

RESOLUTION 2016-93

AN AMENDED AND RESTATED RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND PAYMENT OF UP TO \$12,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF FRANKLIN, TENNESSEE AND MAKING PROVISION FOR THE OPERATION OF THE WATER AND SEWER SYSTEM OF THE MUNICIPALITY AND THE COLLECTION AND DISPOSITION OF ITS REVENUES.

BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, as follows:

1. Authority; Findings.

- a. On October 25, 2016, the Board of Mayor and Aldermen (the "Governing Body") of the City of Franklin, Tennessee (the "Municipality") adopted a resolution entitled "A Resolution Authorizing The Issuance, Sale And Payment of up to \$12,000,000 in Aggregate Principal Amount of Water And Sewer System Revenue Bonds of the City of Franklin, Tennessee And Making Provision for the Operation of the Water And Sewer System of the Municipality and the Collection And Disposition of its Revenues" (the "Original Resolution"). No bonds have been issued under the Original Resolution, therefor the Governing Body desires to amend and restate the Original Resolution to reflect the approval by the Tennessee Local Development Authority ("TLDA") of the Municipality's request to issue the bonds authorized herein on a parity of lien with certain outstanding revolving fund loan agreements by and among the Municipality, the Tennessee Department of Environment and Conservation ("TDEC") and TLDA. In addition, the Governing Body desires to make certain additional modifications relating to the definition of the "Reserve Fund Requirement", the provisions relating to the issuance of additional parity bonds, and the series designation of the initial series of bonds.
- ab. The ~~City of Franklin, Tennessee (the "Municipality")~~ is duly incorporated pursuant to Chapter 79 of the 1903 Private Acts of Tennessee, as amended.
- bc. The Municipality owns and operates a water and a sewer system (collectively, the "System").
- cd. Sections 7-34-101, *et seq.*, Tennessee Code Annotated, as amended (the "Act"), authorizes the Municipality to issue bonds and use the proceeds therefrom to finance extensions and improvements to the System and pay costs of issuance in connection with the issuance of such bonds.
- de. The Board of Mayor and Aldermen of the Municipality hereby finds that it is advisable to issue bonds to finance extensions and improvements to the System and that such bonds be payable solely from the Net Revenues (as defined herein) of the System.
- ef. The Municipality ~~has heretofore~~ submitted a request (the "Parity Request") to the ~~Tennessee Local Development Authority ("TLDA")~~ to permit the not to exceed \$12,000,000 water and sewer system revenue bonds authorized herein (the "Series 2016~~7~~ Bonds") to be issued on a parity of lien with the Municipality's (i) two Revolving Fund Loan Agreements, each dated October 26, 2009, by and among the Municipality, ~~Tennessee Department of Environment and Conservation ("TDEC")~~ and TLDA, and (ii) two Revolving Fund Loan Agreements for the System's SCADA (supervisory control

and data acquisition) system, each approved by the TLDA on June 16, 2016, to be by and among the Municipality, TDEC and TLDA ~~(collectively, the “Prior SRF Loans”). If the TLDA does not, The TLDA has~~ granted the Parity Request, ~~the Series 2016 Bonds will be issued on a lien subordinate to that of the Prior SRF Loans.~~

fg. Attached hereto as Exhibit B are preliminary estimates of debt service and costs of issuance for the Series 2016~~7~~ Bonds.

2. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

- a. “Acquired System” shall mean any water procurement, treatment, storage or distribution system and any sewage collection, transmission, treatment and disposal system acquired by the Municipality pursuant to the Act.
- b. “Act” shall have the meaning ascribed in Section 1.
- c. “Balloon Indebtedness” shall mean any bonds, notes or other indebtedness, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period. Any Balloon Indebtedness that is considered to be “balloon indebtedness” for purposes of Section 9-21-134 of the Tennessee Code Annotated must be approved by the Director of State and Local Finance of the Office of the Tennessee Comptroller of the Treasury prior to the adoption of a supplemental resolution authorizing such Balloon Indebtedness unless such Balloon Indebtedness qualifies for an exception pursuant to Section 9-21-134 of the Tennessee Code Annotated.
- d. “Bond Fund” shall mean the Principal and Interest Sinking Fund established herein.
- e. “Bonds” means the Series 2016~~7~~ Bonds and any Parity Obligations.
- f. “Book-Entry Form” or “Book-Entry System” means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as registered owner, with the certificate of bonds being held by and “immobilized” in the custody of such Depository, and under which records maintained by persons, other than the Municipality or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial “book-entry” interests in those bonds.
- g. “Capital Appreciation Bonds” shall mean bonds which bear interest at a stated interest rate of 0.0% per annum, have a value on any applicable date equal to the Compound Accreted Value thereof on that date, and are payable only at maturity or earlier redemption.
- h. “Chief Financial Officer” means the Municipality’s Assistant City Administrator and Finance & Administration/CFO.
- i. “City Administrator” means the Municipality’s City Administrator/Recorder.

