipment Finance Corporation, as evidenced by the copy of the resolution of the Lessee attached hereto.

NAME

TITLE

SIGNATURE

\_\_\_\_\_

IN WITNESS WHEREOF, this certificate has been executed by the undersigned and the seal of Lessee has been affixed.

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

\_\_\_\_\_  
Secretary/Clerk

[SEAL]

(To be written on Counsel's Letterhead)

OPINION OF COUNSEL

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

**Regions Equipment Finance Corporation**  
P.O. Box 11407  
Birmingham, Alabama 35246-1001

Re: Equipment Lease – Purchase Agreement dated **December 18, 2018**

Ladies and Gentlemen:

I have acted as Counsel to CITY OF LAUREL, MISSISSIPPI (“Lessee”) with respect to that certain Equipment Lease – Purchase Agreement (the “Lease”) dated **December 18, 2018**, by and between **Regions Equipment Finance Corporation** and Lessee. I have reviewed the Lease and such other documents, records and certificates of Lessee and appropriate public officials as I have deemed relevant and am of the opinion that:

1. Lessee is a political subdivision or agency of the State of Mississippi;
2. The execution, delivery and performance by Lessee of the Lease have been duly authorized by all necessary action on the part of Lessee and no other necessary approval or consent is required in order for the Lease to be a legal, valid and binding obligation of Lessee enforceable in accordance with its terms; and
3. The Lease constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms.
4. All necessary approvals, consents, and franchises (if applicable) have been obtained for the acquisition and operation of the equipment financed pursuant to the terms of the Lease.
5. Lessee has complied with all competitive bid law provisions of Mississippi law applicable to the Lease and the equipment financed thereby.

This opinion is rendered to and may be relied upon by **Regions Equipment Finance Corporation**, and or its successors and assigns and its legal counsel.

Very truly yours,

\_\_\_\_\_  
(Attorney for the Lessee)

**NOTICE AND CONSENT TO ASSIGNMENT**

December 18, 2018

**CITY OF LAUREL, MISSISSIPPI  
401 N. 5TH AVENUE  
LAUREL, MS 39440**

Attention:

Re: Equipment Lease-Purchase Agreement dated **December 18, 2018**, between **CITY OF LAUREL, MISSISSIPPI** ("Lessee") and **Regions Equipment Finance Corporation (REFCO)**, an affiliated entity of Regions Bank.

Addressee:

Please be advised that **Regions Equipment Finance Corporation (REFCO)**, an affiliated entity of Regions Bank ("Lessor") has assigned all its rights, title and interest in and to the above referenced Equipment Lease- Purchase Agreement (the "Lease"), the Equipment leased thereunder, and the right to receive payments thereunder to **Regions Bank** (the "Assignee").

All payments due under the Lease should be made to the Assignee at the following address:

**Regions Bank**  
**C/O Regions Equipment Finance Corporation**  
**P.O. Box 11407**  
**Birmingham, Alabama 35246-1001**

Please acknowledge your acceptance of the assignment, your recordation of the assignment pursuant to the assignment provisions of the Lease, and your agreement to make the payment due under the Lease to the Assignee by the signature of a duly authorized officer in the space provided on the enclosed counterpart of this letter and return it to us at the address shown above.

Sincerely,

**REGIONS EQUIPMENT FINANCE CORPORATION, an affiliated entity of Regions Bank.**

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

Title: \_\_\_\_\_

ACKNOWLEDGE AND ACCEPTED:

**CITY OF LAUREL, MISSISSIPPI**

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

Title: \_\_\_\_\_

**CERTIFICATE OF APPROPRIATION**

I, \_\_\_\_\_, the \_\_\_\_\_ of **CITY OF LAUREL, MISSISSIPPI**  
("Lessee") hereby certify that all lease payments due by Lessee under that certain Equipment Lease – Purchase Agreement dated as of **December 18, 2018**, between Lessee and **Regions Equipment Finance Corporation**, as Lessor, for the fiscal year ending \_\_\_\_\_, are within such fiscal year's budget for Lessee and within an available, unexhausted and unencumbered appropriation for Lessee.

IN WITNESS WHEREOF, this certificate has been executed on behalf of Lessee by the undersigned officer.

