

RESOLUTION NO. ____

(City of Rock Hill, South Carolina – Lease Purchase Agreement)

RELATING TO THE DECLARATION OF INTENT BY THE CITY OF ROCK HILL, SOUTH CAROLINA, TO REIMBURSE CERTAIN EXPENDITURES PRIOR TO THE EXECUTION AND DELIVERY OF A FEDERALLY TAX-EXEMPT LEASE PURCHASE AGREEMENT BY THE CITY.

WHEREAS, the Internal Revenue Service and U.S. Treasury Department have promulgated Section 1.150-2 of the Treasury Regulations (the "Regulations") that authorizes an issuer to reimburse itself for expenditures made with respect to projects prior to the issuance of tax-exempt obligations for such projects; and

WHEREAS, the Regulations require an issuer to adopt an official intent to reimburse an expenditure not later than sixty (60) days after the payment of the expenditure; and

WHEREAS, the City of Rock Hill, South Carolina (the "City"), anticipates incurring certain expenditures in an approximate amount of \$758,000 (the "Expenditures") with respect to costs of acquisition of vehicles and other equipment (collectively, the "Equipment"), prior to the execution and delivery of a tax-exempt lease-purchase agreement by the City for such purpose.

NOW, THEREFORE, BE IT RESOLVED, by the City Council (the "Council") of the City:

Section 1. The Council hereby declares that this Resolution shall constitute its declaration of official intent pursuant to Regulation § 1.150-2 to reimburse the City from the proceeds of federally tax-exempt obligation in the form of a lease-purchase agreement of the City, or other form of tax-exempt financing approved by City ordinance for the Equipment.

Section 2. The City understands that Expenditures which may be reimbursed are limited to Expenditures which are (a) properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Regulation §1-150-2) under general federal income tax principles; or (2) certain *de minimis* or preliminary expenditures satisfying the requirements of Regulation §1.150-2(f).

Section 3. The source of funds for the Expenditures with respect to the Equipment will be the City's budgetary operating capital.

Section 4. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid, or (b) the date the Equipment was placed in service, but in no event more than three (3) years after the original Expenditures.

Section 5. This Resolution shall be in full force and effect from and after its adoption as provided by law. This Resolution shall be made available for inspection during normal business hours by the general public at the office of the City.

[Execution Page Follows]

Adopted by the City Council of the City of Rock Hill, South Carolina, this 26th day of September, 2011.

CITY OF ROCK HILL, SOUTH CAROLINA

Mayor

(SEAL)

ATTEST:

Municipal Clerk