- j. “Code” means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder.
- k. “Compound Accreted Value” shall mean the value at any applicable date of any Capital Appreciation Bonds computed as the original principal amount thereof for each maturity date plus an amount equal to interest on said principal amount (computed on the basis of a 360-day year of twelve 30-day months) compounded semiannually on such dates as shall be established by the resolution authorizing Capital Appreciation Bonds, from the dated date to said applicable date at an interest rate which will produce at maturity the Maturity Amount for such maturity date.
- l. “Construction Fund” means the 2016 Construction Fund established herein.
- m. “Credit Facility” means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the Municipality provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.
- n. “Current Expenses” means expenses incurred by the Municipality in the operation, maintenance and repair of the System, determined in accordance with generally accepted accounting principles; provided however that in lieu of tax payments, depreciation, amortization and interest on any bonds, notes or other obligations of the Municipality shall be excluded from the definition of Current Expenses.
- o. “Debt Service Requirement” means the total System principal, Maturity Amounts and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the Municipality or any paying agent for the Bonds or other obligations of the System), for any period of 12 consecutive calendar months for which such a determination is made, provided:
  - (a) The Debt Service requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the Municipality, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Municipal Advisor.
  - (b) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short Term Indebtedness, at the option of the Municipality, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the

interest rate certified by a Municipal Advisor to be the interest rate at which the Municipality could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph (b) shall not be applicable for purposes of determining the Municipality's Debt Service Requirement for purposes of Section 13(e) of this resolution (Rate Covenant) unless the Municipality has set aside sufficient funds for the retirement of, or the Municipality's Governing Body has adopted a resolution directing the refinancing of, at least 90% of the principal amount of such Balloon Indebtedness or Short Term Indebtedness coming due in the relevant Fiscal Year.

- p. "Defeasance Obligations" shall mean any obligations which at the time of the purchase thereof are permitted investments under the Act or other applicable Tennessee law for the purpose of defeasing Bonds.
- q. "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC.
- r. "DTC" means The Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.
- s. "Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.
- t. "Fiscal Year" means the fiscal year adopted by the Municipality from time to time with respect to the System.
- u. "Governing Body" means the Board of Mayor and Aldermen of the Municipality.
- v. "Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System and all amounts realized from the investment of funds of the System (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the System); provided, however, at the election of the Governing Body, the term "Gross Earnings" as used herein shall not include any revenues, rentals, earnings or other income received by the Municipality from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Obligations.
- w. "Loan Agreement" means any agreement or contract entered into by the Municipality concerning the System whereby a third party agrees to advance funds to the Municipality

for the System and the Municipality agrees to repay those funds with interest, including, but not limited to, state revolving fund loan agreements.

- x. “Maturity Amount” shall mean the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.
- y. “Maximum Annual Debt Service Requirement” means the maximum annual Debt Service Requirement for any Fiscal Year of the System.
- z. “Mayor” means the duly elected and acting Mayor of the Municipality, or any other member of the Governing Body acting in the capacity of the Mayor when the elected and acting Mayor is unavailable or incapable of acting.
- aa. “Municipal Advisor” means an investment banking or Municipal Advisory firm, commercial bank, or any other person who or which is retained by the Municipality for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the Municipality, has a favorable reputation for skill and experience in providing municipal advisory services of the type with respect to which the Municipal Advisor has been retained. With respect to the issuance of the Series 2016<sup>67</sup> Bonds, the Municipal Advisor for the Municipality shall mean PFM Financial Advisors LLC.
- bb. “Municipality” shall have the meaning ascribed in Section 1.
- cc. “Net Revenues” shall mean Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, less Current Expenses.
- dd. “Parity Obligations” means the two Revolving Fund Loan Agreements, each dated October 26, 2009, by and among the Municipality, TDEC and TLDA and two Revolving Fund Loan Agreements for the System’s SCADA system, each approved by the TLDA on June 16, 2016, to be by and among the Municipality, TDEC and TLDA, and such other bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short Term Indebtedness and Variable Rate Indebtedness, issued or entered into by the Municipality for the System on a parity with the Series 2016<sup>67</sup> Bonds herein authorized in accordance with the restrictive provisions hereof, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings. ~~If the Parity Request is approved, the Prior SRF Loans will no longer be included within the definition of “Prior Lien Obligations” and will instead be included as part of the definition of “Parity Obligations.”~~
- ee. “Prior Bond Resolutions” means the resolutions authorizing the Prior Lien Obligations.
- ff. “Prior Lien Obligations” means the Municipality’s outstanding Sewer and Water Revenue and Tax Refunding Bonds, Series 2005, dated March 30, 2005, maturing April

