

Contract 2014-0302

\$20,000,000

AMENDED AND RESTATED
LOAN AGREEMENT
(SERIES 101-A-1)

DATED AS OF NOVEMBER 1, 2014

BETWEEN

PUBLIC BUILDING AUTHORITY
OF THE CITY OF FRANKLIN, TENNESSEE

AND

CITY OF FRANKLIN, TENNESSEE

TABLE OF CONTENTS

(This table of contents is not part of the Amended and Restated Loan Agreement and is only for convenience of reference.)

ARTICLE I

Definitions

Section 1.01. Defined Terms	2
Section 1.02. Interpretation	8

ARTICLE II

The Series 101-A-1 Bonds

Section 2.01. Original Issuance of the Series 101-A-1 Bonds.....	8
Section 2.02. Loan	9
Section 2.03. Use of Proceeds by the Borrower	9
Section 2.04. Disbursements of Loan Proceeds.....	9
Section 2.05. Index Rate Agreement	9
Section 2.06. Investment of Funds; Application of Investment Earnings	9
Section 2.07. Conversions.....	9
Section 2.08. Tax Status of the Series 101-A-1 Bonds.....	9

ARTICLE III

Payment Obligations of Borrower

Section 3.01. Principal and Interest Payments.....	10
Section 3.02. Additional Payments	11
Section 3.03. Time and Manner of Payment.....	12
Section 3.04. Amount of Payment	12
Section 3.05. Payments Assigned	16
Section 3.06. Obligation of Borrower Unconditional	16
Section 3.07. Pledge of Taxing Power.....	17
Section 3.08. Rebate Covenants of Borrower.....	17

ARTICLE IV

Representations and Covenants

Section 4.01. Representations and Covenants of the Authority.....	19
Section 4.02. Representations and Covenants of the Borrower.....	20

ARTICLE V

Events of Default

Section 5.01. Events of Default	22
Section 5.02. Remedies	23

ARTICLE VI
Prepayment

Section 6.01. Option to Prepay	23
Section 6.02. Optional Prepayment Price.	23
Section 6.03. Notice of Prepayment	24
Section 6.04. Partial Prepayment	24
Section 6.05. Deposit of Prepayment Amount.....	24
Section 6.06. Discharge of Other Obligations	24

ARTICLE VII
Indemnification

Section 7.01. Indemnification of Trustee, Administrator and Authority	25
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ARTICLE VIII
Miscellaneous

Section 8.01. Waiver of Statutory Rights	25
Section 8.02. Non-Waiver by Authority	25
Section 8.03. Remedies Cumulative	26
Section 8.04. Amendments, Changes and Modification.....	26
Section 8.05. Applicable Law - Entire Understanding	26
Section 8.06. Severability	26
Section 8.07. Notices and Demands	26
Section 8.08. Headings and References	27
Section 8.09. Successors and Assigns.....	27
Section 8.10. Multiple Counterparts	27
Section 8.11. Amendments, Changes and Modifications of Indenture.....	27
Section 8.12. No Liability of Authority's and Borrower's Officers	27
Section 8.13. Refunding of the Series 101-A-1 Bonds	27
Section 8.14. Continuing Disclosure	27
Section 8.15. Allocation for Purposes of Section 265.	28

Exhibit A Principal Reduction Schedule	30
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AMENDED AND RESTATED
LOAN AGREEMENT

This Amended and Restated Loan Agreement is made and entered into as of the first day of November, 2014, by and between the PUBLIC BUILDING AUTHORITY OF THE CITY OF FRANKLIN, TENNESSEE (the "Authority"), and the CITY OF FRANKLIN, TENNESSEE (the "Borrower").

W I T N E S S E T H:

WHEREAS, the Authority is a public nonprofit corporation and a public instrumentality of the City of Franklin, Tennessee, organized and existing pursuant to Chapter 10, Title 12, Tennessee Code Annotated (the "Act"), to finance any project or projects eligible to be financed by bonds, notes, interim certificates or other obligations authorized to be issued by an incorporated city or town, county, metropolitan government, school district or other municipal governmental body or political subdivision in the State of Tennessee and any agency, authority, corporation or instrumentality thereof; and

WHEREAS, it has heretofore been determined by the governing body of the Borrower to be in the best interest of the Borrower to finance the (i) design and construction of, and improvements to, streets and roads and acquisition of rights-of-way in connection therewith; (ii) design and construction of, and improvements to, public safety buildings for fire and police departments; (iii) design and construction of water, sewer, and water reuse lines, along with improvements to existing water treatment facilities and future water reservoir; (iv) design and construction and improvements to parks, recreational, and public works facilities; (v) construction of extensions and improvements to the storm water drainage system of the Municipality, including, but not limited to, design and acquisition of land for and the construction of drainage system improvements, including bridges and culverts; (vi) acquisition of all property, real and personal, appurtenant thereto; (vii) payment of legal, fiscal, administrative, architectural and engineering costs incident thereto; and (viii) payment of capitalized interest during construction and for up to six months thereafter (collectively, the "Projects"); and

WHEREAS, to obtain funds for such purposes the Authority issued and sold its Local Government Public Improvement Bonds, Series 101-A-1 (the "Series 101-A-1 Bonds"), secured by and containing such terms and provisions as are set forth in that certain Indenture of Trust dated as of January 1, 2007, as supplemented by Series 101-A-1 Supplemental Indenture of Trust, dated as of January 1, 2007 (collectively, the "Original Indenture"), between the Authority and Regions Bank, an Alabama banking corporation, Nashville, Tennessee, as trustee (the "Trustee"), and deposited the proceeds from the sale of the Series 101-A-1 Bonds with the Trustee which were disbursed in the manner and for the purposes set forth in the Indenture, all as more fully provided therein.

WHEREAS, the Authority loaned the proceeds of the Series 101-A-1 Bonds to the Borrower pursuant to that certain Series 101-A-1 Loan Agreement, dated as of January 1, 2007

(the "Original Loan Agreement") between the Authority and the Borrower in the original principal amount of \$20,000,000; and

WHEREAS, the Authority and the Trustee have entered into that certain Series 101-A-1 Second Supplemental Indenture of Trust, dated as of November 1, 2014 (the "Second Supplemental Indenture", and collectively with the Original Indenture, the "Indenture") to provide for the Index Period as an additional Rate Period; and

WHEREAS, pursuant to Section 17.01(l) of the Original Indenture and Section 8.04 of the Original Loan Agreement, at the request of the Borrower, the Authority and the Trustee desire to enter into this Series 101-A-1 Amended and Restated Loan Agreement (the "Loan Agreement") to also provide for the Index Period as an additional Rate Period for the Series 101-A-1 Bonds, all necessary consents having been obtained.

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the Authority and the Borrower agree as follows:

ARTICLE I Definitions

Section 1.01. Defined Terms. In addition to the words, terms and phrases elsewhere defined in this Agreement or the Indenture, the following words, terms and phrases as used in this Agreement shall have the following respective meanings:

"Act" means Chapter 10, Title 12, Tennessee Code Annotated.

"Additional Payments" means the payments required to be made by the Borrower pursuant to Section 3.02 hereof.

"Adjustment Date" means each Business Day for the Daily Period and the first day of each Weekly Period, each Short-Term Period and each Medium-Term Period.

"Agreement" means this Amended and Restated Loan Agreement as it now exists and as it may hereafter be amended.

"Authority" means The Public Building Authority of The City of Franklin, Tennessee, and any successor to its functions hereunder.

"Authorized Authority Representative" means the Chairman, Vice-Chairman, Secretary or Assistant Secretary of the Authority, and when used with reference to any act or document also means any other person authorized by resolution of the Authority, a copy of which is filed with the Trustee, to perform such act or execute such document.

"Authorized Borrower Representative" means the Mayor and City Administrator/Recorder of the Borrower, and any such other person from time to time authorized to act in behalf of a Borrower pursuant to the Charter, or ordinance or resolution of the governing

body of such Borrower, a copy of which is filed with the Trustee, to perform such act or execute such document on behalf of the Borrower pursuant to a certificate signed by any of the above and giving the name and specimen signature of the person or persons so designated.

"Bank Bond Term Date" means with respect to Series 101-A-1 Bonds that are Bank Bonds, that date which is the earlier of the Stated Expiration Date, the Purchase Termination Date or the Series Purchase Termination Date.

"Bank Bonds" means any Series 101-A-1 Bond while in any Rate Period (other than Fixed Period, the Index Period, or Auction Rate) purchased by the Liquidity Facility Provider with the proceeds of a drawing under and in accordance with the provisions of a Liquidity Facility pursuant to Section 8.03(b)(2) of the Indenture, and which are held by a Liquidity Facility Provider or such other Person to whom such Bank Bonds are sold as authorized by a Liquidity Facility other than pursuant to a remarketing thereof in accordance with Section 4.03(b) of the Indenture; provided, however, any such Series 101-A-1 Bonds shall cease to be Bank Bonds upon the earlier of the purchase thereof pursuant to a successful remarketing of such Series 101-A-1 Bonds pursuant to Section 4.03(b) of the Indenture or the effective date of such Bondholder's election to retain such Series 101-A-1 Bonds as set forth in Section 2.05(e) of the Indenture.