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

**CITY OF LAUREL, MISSISSIPPI**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CERTIFICATE WITH RESPECT TO TAX-EXEMPT  
INTEREST AND QUALIFIED TAX-EXEMPT OBLIGATIONS**

I, \_\_\_\_\_, the \_\_\_\_\_ of **CITY OF LAUREL, MISSISSIPPI** ("Lessee"), am duly charged with the authority for executing that certain Equipment Lease-Purchase Agreement dated as of **December 18, 2018** (the "Lease") by and between Lessee and Regions Equipment Finance Corporation do hereby certify as follows:

1. This certificate is executed for the purpose of establishing (i) that the interest component of each Lease Payment will not be included in gross income of the Lessor for purposes of federal income taxation and (ii) that the Lease qualifies as a qualified tax-exempt obligation of Lessee for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code").
2. Lessee is a political subdivision of the State of **Mississippi**.
3. The Agreement is being issued in Calendar year ending 2018 (the "Calendar Year").
4. All proceeds of the Lease will be used to acquire the Equipment on the date of acceptance thereof by the Lessee, and Lessee shall never invest, or have the opportunity to invest, any proceeds of the Lease. None of the proceeds shall be used to reimburse Lessee for any expenditure made prior to sixty (60) days from the date of this Certificate.
5. The Lessee has not established any sinking fund or other similar fund for the payment of the Lease Payments.
6. No portion of the gross proceeds of the Lease will be used to make or finance loans to persons other than governmental units or be used in any trade or business carried on by any person other than a governmental unit.
7. No portion of the payment of principal of, or interest on, the Lease is directly or indirectly (i) secured by any interest in property used or to be used for a private business use, or payments in respect of such property, or (ii) to be derived from payments (whether or not to Lessee) in respect of property, or borrowed money, used or to be used for a private business use.
8. Lessee has designated the Lease as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Code, pursuant to a resolution adopted by the governing body of Lessee, on **December 18, 2018**.
9. In the Calendar Year, Lessee has designated \$1,287,704.81 of tax-exempt obligations (including the Lessee's obligations under the Lease) as qualified tax-exempt obligations. Including the Lease, Lessee will not designate more than \$10,000,000 of obligations issued during the Calendar Year as qualified tax-exempt obligations.
10. Lessee reasonably anticipates that the total amount of tax-exempt obligations (other than private activity bonds, as defined in Section 265 of the Code) to be issued by Lessee and all subordinate entities during the Calendar Year will not exceed \$10,000,000.
11. For purposes of this certificate, the amount of tax-exempt obligations stated as either issued, designated as qualified tax-exempt obligations or reasonably anticipated to be issued includes tax-exempt obligations issued by all subordinate entities of Lessee, as provided in Section 265(b)(3)(E) of the Code.
12. This certificate is based on facts and circumstances in existence on this date.

IN WITNESS WHEREOF, this certificate has been executed on behalf of Lessee by the undersigned officer.

Dated: **December 18, 2018**

**CITY OF LAUREL, MISSISSIPPI:**

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

Form **8038-GC**

(Rev. January 2012)

Department of the Treasury  
Internal Revenue Service**Information Return for Small Tax-Exempt  
Governmental Bond Issues, Leases, and Installment Sales**► **Under Internal Revenue Code section 149(e)**

OMB No. 1545-0720

**Caution:** If the issue price of the issue is \$100,000 or more, use Form 8038-G.

<b>Part I Reporting Authority</b>		Check box if <b>Amended Return</b> <input type="checkbox"/>	
1 Issuer's name <b>CITY OF LAUREL, MISSISSIPPI</b>		2 Issuer's employer identification number (EIN) <b>NA-</b>	
3 Number and street (or P.O. box if mail is not delivered to street address) <b>401 N. 5TH AVENUE</b>		Room/suite	
4 City, town, or post office, state, and ZIP code <b>LAUREL, MS 39440</b>		5 Report number (For IRS Use Only) <div style="border: 1px solid black; width: 100px; height: 20px; margin: 2px;"></div> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 2px;"></div> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 2px;"></div>	
6 Name and title of officer or other employee of issuer or designated contact person whom the IRS may call for more information		7 Telephone number of officer or legal representative ( ) -	