1, 2016<sup>7</sup> through April 1, 2025, inclusive; ~~and its~~ outstanding Sewer and Water Revenue and Tax Refunding Bonds, Series 2011, dated September 29, 2011, maturing May 25, 2026; ~~two Revolving Fund Loan Agreements, each dated October 26, 2009, by and among the Municipality, TDEC and TLDA; and two Revolving Fund Loan Agreements for the System's SCADA system, each approved by the TLDA on June 16, 2016, to be by and among the Municipality, TDEC and TLDA. If the Parity Request is approved, the Prior SRF Loans will no longer be included within the definition of "Prior Lien Obligations" and will instead be included as part of the definition of "Parity Obligations."~~

- gg. "Projects" means extensions and improvements to the System.
- hh. "Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.
- ii. "Rating Agencies" or "Rating Agency" means Fitch, Moody's, and Standard & Poor's or any successors thereto and any other nationally recognized credit rating agency.
- jj. "Registration Agent" means the registration and paying agent determined by the Mayor to be registration and paying agent for the Bonds, or any successor designated by the Governing Body.
- kk. "Reserve Fund" shall mean the Debt Service Reserve Fund established herein.
- ll. "Reserve Fund Credit Facility" means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility Issuer which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Bond Fund to pay when due principal of and interest on all or a portion of the Bonds.
- mm. "Reserve Fund Credit Facility Issuer" means the issuer of a Reserve Fund Credit Facility rated, at the time at which such Reserve Fund Credit Facility is purchased, not less than the second-highest rating category (without regard to gradations within such category) by each Rating Agency that rates such Reserve Fund Credit Facility Issuer and which also rates any Bonds secured by such Reserve Fund Credit Facility.
- nn. "Reserve Fund Requirement" means an amount determined from time to time by the Municipality as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant to the resolution authorizing such Bonds. With respect to the Series 2016<sup>7</sup> Bonds authorized herein, there shall be no Reserve Fund Requirement ~~until such time as the Municipality shall have failed, for two consecutive Fiscal Years, to produce Net Revenues sufficient to satisfy the rate covenant test set forth in Section 13(e), but assuming solely for this purpose that the 125% coverage requirement of Section 13(e)(2)(a) is instead read as a 150% coverage requirement. At such time and from time to time thereafter, the Reserve Fund Requirement with respect to the Series 2016 Bonds shall be the least of (a) 10% of the original stated principal amount of the Series 2016 Bonds; (b) the remaining Maximum Annual Debt Service Requirement on the Series 2016 Bonds, on a Fiscal Year basis; or (c) 125% of the remaining average Debt Service Requirement on the Series 2016 Bonds, on a Fiscal Year basis; and shall be funded as set forth in Section 12(b)(4) hereof.~~
- oo. "Revenue Fund" shall mean the Revenue Fund established herein.

- pp. “Series 20167 Bonds” means not to exceed \$12,000,000 in aggregate principal amount of water and sewer system revenue bonds, authorized to be issued by this Resolution.
- qq. “Short Term Indebtedness” means bonds, notes, Loan Agreements or other debt obligations of the System maturing five years or less from their date of issuance, issued by the Municipality as Parity Obligations pursuant to the terms hereof.
- rr. “State” means the State of Tennessee.
- ss. “Subordinate Lien Bonds” means bonds, notes, Loan Agreement or other debt obligations issued pursuant to this Resolution but with a lien subordinate to the Bonds.
- tt. “System” shall have the meaning ascribed in Section 1, and shall include all facilities hereafter acquired, constructed or otherwise established, together with and including all properties of every nature hereafter owned by the Municipality as part of its water and sewer system, including all improvements and extensions made by the Municipality to said system while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Governing Body, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Governing Body, not become a part of the System but be operated as a separate and independent system by the Governing Body with the continuing right, upon the election of the Governing Body, to incorporate such separately Acquired System within the System.
- uu. “Variable Rate Indebtedness” means any Parity Obligations, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by the resolution authorizing such Parity Obligations; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