"Bank Rate" means the Bank Rate as defined in the Liquidity Facility, which rate shall not be in excess of the Maximum Lawful Rate.

"Bonds" means the Authority's Local Government Public Improvement Bonds issued pursuant to the Indenture, as supplemented by any supplemental indenture.

"Borrower" means the City of Franklin, Tennessee.

"Borrower Account" means the account in the Loan Fund designated for the Borrower pursuant to Section 7.05 of the Indenture in which the proceeds of the Loan to the Borrower are deposited.

"Borrower Request", "Borrower Order" and "Borrower Consent" means, respectively, a written request, order or consent signed by an Authorized Borrower Representative and delivered to the Trustee.

"Code" means the Internal Revenue Code of 1986, as amended, as it applies to the Series 101-A-1 Bonds, including applicable regulations and revenue rulings thereunder. Reference herein to sections of the Code are to the sections thereof as they exist on the date of execution of this Agreement, but include any successor provisions thereof to the extent applicable to the Series 101-A-1 Bonds.

"Conversion Date" means the date on which the interest rate on the Series 101-A-1 Bonds is converted from one type of Rate Period to another type of Rate Period.

“Default Rate” means with respect to an Index Rate Agreement, a rate per annum established in the Index Rate Agreement, but in no event exceeding the Maximum Lawful Rate.

"Event of Default" means any event defined in Section 5.01 hereof.

"Favorable Opinion of Bond Counsel" means with respect to any action relating to the Series 101-A-1 Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel to the effect that such action is permitted under the Indenture and will not impair the exclusion of interest on the Series 101-A-1 Bonds for gross income for purposes of federal income taxation (if applicable).

"Final Computation Date" means the date the last Series 101-A-1 Bond is paid in full.

"Governing Body" means the Board of Mayor and Aldermen of the Borrower.

"Indenture" means the Indenture of Trust, dated as of January 1, 2007, as supplemented by the Series 101-A-1 Supplemental Indenture of Trust, dated as of January 1, 2007, as further supplemented by the Series 101-A-1 Second Supplemental Indenture of Trust, dated as of November 1, 2014, and as from time to time further supplemented and amended, by and between the Authority and the Trustee.

“Index Period” means the Initial Index Period and any Subsequent Index Period.

“Index Purchaser” means the Holder of the Series 101-A-1 Bonds in the Index Period, which initially is PNC Bank National Association. If there is more than one Holder of the Series 101-A-1 Bonds, “Index Purchaser” means Holders owning a majority of the aggregate principal amount of the Series 101-A-1 Bonds then Outstanding.”

“Index Rate” means the interest rate on the Series 101-A-1 Bonds established under Section 2.05A of the Indenture.

“Index Rate Agreement” means (i) during the Initial Index Period, the Index Rate Agreement, dated as of November 1, 2014, between the Series 101-A-1 Borrower and the Index Purchaser, relating to the Series 101-A-1 Bonds during the Initial Index Period, and any amendments thereto or restatements thereof, and (ii) during any Subsequent Index Period, any Index Rate Agreement between the Series 101-A-1 Borrower and an Index Purchaser, relating to the Series 101-A-1 Bonds during any Subsequent Index Period and any amendments thereto or restatements.

“Initial Index Period” means the period commencing on the Initial Index Period Conversion Date and ending on the first to occur of (i) the date immediately preceding the first day of a Subsequent Index Period, (ii) the Initial Index Period Mandatory Tender Date, (iii) a Conversion Date and (iv) the Maturity Date.

“Initial Index Period Conversion Date” means November __, 2014.

“Initial Index Period Mandatory Tender Date” means November __, 2019.

"Installment Computation Date" means the fifth anniversary of the issue date of the Series 101-A-1 Bonds and each fifth anniversary of such date.

"Loan" means the loan described in Section 2.02 hereof.

"Loan Fund" means the fund established under Section 7.04 of the Indenture.

"Loan Repayments" means the payments of principal of and interest on the Loan, Additional Payments and any other amounts payable by the Borrower hereunder.

"Loan Repayment Date" means,

(a) respect to that portion of Loan Repayments attributable to interest on the Series 101-A-1 Bonds, (i) while the Series 101-A-1 Bonds are in the Index Period, the 25th day of each February, May, August, and November, and with respect to the Initial Index Period shall commence February 25, 2015, and five days prior to any Redemption Date, Conversion Date, Mandatory Tender Date and the Maturity Date, (ii) while the Series 101-A-1 Bonds are in the Commercial Paper Period, the first day after the end of any Calculation Period, five days prior to any Conversion Date and five days prior to Maturity, (ii) the twenty-fifth day of February, May, August and November of each year during the term hereof, five days prior to any Conversion Date and five days prior to the Maturity while the Series 101-A-1 Bonds are in the Daily Period, the Weekly Period and the Short-Term Period (and five days prior to the Period Adjustment Date during the Short-Term Period), (iii) the twenty-fifth day of May and November, five days prior to a Conversion Date and any Period Adjustment Date, on any Optional Tender Date and five days prior to the stated Maturity of the Series 101-A-1 Bonds if the Series 101-A-1 Bonds are in the Medium-Term Period, (iv) the twenty-fifth day of May and November, and five days prior to the Stated Maturity of the Series 101-A-1 Bonds, if the Series 101-A-1 Bonds are in the Fixed Period, (v) if any Series 101-A-1 Bond shall be a Bank Bond, the day such Bond is purchased by the Liquidity Facility Provider, the twenty-fifth day of each month commencing on the first such date to occur after such Bond is purchased by the Liquidity Facility Provider, the day such Bank Bond is remarketed by the Remarketing Agent and the date of Maturity of such Series 101-A-1 Bond (or on such other dates set forth in the Liquidity Facility), and (vi) the twenty-fifth day of May and November if the ARS Interest Payment Date is the first day of June and December and the twenty-fifth day of February, May, August and November, if the ARS Interest Payment Date is the first day of each March, June, September and December or the first Business Day after the Auction Period;

(b) with respect to that portion of Loan Repayments attributable to principal on the Series 101-A-1 Bonds, (i) on the twenty-fifth day of May of 2025 through 2037, inclusive or (ii) if such Series 101-A-1 Bonds are Bank Bonds subject to term repayment under the Liquidity Facility, on the dates set forth in Section 3.04(e) hereof;

(c) with respect to that portion of Loan Repayments consisting of Additional Payments, other than certain payments under the Liquidity Facility, if any, the Index Rate

Agreement, if any, Rebate Amounts, if any, Loan Swap Payments, if any, and Loan Termination Payments, if any, the twenty-fifth day of February, May, August and November of each year, commencing February 25, 2015; provided, however, if the Series 101-A-1 Bonds are ARS Bonds, then the Loan Repayment Date for Additional Payments shall be the twenty-fifth day of May and November, if the ARS Interest Payment Date is the first day of June and December and the twenty-fifth day of February, May, August and November, if the ARS Interest Payment Date is the first day of each March, June, September and December or the first Business Day after the Auction Period;

(d) any amount determined to be an increased cost or a Final Excess Interest Amount under the Liquidity Facility and any other amounts due under the Liquidity Facility shall be payable on demand as provided therein; and

(e) any Rebate Amount shall be payable on demand.

"Loan Swap Agreement" means a written agreement between the Borrower and a Loan Swap Counterparty with respect to all or a portion of the Loan Agreement whereby the Borrower is entitled to receive Loan Swap Receipts and Loan Termination Payments from the Loan Swap Counterparty and is obligated to pay Loan Swap Payments and Loan Termination Payments to the Loan Swap Counterparty with respect to all or a portion of the Loan Agreement.

"Loan Swap Counterparty" means one or more financial institutions (including an entity related to the Liquidity Facility Provider) whose debt or claims-paying ability is rated or whose obligations under a Loan Swap Agreement are guaranteed by, or insured or collateralized by an entity whose debt or claims-paying ability is rated "A" or better by S&P, Moody's, or Fitch on the date a Loan Swap Agreement is executed by the Borrower and a Loan Swap Counterparty.

"Loan Swap Payments" means amounts payable to the Loan Swap Counterparty in respect of the notional principal amount pursuant to the terms of the Loan Swap Agreement, net of amounts payable by the Loan Swap Counterparty under the Loan Swap Agreement and excluding any Loan Termination Payments.

"Loan Swap Receipts" means the amounts payable by the Loan Swap Counterparty in respect of the notional principal amount pursuant to the terms of the Loan Swap Agreement, net of amounts payable by the Borrower thereunder and excluding any Loan Termination Payments.

"Loan Termination Payment" means an amount payable by the Borrower to a Swap Counterparty from Additional Payments made by the Borrower under the Loan Agreement or by the Swap Counterparty to the Borrower upon termination of a Loan Swap Agreement, as the case may be.