<b>Part II Description of Obligations</b> Check one: a single issue <input type="checkbox"/> or a consolidated return <input type="checkbox"/>																											
<b>8a</b> Issue price of obligation(s) (see instructions) . . . . . <b>b</b> Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ► <u>12/18/2018</u> <b>9</b> Amount of the reported obligation(s) on line 8a that is: <b>a</b> For leases for vehicles . . . . . <b>b</b> For leases for office equipment . . . . . <b>c</b> For leases for real property . . . . . <b>d</b> For leases for other (see instructions) . . . . . <b>e</b> For bank loans for vehicles . . . . . <b>f</b> For bank loans for office equipment . . . . . <b>g</b> For bank loans for real property . . . . . <b>h</b> For bank loans for other (see instructions) . . . . . <b>i</b> Used to refund prior issue(s) . . . . . <b>j</b> Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank) . . . <b>k</b> Other . . . . .	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;"><b>8a</b></td><td style="width: 50%;"><b>00</b></td></tr> <tr><td colspan="2" style="height: 40px;"></td></tr> <tr><td><b>9a</b></td><td></td></tr> <tr><td><b>9b</b></td><td></td></tr> <tr><td><b>9c</b></td><td></td></tr> <tr><td><b>9d</b></td><td></td></tr> <tr><td><b>9e</b></td><td></td></tr> <tr><td><b>9f</b></td><td></td></tr> <tr><td><b>9g</b></td><td></td></tr> <tr><td><b>9h</b></td><td></td></tr> <tr><td><b>9i</b></td><td></td></tr> <tr><td><b>9j</b></td><td></td></tr> <tr><td><b>9k</b></td><td></td></tr> </table>	<b>8a</b>	<b>00</b>			<b>9a</b>		<b>9b</b>		<b>9c</b>		<b>9d</b>		<b>9e</b>		<b>9f</b>		<b>9g</b>		<b>9h</b>		<b>9i</b>		<b>9j</b>		<b>9k</b>	
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<b>10</b> If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box . . . . . <input type="checkbox"/>																											
<b>11</b> If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions) . . . . . <input type="checkbox"/>																											
<b>12</b> Vendor's or bank's name: _____																											
<b>13</b> Vendor's or bank's employer identification number: _____																											

**Signature  
and**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person(s) that I have authorized above.

**Consent****Paid  
Preparer  
Use Only**

Print/Type preparer's name	Signature of issuer's authorized representative	Preparer's signature	Date	Date	Type or print name and title	PTIN
Check <input type="checkbox"/> if self-employed						
Firm's name ►						
Firm's address ►						Firm's EIN ►
Phone no.						

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**What's New**

The IRS has created a page on IRS.gov for information about the Form 8038 series and its instructions, at [www.irs.gov/form8038](http://www.irs.gov/form8038). Information about any future developments affecting the Form 8038 series (such as legislation enacted after we release it) will be posted on that page.

**Purpose of Form**

Form 8038-GC is used by the issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

**Who Must File**

Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.

Issuers of a tax-exempt governmental obligation with an issue price of \$100,000 or more must file Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

**Filing a separate return for a single issue.**

Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.

An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that an election was made to

pay a penalty in lieu of arbitrage rebate (see the line 11 instructions).

**Filing a consolidated return for multiple issues.**

For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return including all such issues issued within the calendar year.

Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, if the issue is a construction issue, a separate Form 8038-GC must be filed to give the IRS notice of the election to pay a penalty in lieu of arbitrage rebate.





## When To File

To file a separate return for a single issue, file Form 8038-GC on or before the 15th day of the second calendar month after the close of the calendar quarter in which the issue is issued.

To file a consolidated return for multiple issues, file Form 8038-GC on or before February 15th of the calendar year following the year in which the issue is issued.

**Late filing.** An issuer may be granted an extension of time to file Form 8038-GC under section 3 of Rev. Proc. 2002-48, 2002-37 I.R.B. 531, if it is determined that the failure to file on time is not due to willful neglect. Type or print at the top of the form, "Request for Relief under section 3 of Rev. Proc. 2002-48." Attach to the Form 8038-GC a letter briefly stating why the form was not submitted to the IRS on time. Also indicate whether the obligation in question is under examination by the IRS. Do not submit copies of any bond documents, leases, or installment sale documents. See *Where To File* next.

## Where To File

File Form 8038-GC, and any attachments, with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

**Private delivery services.** You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

## Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal Government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate. For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

For a tax-exempt governmental obligation with an issue price of \$100,000 or more, use Form 8038-G.

## Rounding to Whole Dollars

You may show the money items on this return as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 to 99 cents to the next higher dollar.