3. Authorization and Terms of the Series 20167 Bonds.

- a. General Terms. The Governing Body hereby authorizes the issuance of a series of water and sewer system revenue bonds of the Municipality in an aggregate principal amount up to \$12,000,000. The terms set forth below are subject to the permitted adjustments in Section 6.
  - 1) The Bonds shall be issued to:
    - a) finance the costs of the Projects (including any reimbursement therefor); and
    - b) pay bond issuance costs.
  - 2) The bonds shall be known as “Water and Sewer System Revenue Bonds, Series 20167” or such other name as may be selected by the Mayor.
  - 3) The Series 20167 Bonds shall be dated the date of their delivery.



- 4) The Series 2016<sup>7</sup> Bonds shall bear interest payable semi-annually on each February 1 and August 1, commencing ~~February~~<sup>August</sup> 1, 2017, at a rate not to exceed the maximum interest rate permitted by applicable Tennessee law.
  - 5) Principal on the Series 2016<sup>7</sup> Bonds shall be payable annually on the first day of February, commencing February 1, 2017<sup>8</sup> and ending no later than February 1, 2036<sup>7</sup>. The Mayor shall determine the actual schedule of principal amortization and set it forth in the certificate awarding the sale of the Series 2016<sup>7</sup> Bonds.
- b. Optional Redemption. ~~The~~<sup>Subject to the permitted adjustments in Section 6, the</sup> Series 2016<sup>7</sup> Bonds shall be subject to redemption on February 1, 2026, in whole or in part, at a redemption price of par plus accrued interest to the date of redemption. If less than all the Series 2016<sup>7</sup> Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Series 2016<sup>7</sup> Bonds within a single maturity shall be called for redemption, the Series 2016<sup>7</sup> Bonds within the maturity to be redeemed shall be selected as follows:
- 1) if the Series 2016<sup>7</sup> Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2016<sup>7</sup> Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or
  - 2) if the Series 2016<sup>7</sup> Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2016<sup>7</sup> Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.
- c. Mandatory Redemption. The Mayor is authorized to sell the Series 2016<sup>7</sup> Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all of the Series 2016<sup>7</sup> Bonds are sold as term bonds, the Municipality shall redeem term bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts set forth herein for each redemption date, as such maturity amounts shall be set forth in the certificate awarding the Series 2016<sup>7</sup> Bonds, at a price of par plus accrued interest thereon to the date of redemption. The term bonds to be so redeemed shall be selected in the manner described in subsection (b) above. At its option, to be exercised on or before the 45<sup>th</sup> day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Series 2016<sup>7</sup> Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2016<sup>7</sup> Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2016<sup>7</sup> Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in



chronological order, and the principal amount of Series 2016<sup>7</sup> Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the 45<sup>th</sup> day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

- d. Redemption Notices. Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Municipality not less than 20 nor more than 60 days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2016<sup>7</sup> Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2016<sup>7</sup> Bond registration records of the Registration Agent as of the date of the notice. Failure to mail such notice or any defect in any such notice so mailed shall not affect the sufficiency of the proceedings for redemption of any of the Series 2016<sup>7</sup> Bonds for which proper notice was given, and failure of any owner to receive such notice if properly given in the manner described above shall not affect the validity of the proceedings of the redemption of the Series 2016<sup>7</sup> Bonds held by such owner. An optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series 2016<sup>7</sup> Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2016<sup>7</sup> Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least 45 days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series 2016<sup>7</sup> Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.
- e. Registration of Bonds. The Series 2016<sup>7</sup> Bonds shall be issued in fully registered, book-entry form, without coupons. The Mayor is authorized to appoint the Registration Agent. The Municipality hereby authorizes and directs the Registration Agent so appointed to maintain Series 2016<sup>7</sup> Bond registration records with respect to the Series 2016<sup>7</sup> Bonds, to authenticate and deliver the Series 2016<sup>7</sup> Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Series 2016<sup>7</sup> Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2016<sup>7</sup> Bonds as provided herein, to cancel and destroy Series 2016<sup>7</sup> Bonds which have been paid at maturity or upon earlier redemption or submitted for

exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Series 2016<sup>67</sup> Bonds canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Series 2016<sup>67</sup> Bonds paid, Series 2016<sup>67</sup> Bonds outstanding and payments made with respect to interest on the Series 2016<sup>67</sup> Bonds. The Mayor is hereby authorized to execute and the City Administrator is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