"Maturity" means the earliest of (i) the Stated Maturity of the Series 101-A-1 Bonds, (ii) the date of mandatory redemption of such Series 101-A-1 Bonds pursuant to the terms of the Indenture, the Supplemental Indenture, the Index Rate Agreement, or Liquidity Facility (if any) relating to the Series 101-A-1 Bonds, and (iii) the date on which the principal of such Series 101-A-1 Bonds otherwise becomes due and payable.

"Original Indenture" shall have the meaning given to such terms in the recitals hereof.

"Original Loan Agreement" shall have the meaning given to such terms in the recitals hereof.

"Outstanding Loan Amount" means the original principal amount of the Loan authorized, less repayments of such principal amount.

"Prepayment Date" means the date on which the Borrower is required to deposit the Optional Prepayment Price with the Trustee pursuant to Section 6.05 hereof, which day may be any Business Day.

"Projects" shall have the meaning given to such terms in the recitals hereof.

"Proportionate Share" means, for purposes of common fees and expenses described in Section 3.02 hereof relating to all Series of Bonds Outstanding under the Indenture, a fraction, the numerator of which shall be the Outstanding principal amount of the Series 101-A-1 Bonds and the denominator of which shall be the Outstanding principal amount of all Series of Bonds Outstanding under the Indenture; for purposes of common fees and expenses described in Section 3.02 hereof, which are determined by the Administrator to be common to particular Series of Bonds under the Indenture, including the Series 101-A-1 Bonds, but not to all Series of Bonds under the Indenture, means a fraction, the numerator of which shall be the Outstanding principal amount of the Series 101-A-1 Bonds to which the common fees and expenses apply and the denominator of which shall be the principal amount of all Series of Bonds Outstanding under the Indenture to which the common fees and expenses apply.

"Rate Period" or "Rate Periods" means any of the Daily Period, the Commercial Paper Period, the Index Period, the Weekly Period, the Short-Term Period, the Medium-Term Period, the Fixed Period, and the ARS Rate Period.

"Rebate Amount" means 100% of the amount owed to the United States under Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations issued thereunder.

"Rebate Analyst" means an independent, certified public accountant, accountant, financial analyst, Bond Counsel, or any firm of the foregoing, or any financial institution which is experienced in making the rebate calculations required to be made for the purposes of Section 3.08, and which in each case is retained by the Administrator to make such calculations.

"Series" means all Bonds designated as being of the same series initially delivered as part of a simultaneous transaction evidencing a borrowing authorized by the Indenture to fund a Loan made under a Loan Agreement under the Indenture, and any Bonds thereafter authenticated and delivered in lieu thereof or in exchange therefor.

"Series 101-A-1 Bonds" means the Local Government Public Improvement Bonds, Series 101-A-1, of the Authority from time to time Outstanding under the Indenture and related to this Agreement.

"Subsequent Index Period" shall mean each period other than the Initial Index Period during which the Series 101-A-1 Bonds bear interest at an Index Rate.

"Trustee" means Regions Bank, an Alabama banking corporation, Nashville, Tennessee, and any successor trustee under the Indenture, acting as paying agent, bond registrar, tender agent, and trustee.

Section 1.02. Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The words "Bond", "holder", and "person" shall include the plural as well as the singular number unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate.

Any certificate or opinion made or given by an Authorized Authority Representative or an Authorized Borrower Representative may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any certificate or opinion made or given by counsel may be based (insofar as it relates to factual matters, information with respect to which is in the possession of the Authority or a Borrower), upon the certificate or opinion of or representations by an officer or officers or officials of the Authority or the Borrower, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

ARTICLE II The Series 101-A-1 Bonds

Section 2.01. Original Issuance of the Series 101-A-1 Bonds.

(a) In order to obtain funds to lend to the Borrower to assist in financing the Projects and paying costs of issuance of the Series 101-A-1 Bonds, the Authority previously issued the Series 101-A-1 Bonds in the principal amount of \$20,000,000 all of which is outstanding and shall be payable as set forth in Exhibit A hereto.

(b) The Series 101-A-1 Bonds were initially issued in the Daily Period, but on the date of this Agreement, the Series 101-A-1 Bonds will be converted to the Index Period and shall bear interest at the Index Rate determined as provided in Section 2.05A of the Indenture. The Authority caused the proceeds received from the sale of the Series 101-A-1 Bonds to be deposited with the Trustee in the Borrower Account of the Loan Fund pursuant to Section 7.05 of the Indenture, to the Series 101-A-1 Bond Account of the Cost of Issuance Fund pursuant to

Section 7.10 of the Indenture and prepaid fees to the Additional Payments Account of the Series 101-A-1 Bond Account. The Authority agrees that the Series 101-A-1 Bonds may be converted from one Rate Period to any other Rate Period as directed by an Authorized Borrower Representative pursuant to Article II of the Indenture.

(c) The liability of the Authority under the Series 101-A-1 Bonds shall be enforceable only to the extent of its rights under this Agreement or any amendment or supplement hereto. The Series 101-A-1 Bonds shall be payable solely from payments made by or on behalf of the Borrower to the Trustee pursuant to the terms of this Agreement.

Section 2.02. Loan. The proceeds of the Series 101-A-1 Bonds were loaned to the Borrower in the original principal amount of \$20,000,000 in the manner hereinafter set forth in the Original Loan Agreement. Following the date hereof until the next Conversion Date, the Loan will bear interest at the Index Rate as set forth in Sections 3.01 and 3.04 hereof.

Section 2.03. Use of Proceeds by the Borrower. The Borrower has used all of the funds loaned to it by the Authority pursuant to the Original Loan Agreement for the purposes set forth in Section 2.01(a) hereof.

Section 2.04. Disbursements of Loan Proceeds. There are no proceeds remaining in the Borrower Account of the Loan fund to be disbursed.

Section 2.05. Index Rate Agreement. The Borrower agrees to enter into the Initial Rate Agreement with the Initial Index Purchaser.

Section 2.06. Investment of Funds; Application of Investment Earnings. There are no proceeds or investment earnings remaining in the Borrower Account of the Loan Fund to be invested or spent. Any excess earnings in the Series 101-A-1 Bond Account in the Rebate Fund shall be transferred either to the Interest Account of the Series 101-A-1 Bond Account of the Bond Fund. All income derived from the investment of moneys on deposit in the Principal Account, Interest Account and Additional Payments Account of the Series 101-A-1 Bond Account of the Bond Fund shall be credited to the Additional Payments Account of the Series 101-A-1 Bond Account of the Bond Fund and applied to the payment of Additional Payments next due. To the extent amounts on deposit in the Additional Payments Account exceed the Additional Payments next coming due, such excess amounts may be transferred to the Interest and/or Principal Account.

Section 2.07. Conversions. The Borrower shall have the option to direct a change in the type of Rate Period on the Series 101-A-1 Bonds to another type of Rate Period, or to change the duration of a Short-Term Period or Medium Term Period, by complying with the requirements of the Indenture. The Borrower may change the length of the Auction Period in accordance with the provisions of the Indenture.

Section 2.08. Tax Status of the Series 101-A-1 Bonds. It is the intention of the parties hereto that the interest on the Series 101-A-1 Bonds be and remain excluded from gross income

for federal income tax purposes, and to that end the Borrower hereby represents, warrants and agrees as follows:

(a) The Borrower shall not take or omit to take any action the taking or omission of which will cause the Series 101-A-1 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or otherwise cause interest on the Series 101-A-1 Bonds to be includable in the gross income of the registered owners thereof for federal income tax purposes under existing statutes. Without limiting the generality of the foregoing, the Borrower, on behalf of the Authority, shall comply with any provision of the law which may require the Authority at any time to make rebate payments to the United States of any part of the earnings derived from the investment of the gross proceeds of the Series 101-A-1 Bonds.

(b) The Borrower shall not permit the proceeds of the Series 101-A-1 Bonds to be used in any manner that would result in (a) 5% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds being used with respect to any output facility (other than an output facility for the furnishing of water) within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit as provided in Section 141(c) of the Code; or (d) the payment of principal of, or interest on more than 10% of the proceeds of the Series 101-A-1 Bonds (under the terms of the Series 101-A-1 Bonds or any underlying arrangement) directly or indirectly (A) secured by any interest in (1) property used or to be used for private business use or (2) payments in receipt of such property or (B) derived from payments (whether or not to the Borrower) in respect of property, or borrowed money, used or to be used for a private business use, provided, however, that if the Borrower receives a Favorable Opinion that any such covenant need not be complied with to prevent the interest on the Series 101-A-1 Bonds from being includable in the gross income of the registered owners thereof for federal income tax purposes under existing statutes, the Borrower need not comply with such covenants.

(c) Neither the obligations of the Borrower under this Agreement nor the Series 101-A-1 Bonds are or will be "federally guaranteed", as defined in Section 149(b) of the Code.