## Definitions

**Obligations.** This refers to a single tax-exempt governmental obligation if Form 8038-GC is used for separate reporting or to

multiple tax-exempt governmental obligations if the form is used for consolidated reporting.

**Tax-exempt obligation.** This is any obligation including a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.

**Tax-exempt governmental obligation.** A tax-exempt obligation that is not a private activity bond (see below) is a tax-exempt governmental obligation. This includes a bond issued by a qualified volunteer fire department under section 150(e).

**Private activity bond.** This includes an obligation issued as part of an issue in which:

- More than 10% of the proceeds are to be used for any private activity business use, and
- More than 10% of the payment of principal or interest of the issue is either (a) secured by an interest in property to be used for a private business use (or payments for such property) or (b) to be derived from payments for property (or borrowed money) used for a private business use.

It also includes a bond, the proceeds of which (a) are to be used to make or finance loans (other than loans described in section 141(c)(2)) to persons other than governmental units and (b) exceeds the lesser of 5% of the proceeds or \$5 million.

**Issue.** Generally, obligations are treated as part of the same issue only if they are issued by the same issuer, on the same date, and as part of a single transaction, or a series of related transactions. However, obligations issued during the same calendar year (a) under a loan agreement under which amounts are to be advanced periodically (a "draw-down loan") or (b) with a term not exceeding 270 days, may be treated as part of the same issue if the obligations are equally and ratably secured under a single indenture or loan agreement and are issued under a common financing arrangement (for example, under the same official statement periodically updated to reflect changing factual circumstances). Also, for obligations issued under a draw-down loan that meets the requirements of the preceding sentence, obligations issued during different calendar years may be treated as part of the same issue if all of the amounts to be advanced under the draw-down loan are reasonably expected to be advanced within 3 years of the date of issue of the first obligation. Likewise, obligations (other than private activity bonds) issued under a single agreement that is in the form of a lease or installment sale may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first obligation.

**Arbitrage rebate.** Generally, interest on a state or local bond is not tax-exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

**Construction issue.** This is an issue of tax-exempt bonds that meets both of the following conditions:

1.

2. At least 75% of the available construction proceeds of the issue are to be used for construction expenditures with respect to property to be owned by a governmental unit or a 501(c)(3) organization, and

3. All of the bonds that are part of the issue are qualified 501(c)(3) bonds, bonds that are not private activity bonds, or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization.

In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make an irrevocable election to pay a penalty. The penalty is equal to 1-1/2% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C) and the Instructions for Form 8038-T.

## Specific Instructions

In general, a Form 8038-GC must be completed on the basis of available information and reasonable expectations as of the date of issue. However, forms that are filed on a consolidated basis may be completed on the basis of information readily available to the issuer at the close of the calendar year to which the form relates, supplemented by estimates made in good faith.

## Part I—Reporting Authority

**Amended return.** An issuer may file an amended return to change or add to the information reported on a previously filed return for the same date of issue. If you are filing to correct errors or change a previously filed return, check the "Amended Return" box in the heading of the form.

The amended return must provide all the information reported on the original return, in addition to the new corrected information. Attach an explanation of the reason for the amended return and write across the top "Amended Return Explanation."

**Line 1.** The issuer's name is the name of the entity issuing the obligations, not the name of the entity receiving the benefit of the financing. In the case of a lease or installment sale, the issuer is the lessee or purchaser.

**Line 2.** An issuer that does not have an employer identification number (EIN) should apply for one on Form SS-4, Application for Employer Identification Number. You can get this form on the IRS website at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676). You may receive an EIN by telephone by following the instructions for Form SS-4.

**Lines 3 and 4.** Enter the issuer's address or the address of the designated contact person listed on line 6. If the issuer wishes to use its own address and the issuer receives its mail in care of a third party authorized representative (such as an accountant or attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box. Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the issuer has a P.O. box, show the box number instead of the

street address. If a change in address occurs after the return is filed, use Form 8822.

Change of Address, to notify the IRS of the new address.

**Note.** The address entered on lines 3 and 4 is the address the IRS will use for all written communications regarding the processing of this return, including any notices. By authorizing a person other than an authorized officer or other employee of the issuer to communicate with the IRS and whom the IRS may contact about this return, the issuer authorizes the IRS to communicate directly with the individual listed on line 6, whose address is entered on lines 3 and 4 and consents to disclose the issuer's return information to that individual, as necessary, to process this return.