- f. Payment of Bonds. The Series 2016<sup>67</sup> Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Series 2016<sup>67</sup> Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Series 2016<sup>67</sup> Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Series 2016<sup>67</sup> Bond registration records, without, except for final payment, the presentation or surrender of such registered Series 2016<sup>67</sup> Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Series 2016<sup>67</sup> Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Series 2016<sup>67</sup> Bonds shall be made upon presentation and surrender of such Series 2016<sup>67</sup> Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a 360-day year composed of twelve months of 30 days each. If requested by any registered owner of at least \$1,000,000 in aggregate principal amount of the Series 2016<sup>67</sup> Bonds, payment of interest on such Series 2016<sup>67</sup> Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.
- g. Defaulted Interest. Any interest on any Series 2016<sup>67</sup> Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality to the persons in whose names the Series 2016<sup>67</sup> Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2016<sup>67</sup> Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen nor less than ten days prior to the date of the proposed payment to the registered owners.

The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at the address thereof as it appears in the Series 2016<sup>67</sup> Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Series 2016<sup>67</sup> Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series 2016<sup>67</sup> Bonds when due.

- h. Transfer and Exchange of Bonds. The Series 2016<sup>67</sup> Bonds shall be issued initially in \$5,000 denominations or any integral multiple thereof as shall be requested by the Underwriter. The Series 2016<sup>67</sup> Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his or her legal representative duly authorized in writing, of the registered Series 2016<sup>67</sup> Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series 2016<sup>67</sup> Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series 2016<sup>67</sup> Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series 2016<sup>67</sup> Bond or the Series 2016<sup>67</sup> Bond to the assignee(s) in \$5,000 denominations, or any integral multiple in excess thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series 2016<sup>67</sup> Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2016<sup>67</sup> Bond, nor to transfer or exchange any Series 2016<sup>67</sup> Bond after the publication of notice calling such Series 2016<sup>67</sup> Bond for redemption has been made, nor to transfer or exchange any Series 2016<sup>67</sup> Bond during the period following the receipt of instructions from the Municipality to call such Series 2016<sup>67</sup> Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series 2016<sup>67</sup> Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series 2016<sup>67</sup> Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series 2016<sup>67</sup> Bonds shall be overdue. The Series 2016<sup>67</sup> Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Series 2016<sup>67</sup> Bonds of the same maturity in any authorized denomination or denominations.
- i. Execution of Bonds. The Series 2016<sup>67</sup> Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf of the Municipality, by the Mayor and attested by the City Administrator.
- j. Book-Entry Registration. Except as otherwise provided in this Resolution, the Series 2016<sup>67</sup> Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Series 2016<sup>67</sup> Bond or the Series 2016<sup>67</sup> Bonds shall be construed to mean the Series 2016<sup>67</sup> Bond or the Series 2016<sup>67</sup> Bonds that are held under the Book-Entry System. One Series 2016<sup>67</sup>

Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series 2016<sup>7</sup> Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2016<sup>7</sup> Bonds. Beneficial ownership interests in the Series 2016<sup>7</sup> Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series 2016<sup>7</sup> Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series 2016<sup>7</sup> Bonds. Transfers of ownership interests in the Series 2016<sup>7</sup> Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2016<sup>7</sup> BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2016<sup>7</sup> BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series 2016<sup>7</sup> Bonds, so long as DTC is the only owner of the Series 2016<sup>7</sup> Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation relating to the Municipality (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Municipality and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Series 2016<sup>7</sup> Bonds or (2) the Municipality determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Series 2016<sup>7</sup> Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Series 2016<sup>7</sup> Bonds, the Municipality shall discontinue the Book-Entry System with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Series 2016<sup>7</sup> Bonds in the form of fully registered Series 2016<sup>7</sup> Bonds to each Beneficial Owner.