ARTICLE III Payment Obligations of Borrower

Section 3.01. Principal and Interest Payments. Notwithstanding any other provision of this Loan Agreement, the Borrower agrees to pay to the Trustee, for the account of the Authority, on the dates, in the manner and in the amounts set forth below (i) as principal, an amount equal to the aggregate principal amount of the Series 101-A-1 Bonds, (ii) as interest on its obligation to pay such amount, amounts equal to the interest on the Series 101-A-1 Bonds (including interest at the Bank Rate and Excess Interest, if applicable, for any period during which such Series 101-A-1 Bonds are Bank Bonds and including interest at the Default Rate, as applicable), (iii) amounts equal to the Swap Payments due from time to time under the Swap Agreement, if any; such amounts to be paid in installments on each Loan Repayment Date, without notice or demand, to be deposited by the Trustee to the Bond Fund to be applied to the payment of

principal of and interest on the Series 101-A-1 Bonds, whether at maturity or upon redemption, and to the payment of Swap Payments, if any.

Section 3.02. Additional Payments. The Borrower agrees to pay to the Trustee on the dates, in the manner and in the amounts set forth in Sections 3.03 and 3.04 hereof the following Additional Payments (each reference to expenses set forth below shall include reasonable attorney fees and expenses):

(a) The fees and expenses of and other amounts payable to a Liquidity Facility Provider, if any, under any Liquidity Facility, if any, relating to the Series 101-A-1 Bonds, including, but not limited to, the Final Excess Interest Amount, if any, and the Borrower's Proportionate Share of the fees and expenses of and other amounts payable to any Liquidity Facility Provider under a Liquidity Facility which are determined by the Administrator to be fees and expenses common to other Series of Bonds covered by the Liquidity Facility.

(b) The fees and expenses of and other amounts payable to any Index Purchaser (including its reasonable attorneys' fees and expenses) not provided for in Section 3.01 hereof, under any Index Rate Agreement.

(c) The fees and expenses of the Remarketing Agent under the Remarketing Agreement, if applicable, relating to the Series 101-A-1 Bonds, and the Borrower's Proportionate Share of the reasonable fees and expenses of the Remarketing Agent which are determined by the Administrator to be fees and expenses common to all Series of Bonds.

(d) The fees and expenses of the Trustee under the Indenture relating to the Series 101-A-1 Bonds, including all expenses necessary to prepare notices of redemption or purchase of Series 101-A-1 Bonds or to cancel and discharge the Indenture with respect to the Series 101-A-1 Bonds and the Borrower's Proportionate Share of the reasonable fees and expenses of the Trustee which are determined by the Administrator to be fees and expenses which should be shared by all Borrowers under the Indenture or particular groups of Borrowers under the Indenture.

(d) The annual fee of the Authority in the amount of .005% of the Outstanding principal amount of the Series 101-A-1 Bonds plus any expenses of the Authority hereunder or under the Indenture relating to the Series 101-A-1 Bonds and the Borrower's Proportionate Share of the expenses of the Authority hereunder or under the Indenture which are determined by the Administrator to be expenses which should be shared by all Borrowers under the Indenture or particular groups of Borrowers under the Indenture.

(e) The reasonable fees and expenses of the Administrator relating to the Series 101-A-1 Bonds and the Borrower's Proportionate Share of the reasonable fees and expenses of the Administrator which are determined by the Administrator to be fees and expenses which should be shared by all Borrowers under the Indenture or particular groups of Borrowers under the Indenture.

(f) The fees and expenses of the Bond Counsel, the Underwriter and other costs of issuance relating to the Series 101-A-1 Bonds.

(g) Rating agency fees relating to the Series 101-A-1 Bonds and the Borrower's Proportionate Share of the rating agency fees which are determined by the Administrator to be fees which should be shared by all Borrowers under the Indenture or particular groups of Borrowers under the Indenture.

(h) The reasonable fees and expenses of the Auction Agent, if any, the Broker-Dealer, if any, and the Market, Agent, if any, relating to the Series 101-A-1 Bonds, and the Borrower's Proportionate Share of the reasonable fees and expenses of any Auction Agent, Broker-Dealers, or Market Agent which are determined by the Administrator to be fees and expenses common to all Series of Bonds in the ARS Rate Period.

(i) Any amounts required to be paid to the U.S. Government as arbitrage rebate as determined pursuant to Section 148(f) of the Code with respect to the Series 101-A-1 Bonds, payable on demand.

(j) Any Termination Payments required to be paid by the Authority under the Swap Agreement.

(k) Any Loan Swap Payment or Loan Termination Payment required to be paid by the Borrower under any Loan Swap Agreement. Any Loan Swap Payment or Loan Termination Payment required to be paid by the Borrower shall constitute an Additional Payment whether or not such Loan Swap Payment or Loan Termination Payment is made to the Trustee.

(l) Such other reasonable fees and expenses relating to the Series 101-A-1 Bonds, including, but not limited to, the Borrower's Proportionate Share of any such fees and expenses, including costs associated with any conversion, substitution or extension of a Liquidity Facility.

The Additional Payments payable hereunder will be computed and apportioned among the various Series of Bonds by the Administrator and submitted to the Trustee on each Closing Date, as applicable, and each Loan Repayment Date, or otherwise when due, subject to periodic adjustment as needed. The Trustee shall not be responsible for the computation and allocation of any Additional Payments and shall be entitled to rely on the Administrator's computation and allocation unless contested in writing by the payee, the Index Purchaser, or Borrower prior to the applicable Loan Repayment Date.

Section 3.03. Time and Manner of Payment. Other than as set forth in Section 3.04(f) below, Borrower agrees to make each of the Loan Repayments directly to the Trustee for the account of the Authority on or before each Loan Repayment Date in lawful money of the United States of America by wire transfer of immediately available funds.

Section 3.04. Amount of Payment. The amount of each of the Loan Repayments shall be computed as follows:

(a) (i) With respect to the interest portion of each Loan Repayment while the Series 101-A-1 Bonds are in the Index Period, the amount thereof shall be equal to the interest on the Series 101-A-1 Bonds at the Index Rate in effect from time to time pursuant to Section 2.05A of the Indenture.

(ii) Subject to the provisions of subsection (v) below, with respect to the interest portion of each Loan Repayment while the Series 101-A-1 Bonds are in the Daily Rate Period and the Weekly Rate Period, the amount thereof shall be equal to the interest on the Series 101-A-1 Bonds, as computed by the Trustee, at the Daily Rates or Weekly Rates in effect for the applicable Loan Repayment computation period, which period shall commence on the later of the Closing Date, the Conversion Date to the Daily Rate or the Weekly Rate, or the first day of the quarter in which such Loan Repayment is due to and ending on the last day of the quarter in which such Loan Repayment is due.

(iii) Subject to the provisions of subsection (v) below, with respect to the interest portion of each Loan Repayment while the Series 101-A-1 Bonds are in the Short-Term Rate Period, the Medium-Term Rate Period and the Fixed Rate Period, the amount thereof shall be equal to the interest on the Series 101-A-1 Bonds, as computed by the Trustee, at the Short-Term Rate, Medium-Term Rate or Fixed Rate in effect for the applicable Loan Repayment computation period, which period shall commence on the Closing Date, Conversion Date to the Medium-Term Rate Period or Period Adjustment Date to another Medium-Term Rate Period or the Conversion Date to the Fixed Rate, as applicable, and end on the last day of such Rate Period.

(iv) Subject to the provisions of subsection (v) below, with respect to the interest portion of each Loan Repayment while the Series 101-A-1 Bonds are in the Commercial Paper Period, the amount shall be equal to the interest on the Series 101-A-1 Bonds as computed by the Trustee at the Commercial Paper Rate in effect for the Calculation Period.

(v) Subject to the provisions of subsection (v) below, with respect to the interest portion of each Loan Repayment while the Series 101-A-1 Bonds are in the ARS Rate Period, the amount shall be equal to the aggregate of the interest on the Series 101-A-1 Bonds and the Applicable ARS Rates in effect during each ARS Interest Period.

(vi) While the Series 101-A-1 Bonds are in any Rate Period other than the Fixed Period or the Index Period, the amount of interest which will accrue on the Series 101-A-1 Bonds (the "Estimated Amount") (other than ARS Bonds with an Interest Payment Date on the Business Day following the Auction Date) for the period from and after the date the Trustee computes the Loan Repayment to the end of the computation period for the payment of interest on the Series 101-A-1 Bonds (the "Estimated Period") will be computed using an assumed interest rate equal to the Auction Rate in effect on the date of computation plus 150 basis points for the Estimated Period, and will be reduced by the amount by which the Estimated Amount for the Estimated Period on the prior Loan Repayment Date exceeded the actual interest accrual during such period. With respect to the Series 101-A-1 Bonds, while they are ARS Bonds with an Interest Payment Date on the Business Day following the Auction Date, the Administrator shall (i) estimate the interest due on the next succeeding Loan Repayment Date and shall instruct

the Trustee to bill the Borrower for such amount on the date of the change in the related Auction Period, and (ii) thereafter estimate the interest due on such Series 101-A-1 Bonds (the "ARS Estimated Amount") for the ARS Interest Periods in effect based upon the Auction Rate in effect on the date of computation (the "ARS Estimated Period"), plus 150 basis points for the ARS Interest Periods in effect until the following Loan Repayment Date and shall so notify the Trustee. Each successive Loan Repayment will be reduced by the amount the prior Loan Repayment exceeded the actual interest due on the Series 101-A-1 Bonds.