**Line 5.** This line is for IRS use only. Do not make any entries in this box.

## Part II—Description of Obligations

Check the appropriate box designating this as a return on a single issue basis or a consolidated return basis.

**Line 8a.** The issue price of obligations is generally determined under Regulations section 1.148-1(b). Thus, when issued for cash, the issue price is the price at which a substantial amount of the obligations are sold to the public. To determine the issue price of an obligation issued for property, see sections 1273 and 1274 and the related regulations.

**Line 8b.** For a single issue, enter the date of issue (for example, 03/15/2010 for a single issue issued on March 15, 2010), generally the date on which the issuer physically exchanges the bonds that are part of the issue for the underwriter's (or other purchaser's) funds; for a lease or installment sale, enter the date interest starts to accrue. For issues reported on a consolidated basis, enter the first day of the calendar year during which the obligations were issued (for example, for calendar year 2010, enter 01/01/2010).

**Lines 9a through 9h.** Complete this section if property other than cash is exchanged for the obligation, for example, acquiring a police car, a fire truck, or telephone equipment through a series of monthly payments. (This type of obligation is sometimes referred to as a "municipal lease.") Also complete this section if real property is directly acquired in exchange for an obligation to make periodic payments of interest and principal.

Do not complete lines 9a through 9d if the proceeds of an obligation are received in the form of cash even if the term "lease" is used in the title of the issue. For lines 9a through 9d, enter the amount on the appropriate line that represents a lease or installment purchase. For line 9d, enter the type of item that is leased. For lines 9e through 9h, enter the amount on the appropriate line that represents a bank loan. For line 9h, enter the type of bank loan.

**Lines 9i and 9j.** For line 9i, enter the amount of the proceeds that will be used to pay

principal, interest, or call premium on any other issue of bonds, including proceeds that will be used to fund an escrow account for this purpose. Several lines may apply to a particular obligation. For example, report on lines 9i and 9j obligations used to refund prior issues which represent loans from the proceeds of another tax-exempt obligation.

**Line 9k.** Enter on line 9k the amount on line 8a that does not represent an obligation described on lines 9a through 9j.

**Line 10.** Check this box if the issuer has designated any issue as a "small issuer exception" under section 265(b)(3)(B)(i)(III).

**Line 11.** Check this box if the issue is a construction issue and an irrevocable election to pay a penalty in lieu of arbitrage rebate has been made on or before the date the bonds were issued. The penalty is payable with a Form 8038-T for each 6-month period after the date the bonds are issued. Do not make any payment of penalty in lieu of rebate with Form 8038-GC. See Rev. Proc. 92-22, 1992-1 C.B. 736, for rules regarding the "election document."

**Line 12.** Enter the name of the vendor or bank who is a party to the installment purchase agreement, loan, or financial lease. If there are multiple vendors or banks, the issuer should attach a schedule.

**Line 13.** Enter the employer identification number of the vendor or bank who is a party to the installment purchase agreement, loan, or financial lease. If there are multiple vendors or banks, the issuer should attach a schedule.

## Signature and Consent

An authorized representative of the issuer must sign Form 8038-GC and any applicable certification. Also print the name and title of the person signing Form 8038-GC. The authorized representative of the issuer signing this form must have the authority to consent to the disclosure of the issuer's return information, as necessary to process this return, to the person(s) that has been designated in this form.

**Note.** If the issuer authorizes in line 6 the IRS to communicate with a person other than an officer or other employee of the issuer, (such authorization shall include contact both in writing regardless of the address entered in lines 3 and 4, and by telephone) by signing this form, the issuer's authorized representative consents to the disclosure of the issuer's return information, as necessary to process this return, to such person.

## Paid Preparer

If an authorized representative of the issuer filled in its return, the paid preparer's space should remain blank. Anyone who prepares the return but does not charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the issuer, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return. A paid preparer cannot use a social security number in the *Paid Preparer Use Only* box. The paid preparer must use a preparer tax identification number (PTIN). If the paid preparer is self-employed, the preparer should enter his or her address in the box.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature, and
- Give a copy of the return to the issuer.

## Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Learning about the law or the form** . . . . 4 hr., 46 min.

**Preparing the form** . . . . 2 hr., 22 min.

**Copying, assembling, and sending the form to the IRS** . 2 hr., 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File*.

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