THE MUNICIPALITY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE SERIES 2016<sup>7</sup> BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2016<sup>7</sup> BONDS; (IV) THE

DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OR ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2016<sup>7</sup> BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series 2016<sup>7</sup> Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2016<sup>7</sup> Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2016<sup>7</sup> Bonds and provision of notices with respect to Series 2016<sup>7</sup> Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interests of any of the owners of the Series 2016<sup>7</sup> Bonds; provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

- k. Authentication and Delivery. The Registration Agent is hereby authorized to authenticate and deliver the Series 2016<sup>7</sup> Bonds to the Underwriter, upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Series 2016<sup>7</sup> Bonds in exchange for Series 2016<sup>7</sup> Bonds of the same principal amount delivered for transfer upon receipt of the Series 2016<sup>7</sup> Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series 2016<sup>7</sup> Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Series 2016<sup>7</sup> Bond form.
- l. Replacement Bonds. In case any Series 2016<sup>7</sup> Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Series 2016<sup>7</sup> Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series 2016<sup>7</sup> Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series 2016<sup>7</sup> Bond, or if any such Series 2016<sup>7</sup> Bond shall have matured or shall be about to mature, instead of issuing a substituted Series 2016<sup>7</sup> Bond, the Municipality may pay or authorize payment of such Series 2016<sup>7</sup> Bond without surrender thereof. In every case, the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Series 2016<sup>7</sup> Bond, and indemnity satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Series 2016<sup>7</sup> Bond an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.
4. Form of Series 2016<sup>7</sup> Bonds. The Series 2016<sup>7</sup> Bonds shall be in substantially the form attached hereto as Exhibit A. The form of the Series 2016<sup>7</sup> Bond set forth in Exhibit A hereto shall be conformed to reflect any changes made pursuant to Section 6.
5. Source of and Security for Payment. The Series 2016<sup>7</sup> Bonds shall be payable solely from and secured by a pledge of the Net Revenues on a parity and equality of lien with respect to such Net



Revenues with the Parity Obligations, subject to a prior lien of such Net Revenues in favor of the Prior Lien Obligations. The punctual payment of principal of and premium, if any, and interest on the Series 2016<sup>67</sup> Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Series 2016<sup>67</sup> Bonds do not constitute a debt of the State of Tennessee, or any political subdivision thereof, or municipal corporation therein, other than the Municipality, and no holder of the Series 2016<sup>67</sup> Bonds shall have recourse to the taxing power of any such entities.

6. Sale of the Series 2016<sup>67</sup> Bonds; Changes Authorized.

- a. The Series 2016<sup>67</sup> Bonds shall be offered by public competitive sale, in one or more series, by the Mayor, in consultation with the Chief Financial Officer, City Administrator, and Municipal Advisor, by physical delivery of bids or by electronic bidding by means of an Internet bidding service at a price of not less than ninety-nine percent (99%) of par, plus accrued interest.
- b. The Mayor is authorized to award the Series 2016<sup>67</sup> Bonds to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate does not exceed the rate permitted by applicable Tennessee law. The award of the Series 2016<sup>67</sup> Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required.
- c. The Mayor and the City Administrator are authorized to cause the Series 2016<sup>67</sup> Bonds to be authenticated by the Registration Agent and delivered to the successful bidder, and to execute, publish, and deliver all certificates and documents as they shall deem necessary in connection with the sale and delivery of the Series 2016<sup>67</sup> Bonds, including certificates and agreements setting forth covenants of the Municipality as required by the issuer of any bond insurance policy.
- d. The Mayor is authorized to cause all or a portion of the Series 2016<sup>67</sup> Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company if such insurance is requested and paid for by the winning bidder of the Series 2016<sup>67</sup> Bonds, or any series thereof.
- e. In connection with the sale of the Series 2016<sup>67</sup> Bonds, the Mayor, in consultation with the Chief Financial Officer, City Administrator, and Municipal Advisor, is authorized to:
  - 1) adjust the principal amount of the Series 2016<sup>67</sup> Bonds below \$12,000,000;
  - 2) change principal and/or interest payment dates;
  - 3) establish the principal amortization schedule for the Series 2016<sup>67</sup> Bonds, provided that the final maturity date shall not be later than that set forth in Section 3(a);
  - 4) remove or adjust the optional redemption terms for the Series 2016<sup>67</sup> Bonds; and
  - 5) establish any mandatory redemption terms of the Series 2016<sup>67</sup> Bonds.

Any such changes shall be set forth in the form of bond attached hereto as Exhibit A.