(b) With respect to the principal portion of each of the Loan Repayments, the amount thereof shall be equal to next ensuing principal reduction requirement on the Loan set forth on Exhibit C attached hereto, payable on the 25th day of May in the year of each principal reduction date shown on Exhibit C, unless the Series 101-A-1 Bonds are Bank Bonds and the Bank Bond Term Date has occurred.

(c) With respect to the Additional Payments portion of each of the Loan Repayments, the amount thereof shall be computed, as provided in Section 3.02 hereof, for any period commencing on the Closing Date, applicable Conversion Date, or the Business Day on which an Additional Payment was last paid to and ending on the day next preceding the Business Day on which the Additional Payment is due.

(d) If the Borrower has approved and the Authority has executed and delivered a Swap Agreement, with respect to the Series 101-A-1 Bonds in accordance with Section 2.02(h) of the Indenture, the Loan Repayments shall include any Swap Payments to be made to the Swap Counterparty under the Swap Agreement. Any Swap Receipts received from the Swap Counterparty under the Swap Agreement shall be deposited as provided in Section 7.02 of the Indenture and applied to pay interest on the Series 101-A-1 Bonds and otherwise as provided in the Indenture.

(e) Under certain circumstances, including the failure of the Remarketing Agent to remarket tendered bonds in accordance with Section 4.03 of the Indenture and upon satisfaction of the conditions in a Liquidity Facility, if any, providing coverage for the Series 101-A-1 Bonds, the Series 101-A-1 Bonds will be purchased by a Liquidity Facility Provider pursuant to the terms of the Liquidity Facility. If the Series 101-A-1 Bonds are purchased by the Bank under the Liquidity Facility Provider, during the period they are held by the Liquidity Facility Provider as Bank Bonds they will bear interest calculated and payable as set forth in the Liquidity Facility (including interest at the Bank Rate and Excess Interest, if applicable) which will result in an increase in the amount of the Loan Repayments. Upon the purchase of Series 101-A-1 Bonds by a Liquidity Facility Provider under an applicable Liquidity Facility, the interest will continue to be payable on the Series 101-A-1 Bonds as set forth in the Liquidity Facility on each Interest Payment Date for Bank Bonds using the Bank Rate, and the principal will be payable as provided in Section 3.04(b) above until the Bank Bond Term Date, as such term is more specifically defined in the Indenture. If there are Bank Bonds of the Series 101-A-1 Bonds outstanding on the Bank Bond Term Date, then the outstanding principal of Bank Bonds shall be payable in full in mandatory sinking fund redemption installments over a term not to exceed ten years (or the remaining term of the Series 101-A-1 Bonds, whichever is less) in approximately equal annual mandatory sinking fund redemption installments of principal, commencing on the

June 1 immediately following the earlier of the (i) ninety-first (91st) day following the day the Liquidity Facility Provider purchases the Series 101-A-1 Bonds and the last day of the Bank Purchase Period (as defined in the Liquidity Facility) (the "Amortization Start Date") and ending on the June 1 immediately preceding the earlier to occur of the (y) tenth anniversary of the final day of the Bank Purchase Period and the (z) tenth anniversary of the Amortization Start Date, until the principal of and interest (including Excess Interest) on all Bank Bonds of the Series 101-A-1 Bonds have been paid in full, and on the final such annual mandatory sinking fund redemption installment payment date, the entire outstanding principal balance of, and all accrued interest on, all Bank Bonds (together with the Final Excess Interest Amount, if any, in respect thereof) shall be due and payable in full. Each mandatory sinking fund redemption installment of principal of the Bank Bonds shall be adjusted to an integral multiple of \$5,000 and scheduled to provide approximately level aggregate annual principal payments during the course of such term. Notwithstanding the foregoing, if requested by the Administrator, on behalf of the Authority, at the direction of the Borrower, in the sole discretion of the Liquidity Facility Provider, the first mandatory redemption payment with respect to Bank Bonds may be postponed and paid on a date determined by the Liquidity Facility Provider, with notice given by the Liquidity Facility Provider to the Administrator (on behalf of the Authority), and the Trustee, which date shall not be later than the date on which the second such mandatory redemption payment is due. Any amount received by the Liquidity Facility Provider pursuant to this section may, at the Liquidity Facility Provider's option, be applied to pay any interest on such Bank Bonds which is overdue as of the date of such receipt. The Borrower agrees to make payments of principal with respect to the Loan in equal annual installments in such amounts as will enable the Trustee to pay principal on the Bank Bonds in full as set forth above and as set forth in the Liquidity Facility. Notwithstanding the above, the time and amount of these payments may be revised by the Authority with the consent of the Liquidity Facility Provider and the Borrower upon receipt of an Opinion of Bond Counsel that such revised schedule of payments will not adversely affect the exclusion from gross income of interest on the Series 101-A-1 Bonds for federal income tax purposes. Prior to the Bank Bond Term Date, the Administrator shall provide to the Borrower, the Trustee and the Liquidity Facility Provider an amortization schedule approved by the Liquidity Facility Provider implementing the provisions of this Subparagraph (e) relating to Loan Repayments of the Bank Bonds and the Borrower will make all payments under this Subparagraph (e) in accordance with said schedule.

(f) If the Borrower has executed and delivered a Loan Swap Agreement, the Borrower may make arrangements with the Trustee, satisfactory to the Trustee, (i) for the Trustee to receive Loan Swap Receipts from the Loan Swap Counterparty and apply the same to the Borrower's obligation to make Loan Repayments, and (ii) for the Trustee to receive Loan Swap Payments from the Borrower and apply the same to satisfy Borrower's obligations under the Loan Swap Agreement. The Swap Advisor must consent in writing to any Loan Swap Agreement.

(g) All payments of interest shall be reduced to the extent investment earnings on the Borrower Account of the Loan Fund have been credited to the Interest Account as provided in and subject to the limitations of Section 2.06 hereof, and the Additional Payments shall be reduced to the extent of excess investment earnings on the Borrower Account of the Loan Fund not credited to the Interest Account and investment earnings on the Interest Account, the

Principal Account and the Additional Payments Account of the Series 101-A-1 Bond Account of the Bond Fund which have been credited to the Additional Payments Account as provided in and subject to the limitations of Section 2.06 hereof; provided the amount of earnings accruing for credit to either of said accounts for the period from and after the date the Trustee computes a Loan Repayment to the end of the period for which the computation is made will be computed using the interest rate on the investments as of the Adjustment Date immediately preceding the computation date as the interest rate for estimating the earnings, and will be increased by the amount by which the actual earnings during such period for the previous period exceeded the estimated amount for said period. If funds in the Borrower Account of the Loan Fund are invested in investments bearing interest at a variable rate, then the interest rate used by the Trustee for estimating the estimated amount of earnings shall be a zero rate of interest from the date earnings on such investments were last credited to the Borrower Account of the Loan Fund.

(h) It is the intention of the Authority and the Borrower that, notwithstanding any other provision of this Agreement, the Trustee, as assignee of the Authority, shall receive funds from or on behalf of the Borrower in such amounts and at such times as, together with any Swap Receipts actually received by the Trustee under the Swap Agreement, will enable the Authority to pay when due all obligations for the payment of principal of and premium, if any, and interest on the Series 101-A-1 Bonds (including during any period that any Series 101-A-1 Bonds are Bank Bonds), for the payment of all Swap Payments payable by the Authority under the Swap Agreement and for payment of all Additional Payments payable by the Borrower. The Borrower shall have the right, on behalf of the Authority, to enforce the payment and collection of Swap Receipts under a Swap Agreement for deposit with the Trustee. It is further intended that the earnings on the Borrower Account of the Loan Fund and the Interest Account and the Additional Payments Account of the Series 101-A-1 Bond Account of the Bond Fund will be sufficient to pay the interest and Additional Payment components of the Loan Repayments relating to the portion of the Loan not disbursed from the Loan Fund, subject to the limitations of Section 2.06 hereof. In the event said earnings are not sufficient to make such payments, the Borrower shall pay the deficiency in the manner and at the times required herein for Loan Repayments in consideration for the agreement by the Authority to continue to make the amounts therein available to be disbursed by the Authority.

Section 3.05. Payments Assigned. It is understood and agreed that the rights of the Authority under this Agreement (other than its rights to indemnification, payment of expenses, receive notices, and rights to payment of Loan Swap Payments and Loan Swap Receipts), are assigned to the Trustee pursuant to the Indenture. The Borrower consents to such assignment, and agrees to pay to the Trustee all amounts payable by the Borrower that are so assigned. All such assigned payments shall be made directly to the Trustee and shall be deposited as provided in the Indenture.

