

substantially similar detail and similarly prepared and certified, copies of such annual report may be delivered in lieu of the copies of the audit reports referred to herein.

SECTION 8.9. Covenants of Lessee with Respect to Capital Expenditures. The County is issuing the First Series Bonds pursuant to an election made under Section 103(c)(6)(D) of the Internal Revenue Code of 1954, as amended. In order to insure that interest on the First Series Bonds will not become subject to Federal Income Taxes as a result of a violation of the capital expenditures limitation prescribed in said Section 103(c)(6)(D), the Lessee covenants with the County, the Trustee, and with each of the future holders of any First Series Bonds or interest coupons appertaining thereto as follows:

(1) That all rights and privileges granted to the Lessee hereunder shall be exercised in such manner that the covenants made by this Section 8.9 shall be observed, and if any conflict between Section 8.9 and any other provisions in this Agreement shall arise, then in such case, Section 8.9 shall control;

(2) That the Lessee will not commit nor permit the commission of any act which (a) would cause the First Series Bonds not to qualify as, or not to continue to be, an exempt small issue under the provisions of Section 103(c)(6)(A) and (D) of the Internal Revenue Code of 1954, as amended, and (b) would cause interest on the First Series Bonds to become subject to Federal Income Taxes by virtue of the provisions of Section 103(c)(1) of the Internal Revenue Code of 1954, as amended; nor will Lessee fail to take any action necessary to be taken in order that (a) the First Series Bonds shall qualify as, and continue to be, an exempt small issue under the provisions of said Section 103(c)(6)(A) and (D) of the Internal Revenue Code of 1954, as amended, and (b) interest on the First Series Bonds will continue to be exempt from Federal Income

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