Section 3.06. Obligation of Borrower Unconditional. The obligation of the Borrower to make payments hereunder (including Additional Payments) and to perform and observe all other covenants, conditions and agreements hereunder shall be absolute and unconditional until payment of all Borrower obligations hereunder, irrespective of any defense or any rights of setoff, recoupment or counterclaim which the Borrower might otherwise have against the Authority, the Liquidity Facility Provider, the Index Purchaser, or the Trustee. Until payment of

all Borrower obligations hereunder, the Borrower shall not suspend or discontinue any such payment hereunder or fail to observe and perform any of their other covenants, conditions and agreements hereunder for any cause, including without limitation failure of consideration, failure of title to any part or all of the Projects, or commercial frustration of purpose, or any damage to or destruction or condemnation of all or any part of the Projects, or any change in the tax or other laws of the United States of America, the State of Tennessee or any political subdivision of either, or any failure of the Authority, the Liquidity Facility Provider, if any, the Index Purchaser, if any, the Trustee, the Remarketing Agent, if any, the Auction Agent, if any, the Broker-Dealer, if any, the Swap Counterparty, if any, and the Market Agent, if any, to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with any document in connection with the financing of the Projects. Nothing contained in this Section shall be construed to release the Authority, the Trustee, the Remarketing Agent, the Auction Agent, the Market Agent, and the Broker-Dealer from the performance of any of their respective obligations hereunder or under any documents related hereto, and in the event the Authority, the Trustee, the Remarketing Agent, the Auction Agent, the Market Agent, and the Broker-Dealer should fail to perform any such obligation the Borrower may institute such action as the Borrower may deem advisable to compel performance or recover damages for non-performance so long as such action is consistent with the preceding sentence.

Section 3.07. Pledge of Taxing Power. The Borrower covenants that it shall provide for the annual levy and collection of a tax sufficient to pay when due the annual amounts payable under this Agreement (including Additional Payments) as and when they become due and payable and to pay all other expenses of maintaining and operating the Projects required to be paid by the Borrower under the terms of this Agreement. The Borrower hereby pledges its full faith and credit to such payments. The tax to be levied pursuant to this Section shall be assessed, levied, collected and paid in like manner as other taxes of the Borrower. Such tax shall not be included within any statutory or other limitation of rate or amount for the Borrower but shall be excluded therefrom and be in addition thereto and in excess thereof, notwithstanding and without regard to the prohibitions, restrictions or requirements of any other law. To the extent other moneys are not available therefor, there shall be set aside by the Borrower from such tax levy in a special fund an amount sufficient for the payment of the amounts under this Agreement, and such fund shall be used exclusively for such purpose and shall not be used for any other purpose until the amounts payable hereunder have been paid in full. Notwithstanding the foregoing, the tax hereinabove described will not be required to be levied by the Borrower or, if levied, may be proportionately reduced to the extent of funds of the Borrower appropriated by the governing body of the Borrower to the payment of the amounts described above from other revenues of the Borrower. Notwithstanding the foregoing, the Borrower shall be unconditionally obligated to levy such tax and to pay, whether from the proceeds of such tax or from other funds, the amounts due hereunder.

Section 3.08. Rebate Covenants of Borrower.

(a) The Administrator, on behalf of the Authority, shall retain a Rebate Analyst to determine on behalf of the Borrower the Rebate Amount as of each of the dates set forth in (b) and (c) below.

(b) The Borrower shall deliver to the Trustee the determination of the Rebate Amount in writing signed by an authorized official of the Borrower not later than fifty-eight (58) days after each Computation Date, provided, that if such fifty-eight day after any Computation Date is not a Business Day, then not later than three (3) Business Days prior to such fifty-eighth day.

(c) Not later than fifty-eight (58) days following each Installment Computation Date, the Borrower shall deposit with the Trustee for deposit into the Series 101-A-1 Bond Account of the Rebate Fund an amount equal to the portion of the Rebate Amount that is required to be paid to the United States with respect to such Installment Computation Date.

(d) Not later than fifty-eight (58) days following the Final Computation Date, the Borrower shall deposit with the Trustee for deposit into the Series 101-A-1 Bond Account of the Rebate Fund an amount equal to the portion of the Rebate Amount that is required to be paid to the United States as of the Final Computation Date.

(e) The Borrower shall not make, or permit to be made, any payment, or agreement to pay, to a party other than the United States, any amount that is required to be paid to the United States by entering into a transaction that reduces the amount required to be paid pursuant to Section 148(f) of the Code because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Series 101-A-1 Bonds not been relevant to either party (the failure to invest, or direct investment of, moneys that could be invested shall constitute an agreement to pay that results in such a smaller profit for the purposes of this subsection).

(f) The restrictions contained in the foregoing subsection (b) through (e) shall not apply to obligations the interest on which is exempt from gross income pursuant to Section 103(a) of the Code (other than obligations that constitute "specified private activity bonds" within the meaning of Section 57(a)(5)(C) of the Code), and any interest or other income from such obligations, or the sale thereof, shall not be included in any of the calculations or rebates required pursuant to such subsections.

(g) None of the foregoing provisions of this Section 3.08 need be observed, and, anything herein or in the Indenture to the contrary notwithstanding, this Section 3.08 may be amended, supplemented or terminated by the Authority, the Trustee and the Borrower, (i) if the Administrator files a certificate with the Trustee stating that the rebate exceptions set forth in the Arbitrage Certificate of the Borrower have been fulfilled, (ii) if the Authority receives an opinion of Bond Counsel, in form and substance satisfactory to the Trustee, that (I) the failure to observe such covenants or entering into such amendments or supplements, will not cause the Series 101-A-1 Bonds to become arbitrage bonds under Section 148 of the Code or otherwise adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation or (II) additional or different regulatory or statutory provisions must be complied with for the interest on the Series 101-A-1 Bonds to remain excludable from gross income for federal income tax purposes.

ARTICLE IV
Representations and Covenants

Section 4.01. Representations and Covenants of the Authority. The Authority makes the following representations and covenants as the basis for the undertakings on the part of the Borrower contained herein:

(a) The Authority is a public nonprofit corporation and a public instrumentality of The City of Franklin, Tennessee, organized and existing pursuant to the Act. The Authority is authorized to issue the Series 101-A-1 Bonds in accordance with the Act and to use the proceeds thereof to provide funds for making the Loan.

(b) The Authority has complied with the provisions of the Act and has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to perform its obligations hereunder.

(c) The Authority is not in violation of any of the laws of the State of Tennessee which would affect its existence or its powers referred to in the preceding subsection (b).

(d) By resolution duly adopted by the Board of Directors of the Authority and in full force and effect on the date hereof, the Authority has authorized the execution and delivery of the Indenture and this Agreement and the conversion of the Series 101-A-1 Bonds to the Index Period, the due performance of all obligations of the Authority hereunder, under the Indenture and under the Series 101-A-1 Bonds, and the taking of any and all actions as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated by each of the foregoing, and the Authority will take all actions within its reasonable control to obtain all approvals necessary in connection with the foregoing that have not been obtained as of the date hereof.

(e) This Agreement has been duly authorized, executed and delivered by the Authority, and upon due authorization, execution and delivery by the Borrower, will constitute a legal, valid and binding obligation of the Authority. The Series 101-A-1 Bonds will constitute legal, valid and binding limited special obligations of the Authority and will be payable solely from the Trust Estate and any amounts otherwise available under the Indenture, and will be entitled to the benefit of the Indenture. None of the Authority (except to the foregoing extent), Blount County, the State of Tennessee, or any political subdivision thereof shall be obligated, directly or (except as a Borrower from the Authority) indirectly, to pay the principal of or premium, if any, or interest on the Series 101-A-1 Bonds. The Authority has no taxing power.

(f) The execution and delivery by the Authority of this Agreement, the Series 101-A-1 Bonds, and the Indenture and the consummation of the transactions contemplated in each of the foregoing will not violate any indenture, mortgage, deed of trust, note, loan agreement or other contract or instrument to which the Authority is a party or by which it is bound or, to the best of the Authority's knowledge, any judgment, decree, order, statute, rule or regulation applicable to the Authority, and the Authority will take all actions within its reasonable control to obtain all consents, approvals, authorizations and orders of governmental or regulatory authorities which

are required for the consummation of the transactions contemplated thereby that have not been obtained as of the date hereof.

(g) The Authority has applied the proceeds of the Series 101-A-1 Bonds in accordance with the Indenture and this Agreement.

(h) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Authority or, to the best knowledge of the Authority, any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or by the Indenture or the Series 101-A-1 Bonds or which, in any way, would adversely affect the validity of this Agreement, the Series 101-A-1 Bonds, the Indenture or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in consummation of the transactions contemplated by each of the foregoing.

(i) The Authority covenants that it will not pledge the amounts derived from this Agreement other than to secure the Series 101-A-1 Bonds.

Section 4.02. Representations and Covenants of the Borrower. The Borrower makes the following representations and covenants, in addition to those elsewhere set forth herein, as the basis for the undertakings on the part of the Authority contained herein:

(a) The Borrower is a municipal corporation or political subdivision, as appropriate, within the meaning of the Act, duly created and existing under the laws of the State of Tennessee and possessing general powers of taxation, including the power to levy ad valorem taxes, and has full legal right, power and authority (i) to conduct its business and own its properties, (ii) to enter into this Agreement, and (iii) to carry out and consummate all other transactions contemplated by this Agreement.

(b) With respect to the authorization, execution and delivery of this Agreement, the Borrower has complied and will comply with all applicable laws of the State of Tennessee.

(c) The Borrower has duly approved the execution and delivery of this Agreement and has authorized the taking of any and all action as may be required on the part of the Borrower to carry out, give effect to and consummate the transactions contemplated by this Agreement and the Indenture.

(d) This Agreement has been duly authorized executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the Authority, will constitute a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms.

(e) There is no action, suit, proceedings, inquiry on investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Borrower, threatened against the Borrower, nor is there any basis therefor, (i) affecting the creation, organization or existence of the Borrower or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement, (iii) in any

way contesting or affecting the validity or enforceability of this Agreement or any agreement or instrument relating to any of the foregoing or used or contemplated for use in the consummation of the transactions contemplated by any of the foregoing, or (iv) materially adversely affecting the Borrower's financial condition or its obligations to make Loan Repayments under this Agreement.

(f) The Borrower is not in any material respect in breach of or in default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any agreement or other instrument to which the Borrower is a party or by which it or any of its properties is bound, and no event has occurred which with the passage of time, the giving of notice or both would constitute such a breach or default; and the execution and delivery of this Agreement and compliance with the respective provisions thereof will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State or of the United States of America or any applicable judgment or decree or any agreement or other instrument to which the Borrower is a party or by which it or any of its property is bound.

(g) So long as any Series 101-A-1 Bonds are Outstanding, the Borrower shall promptly cure any violations under all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become applicable to the Projects, the repair and alteration thereof, and the use or manner of use of the Projects, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change or governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof.

(h) The Borrower will not take or omit to take any action which action or omission will in any way cause the proceeds of the Series 101-A-1 Bonds advanced to it to be applied in a manner contrary to that provided in the Indenture and this Agreement.

(i) The Borrower has not taken or omitted to take, and will not take or omit to take, any action, and knows of no action that any other person, firm or corporation has taken or intends to take, which would cause interest on the Series 101-A-1 Bonds to be includable in the gross income of owners thereof for federal income tax purposes.

(j) The Borrower is not in default under any loan agreement, note, bond, mortgage or other instrument evidencing or securing indebtedness.

(k) The Borrower approves the conversion of the Series 101-A-1 Bonds to the Index Period and, as of the date hereof, is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of this Loan Agreement and all warranties and representations of Borrower herein are true and correct on the date hereof.

(l) The Borrower covenants and agrees to provide annual audited financial statements upon request, such other financial information as shall be reasonably requested to the Administrator, the Liquidity Facility Provider, the Index Purchaser, and the Authority.

(m) The Borrower covenants and agrees to comply with the terms and requirements applicable to Borrower in the Indenture, the Index Agreement, the Remarketing Agreement, the Liquidity Facility and the Program Administration Agreement.

(n) The interest on the Agreement is intended to be excludable from gross income for purposes of Federal income taxation.

(o) The Borrower covenants and agrees to take all necessary action to enforce the payment and collection of Swap Receipts under a Swap Agreement, on behalf of the Authority, and to deposit, or cause to be deposited, all Swap Receipts with the Trustee.

(p) All information provided to the Authority in this Agreement or in any other document or instrument with respect to the Loan, this Agreement or the Projects, was at the time provided, and is now, true, correct and complete, and such information does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE V Events of Default

Section 5.01. Events of Default. An Event of Default shall occur hereunder if any one or more of the following events shall happen:

(a) the payments required by Sections 3.01, 3.02 and 3.04 hereof are not paid punctually when due;

(b) default shall be made by the Borrower in the due performance of or compliance with any of the terms hereof, other than those referred to in the foregoing subdivision (a), and such default shall continue for thirty (30) days after the Authority or the Trustee shall have given the Borrower written notice of such default (or in the case of any such default which cannot with due diligence be cured within such 30-day period, if the Borrower shall fail to proceed promptly to commence curing the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with any such default not susceptible of being cured with due diligence within the 30 days that the time to cure the same shall be extended for such period as may be reasonably necessary to complete the curing of the same with all due diligence);

(c) the Borrower shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future statute, law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Borrower or of all or any substantial part of its properties or of the Projects or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(d) a petition shall be filed against the Borrower seeking any reorganization, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation and shall remain undismissed or unstayed for an aggregate of 90 days (whether or not consecutive), or if any trustee, receiver or liquidator of the Borrower or of all or any substantial part of its properties or of the Projects shall be appointed without the consent or acquiescence of the Borrower and such appointment shall remain unvacated or unstayed for an aggregate of 90 days (whether or not consecutive);

(e) the Borrower shall contest the validity of enforceability of any provision of this Agreement; or

(f) the occurrence of a default or an event of default as defined in the Index Rate Agreement that is not cured within the applicable cure period, if any, provided therein.

Section 5.02. Remedies. Upon the occurrence of an Event of Default (regardless of the pendency of any proceeding which has or might have the effect of preventing the Borrower from complying with the terms of this Agreement), the Trustee, as assignee of the Authority, or any other Person who has succeeded to the rights of the Authority hereunder, including the registered owners of the Series 101-A-1 Bonds, the Liquidity Facility Provider, if any, the Index Purchaser, and a Swap Counterparty, at any time thereafter and while such Event of Default shall continue, shall notify the Liquidity Facility Provider, if any, and the Index Purchaser, within five Business Days, and may, at its option, with the consent of the Credit Facility Provider (or the Liquidity Facility Provider, if any) and subject to the provisions of the Indenture, take any action at law, including mandamus, or in equity to collect amounts then due and thereafter to become due hereunder as such amounts become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement. Any amounts collected pursuant to action taken under this Article shall be applied in accordance with the Indenture.

ARTICLE VI

Prepayment

Section 6.01. Option to Prepay. Subject to any restrictions in the Index Rate Agreement, the Borrower shall have the right and option throughout the term hereof to prepay in whole or in part the Loan advanced hereunder at the prices and upon the terms hereinafter set forth.

Section 6.02. Optional Prepayment Price.

(a) If the Series 101-A-1 Bonds are bearing interest at the Auction Rate, Daily Rate, Weekly Rate, the Commercial Paper Rate, the Index Rate, and the Short-Term Rate at the time of prepayment, the prepayment amount shall be the Outstanding principal amount of the Series 101-A-1 Bonds as of the designated Redemption Date, plus interest and Additional Payments accrued thereon to the Redemption Date of the Series 101-A-1 Bonds.

(b) If the Series 101-A-1 Bonds are bearing interest at the Medium-Term Rate or the Fixed Rate at the time of prepayment, the prepayment amount shall be the applicable

Redemption Price as set forth in Section 5.02(b) of the Indenture, plus interest accruing between the Prepayment Date and the Redemption Date (or, if said investment earnings exceed interest accrued during said period, less said excess), plus Additional Payments accrued to the Redemption Date.

(c) If any of the Series 101-A-1 Bonds are Bank Bonds at the time of prepayment, the prepayment amount with respect to the Bank Bonds shall be the Outstanding principal amount of the Bank Bonds, plus Additional Payments and interest (including interest at the Bank Rate and Excess Interest, if applicable) accrued to the Redemption Date.

Section 6.03. Notice of Prepayment. The Borrower shall give notice of its intent to prepay its Loan to the Trustee, the Administrator, the Index Purchaser, if any, and the Liquidity Facility Provider (if applicable) in the manner for giving notices hereunder pursuant to Section 7.07 hereof at least forty-five (45) days prior to the Prepayment Date. The notice shall state the intent of the Borrower to prepay its Loan or a portion thereof, the proposed Prepayment Date, the proposed Redemption Date for the Series 101-A-1 Bonds and, in the case of a partial prepayment, the principal amount of the Series 101-A-1 Bonds to be redeemed. The Borrower shall cause the Administrator to instruct the Trustee as to the investment of the funds so deposited and the amount of the Optional Prepayment Price required to be paid by the Borrower, and the Authority and Trustee are entitled to rely on said instructions. After the notice of prepayment has been given as above provided, the Series 101-A-1 Bonds shall not be converted from one Interest Rate Mode to another Interest Rate Mode and Series 101-A-1 Bonds bearing interest at the Medium-Term Rate shall not be changed to a different Medium-Term Rate Period after the notice of prepayment has been given as above provided.

Section 6.04. Partial Prepayment. If the Borrower exercises its right and option to prepay the Loan in part, the prepayment shall be in an amount such that the Series 101-A-1 Bonds remaining Outstanding after the Redemption Date will be in an Authorized Denomination and no portion of a Series 101-A-1 Bond shall be redeemed that would result in a Series 101-A-1 Bond remaining Outstanding that is smaller than the minimum Authorized Denomination for the Series 101-A-1 Bonds. The principal prepayment amount shall be applied in reduction of payment obligations set forth on Exhibit A as Borrower shall elect by written notice to the Trustee.

Section 6.05. Deposit of Prepayment Amount. If the Series 101-A-1 Bonds are bearing interest at the Auction Rate, the Daily Rate, the Commercial Paper Rate, the Weekly Rate, the Index Rate, or the Short-Term Rate, the prepayment amount shall be deposited with the Trustee in immediately available funds not later than 10:00 a.m., Nashville time, on the Redemption Date. If the Series 101-A-1 Bonds are bearing interest at the Medium-Term Rate or the Fixed Rate, the prepayment amount shall be deposited on any date prior to the Redemption Date.

Section 6.06. Discharge of Other Obligations. Notwithstanding any other provisions hereof, this Agreement shall not terminate on the date on which the Borrower shall be obligated to prepay (whether or not any delay in the completion of such prepayment shall be the fault of Authority), nor shall the Borrower obligations hereunder cease until the Borrower shall have paid all amounts payable hereunder without set-off, counterclaim, abatement, suspension, deduction,

diminution, or defense for any reason whatsoever, so long as the Series 101-A-1 Bonds are Outstanding and unpaid, and until the Borrower shall have discharged or made provision satisfactory to Authority for the discharge of, all of its obligations under this Agreement, which obligations have arisen on or before the date for prepayment, including the obligation to pay amounts due and payable on the date of the prepayment.

ARTICLE VII Indemnification

Section 7.01. Indemnification of Trustee, Administrator and Authority. The Borrower covenants and agrees, to the extent it is authorized by applicable law, to indemnify the Trustee, the Administrator and the Authority and each successor trustee and the officers, directors, employees and agents of the Trustee or any such successor trustee, the Administrator and the Authority (the Trustee, each successor trustee, the Authority, the Administrator and such officers, directors, employees and agents being hereinafter referred to in this Section collectively as the "Indemnified Parties" and individually as an "Indemnified Party") for, and to hold each Indemnified Party harmless against, any loss, liability, tax, assessment or other governmental charge (other than taxes applicable to their compensation hereunder) or expenses incurred without negligence, wilful misconduct or bad faith on the part of such Indemnified Party, arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder and the duties of the Trustee, the Administrator and the Authority thereunder (but only to the extent the Indenture, its administration, required duties and trusts thereunder are applicable to Borrower, this Agreement or the Series 101-A-1 Bonds), including enforcement of this Agreement and this Section thereof and also including any liability which may be incurred as a result of failure to withhold, pay or report any tax, assessment or other governmental charge, and the costs and expenses incurred by such Indemnified Party in the course of defending itself against or investigating any claim of liability in the premises. The obligations of the Borrower under this Section to compensate and indemnify the Indemnified Parties and to pay or reimburse each Indemnified Party for expenses, disbursements and advances shall constitute an additional obligation hereunder and shall survive the satisfaction and discharge of this Agreement.

ARTICLE VIII Miscellaneous

Section 8.01. Waiver of Statutory Rights. The rights and remedies of the Authority and the Borrower under this Agreement shall not be adversely affected by any laws, ordinances, or regulations, whether federal, state, county, city, municipal or otherwise, which may be enacted or become effective from and after the date of this Agreement affecting or regulating or attempting to affect or regulate any amounts payable hereunder.

Section 8.02. Non-Waiver by Authority. No failure by Authority or by any assignee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no acceptance of any payment hereunder, in full or in part, during the continuance of such breach, shall constitute waiver of such breach or of such

term. No waiver of any breach shall affect or alter this Agreement or constitute a waiver of a then existing or subsequent breach.

Section 8.03. Remedies Cumulative. Each right, power and remedy of Authority provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement, or now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers or remedies are sought to be enforced, and the exercise or beginning of the exercise by the Authority or the Trustee of any one or more of the rights, powers or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute, or otherwise shall not preclude the simultaneous or later exercise by the Authority or Trustee of any or all such other rights, powers or remedies.

Section 8.04. Amendments, Changes and Modification. Except as otherwise provided in this Agreement or in the Indenture, subsequent to the issuance of the Series 101-A-1 Bonds and prior to the payment in full of the Series 101-A-1 Bonds (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Borrower, Trustee, the Liquidity Facility Provider (if applicable), the Index Purchaser, and to the extent such amendment would affect the rights or obligations of a Swap Counterparty and the Swap Counterparty under a Swap Agreement given in accordance with the provisions of the Indenture.

Section 8.05. Applicable Law - Entire Understanding. This Agreement shall be governed exclusively by the applicable laws of the State of Tennessee. This Agreement expresses the entire understanding and all agreements of the parties hereto with each other and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth in this Agreement.

Section 8.06. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provisions shall not affect any of the remaining provisions of such instrument.

Section 8.07. Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Agreement shall be in writing, and shall be deemed to have been properly given and received if sent by United States certified or registered mail, postage prepaid, (a) if to the Borrower, addressed to the Borrower, at 109 Third Avenue, South, Franklin, Tennessee 37064, Attention: City Administrator/Recorder; (b) if to the Authority, addressed to the Authority, 109 Third Avenue South, Franklin, Tennessee 37064, Attention: Assistant City Administrator for Finance and Administration/Chief Financial Officer, with a copy to its counsel, Doug Berry, Esq., Miller & Martin PLLC, 401 Commerce Street, Nashville, Tennessee 37219; (c) if to the Administrator, at The Farragut Building, 530 South Gay Street, Suite 800, Knoxville, Tennessee 37902, Attention: Joseph K. Ayres; (d) if to the Trustee, addressed to the Trustee at 150 4th Avenue North, 9th Floor, Nashville, Tennessee 37219, Attention: Corporate Trust; and (e) if to the Index Purchaser, PNC Bank, National Association, James Ritter, 101 South Fifth Street, Louisville, Kentucky 40202, or at such other

addresses as any addressee from time to time may have designated by written notice to the other addressees named above. The Authority shall promptly forward to the Borrower copies of any notice received by it from the Trustee under the Indenture.

Section 8.08. Headings and References. The headings in this Agreement are for the convenience of reference only and shall not define or limit the provisions thereof. All references in this Agreement to particular Articles or Sections are references to Articles or Sections of this Agreement, unless otherwise indicated.

Section 8.09. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 8.10. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

Section 8.11. Amendments, Changes and Modifications of Indenture. The Authority covenants and agrees that it will not, without the prior written consent of the Borrower, enter into or consent to any amendment, change or modification of the Indenture which would adversely affect the Borrower rights under this Agreement.

Section 8.12. No Liability of Authority's and Borrower's Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, director or officer, as such, past, present or future, of the Authority or the Borrower, either directly or through the Authority or the Borrower. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer is hereby expressly waived and released by the Borrower and the Authority against the other's incorporators, members, directors or officers as a condition of and consideration for the execution of this Agreement.

Section 8.13. Refunding of the Series 101-A-1 Bonds. The Series 101-A-1 Bonds may be refunded at any time and from time to time as permitted by applicable law, upon the direction of the Borrower. In the event the Series 101-A-1 Bonds are refunded by Bonds issued by the Authority, all references in this Agreement to (i) the Series 101-A-1 Bonds shall be deemed to refer also to the refunding bonds, (ii) the Indenture shall be deemed to refer also to the indenture or other instrument pursuant to which the refunding bonds are issued, and (iii) any funds or accounts referred to herein shall be deemed to refer also to the corresponding funds or accounts established under the indenture or other instrument pursuant to which the refunding bonds are issued.

Section 8.14. Continuing Disclosure. In the event the Series 101-A-1 Bonds are not exempt under Section 15c2-12, the Borrower hereby covenants and agrees that it will provide such annual financial information and material event notices, if any, as required by Rule 15c2-12 of the Securities Exchange Commission for the Series 101-A-1 Bonds. The Authorized Borrower Representative is authorized to execute an agreement for the benefit of and enforceable

by the owners of the Series 101-A-1 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Borrower to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Series 101-A-1 Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Borrower to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 8.15. Allocation for Purposes of Section 265. The Borrower hereby agrees that the proceeds of the Series 101-A-1 Bonds and of the Loan shall be allocated to it for purposes of Section 265 of the Code.

Signatures on Following Page

IN WITNESS WHEREOF, THE PUBLIC BUILDING AUTHORITY OF THE CITY OF FRANKLIN, TENNESSEE, has executed this Loan Agreement by causing its name to be hereunto subscribed by its Chairman and attested by its Secretary; and the CITY OF FRANKLIN, TENNESSEE has executed this Loan Agreement by causing its name to be hereunto subscribed by its Mayor and City Administrator/Recorder, all being done as of the day and year first above written, but with an effective date of November __, 2014.

PUBLIC BUILDING AUTHORITY
OF THE CITY OF FRANKLIN, TENNESSEE

(SEAL)

By: _____
Chairman

ATTEST:

Secretary

CITY OF FRANKLIN, TENNESSEE

(SEAL)

By: _____
Mayor

ATTEST:

City Administrator/Recorder

EXHIBIT A
PRINCIPAL REDUCTION SCHEDULE

<u>Date</u> <u>(May 25)</u>	<u>Principal</u>
2025	\$1,175,000
2026	1,225,000
2027	1,300,000
2028	1,350,000
2029	1,400,000
2030	1,450,000
2031	1,525,000
2032	1,575,000
2033	1,650,000
2034	1,725,000
2035	1,800,000
2036	1,875,000
2037	1,950,000

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