- f. The Mayor is authorized to enter into an engagement letter with the Municipal Advisor in connection with the issuance of the Series 20167 Bonds and with Bass, Berry & Sims PLC, as bond counsel and disclosure counsel to the Municipality in connection with the issuance of the Series 20167 Bonds, and all actions heretofore taken to engage the Municipal Advisor and Bass, Berry & Sims PLC are hereby ratified and approved. The engagement letters of ~~PFM Financial Advisors LLC, as Municipal Advisor to the Series 2016 Bonds, and~~ Bass, Berry & Sims PLC, as bond counsel and disclosure counsel to the Municipality for the Series 20167 Bonds, ~~are~~is attached hereto as Exhibit C ~~and Exhibit D, respectively.~~
7. Application of Proceeds of Series 20167 Bonds. The proceeds from the sale of the Series 20167 Bonds shall be immediately deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar or successor federal agency in a special fund hereby created and known as the 2016 Construction Fund (the "Construction Fund") to be kept separate and apart from all other funds of the Municipality and the System. The funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and costs of issuance of the Bonds, including necessary legal, accounting, engineering, architectural and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees, bond insurance premiums (if any) and other necessary miscellaneous expenses incurred in connection with the Projects and the issuance and sale of the Bonds. Moneys in the Construction Fund shall be invested as directed by the Chief Financial Officer in such investments as shall be permitted by applicable law and the earnings thereon shall be retained in the Construction Fund and used for the same purposes as all other funds in the Construction Fund or paid to the Bond Fund to be used to pay interest on the Bonds, as the Chief Financial Officer in his discretion shall determine. Any monies remaining after completion of the Projects shall be transferred to the Bond Fund.
8. Official Statement for the Series 20167 Bonds. If requested by the successful bidder for the Series 20167 Bonds and if required by Rule 15c2-12 of the Securities and Exchange Commission, the Mayor, Chief Financial Officer, City Administrator, or any of them, are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Series 20167 Bonds and the System. The Mayor, Chief Financial Officer, City Administrator, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor, Chief Financial Officer, City Administrator, or any of them, shall arrange for the delivery to the winning bidder of the Series 20167 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series 20167 Bonds have been sold for delivery by the winning bidder to each potential investor requesting a copy of the Official Statement. The Mayor, Chief Financial Officer, City Administrator, or any of them, are authorized, on behalf of the Municipality, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Municipality except for the omission in the Preliminary Official Statement of such pricing and other information.



9. Continuing Disclosure for the Series 2016<sup>67</sup> Bonds. The Mayor is hereby authorized, if required by Rule 15c2-12 of the Securities and Exchange Commission, to enter into an agreement to provide annual financial information and notice of the occurrence or nonoccurrence of specified events to the holders of the Series 2016<sup>67</sup> Bonds. Failure of the Municipality 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 2016<sup>67</sup> Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Municipality to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specified performance.
10. Federal Tax Matters Related to the Series 2016<sup>67</sup> Bonds.
- a. The Series 2016<sup>67</sup> Bonds will be issued as federally tax-exempt bonds. The Municipality hereby covenants that it will not use, or permit the use of, any proceeds of the Series 2016<sup>67</sup> Bonds in a manner that would cause the Series 2016<sup>67</sup> Bonds to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an "arbitrage bond". To that end, the Municipality shall comply with applicable regulations adopted under said Section 148. The Municipality further covenants with the registered owners from time to time of the Series 2016<sup>67</sup> Bonds that it will, throughout the term of the Series 2016<sup>67</sup> Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Series 2016<sup>67</sup> Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.
  - b. It is reasonably expected that the Municipality will reimburse itself for certain expenditures made by it in connection with the Projects by issuing the Series 2016<sup>67</sup> Bonds. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. § 1.150-2.
  - c. The Mayor, City Administrator and Chief Financial Officer are authorized and directed, on behalf of the Municipality, to execute and deliver all such certificates and documents that may be required of the Municipality in order to comply with the provisions of this Section related to the issuance of the Series 2016<sup>67</sup> Bonds.
11. Prohibition of Prior Lien; Parity Obligations; Subordinate Lien Bonds. The Municipality will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Prior Lien Obligations or the Series 2016<sup>67</sup> Bonds, including debt obligations issued on parity with the Prior Lien Obligations. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on parity with the Series 2016<sup>67</sup> Bonds under the following conditions but not otherwise:
- a. Any refunding obligation issued to refund a series of Bonds if the refunding is expected to reduce the total debt service payments on the Bonds to be refunded.
  - b. Obligations (including refunding obligations which do not meet the requirements of (a)) if all of the following conditions are satisfied:

- 1) Receipt of a report from a Municipal Advisor or an engineer with expertise in systems such as the System, or provision of a certificate by the Chief Financial Officer stating that the historical net revenues of the System for either (i) a period of 12 consecutive months of the most recent 24 consecutive months prior to the issuance of the proposed Parity Obligations, or (ii) the most recent audited Fiscal Year, were equal to at least ~~130~~<sup>130</sup>~~25~~<sup>25</sup>% of maximum annual debt service on the Series 201~~6~~<sup>7</sup> Bonds, all Parity Obligations, and Prior Lien Obligations which will be outstanding in the then current and each succeeding Fiscal Year. The report or certificate may contain pro forma adjustments to historical net revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Obligations and not fully reflected in the historical net revenues actually received during such historical period used.
- 2) All payments required to be made into funds established by resolutions authorizing Parity Obligations and Prior Lien Obligations are current.
- 3) The resolution authorizing the proposed Parity Obligations must require the proceeds of such proposed Parity Obligations to be used to make capital improvements to or capital acquisitions for the System, to fund interest on the proposed Parity Obligations, to refund other obligations issued for such purposes (whether or not such refunding Parity Obligations satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of nationally recognized bond counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Obligations.
- 4) The Chief Financial Officer shall have certified, by written certificate dated as of the date of issuance of the Parity Obligations, that the Municipality is in compliance with all requirements of this Resolution.

All the provisions and covenants of this Resolution relating to negotiability and registration of Bonds, creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this Resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued pursuant to the terms of this Section in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

Notwithstanding anything herein to the contrary, each series of Parity Obligations may be issued with or without a Reserve Fund Requirement, may require cash funding of the Reserve Fund, if any, and may provide for the funding of the Reserve Fund, if any, over such period of time as is acceptable to the purchaser of such Parity Obligations, all as specified in the resolution authorizing such Parity Obligations. Any such Parity Obligations shall be secured only by the Reserve Fund specified in the resolution authorizing such series of Parity Obligations and shall have no right to receive any payment from the Reserve Fund established for any other series of bonds, whether such additional bonds are issued as Parity Obligations or Subordinate Lien Bonds. Any series of Parity Obligations may be issued in Book-Entry Form and may be registered in the

name of DTC or such other Depository as may be determined by the Municipality, all to be specified in the resolution authorizing such Parity Obligations.

In addition to Parity Obligations issued in accordance with the foregoing, the Municipality may issue Subordinate Lien Bonds, subject to the terms of this Resolution or otherwise, provided that the security for such Subordinate Lien Bonds shall be subject in all respects to the lien in favor of the Bonds.

The punctual payment of principal of, premium, if any, and interest on the Series 2016<sup>67</sup> Bonds and any Parity Obligations shall be secured equally and ratably by the Net Revenues, without priority by reason of number or time of sale or execution or delivery.

12. Funds, Accounts and Subaccounts; Application of Revenues.

- a. The following funds, accounts and subaccounts are hereby established, and the money deposited in such funds, accounts and subaccounts shall be held in trust for the purposes set forth in this Resolution:
  - 1) Revenue Fund (the “Revenue Fund”) to be held by the Municipality;
  - 2) Principal and Interest Sinking Fund (the “Bond Fund”) to be held by the Municipality, and within the Bond Fund:
    - a) Interest Account, with further subaccounts therein for each series of Bonds; provided a subaccount therein may be utilized for more than one series of Bonds if all such series of Bonds share exactly the same lien status on the Net Revenues.
    - b) Principal Account, with further subaccounts therein for each series of Bonds; provided a subaccount therein may be utilized for more than one series of Bonds if all such series of Bonds share exactly the same lien status on the Net Revenues.
  - 3) Debt Service Reserve Fund (the “Reserve Fund”), with an account for each series of Bonds which has a Reserve Fund Requirement; provided an account therein may be utilized for more than one series of Bonds if all such series of Bonds are specified in the resolution authorizing such Bonds to share a pledge of such account and have a combined Reserve Fund Requirement. Nothing herein shall prohibit the Municipality from issuing one or more series of Bonds without a Reserve Fund Requirement and no deposit to the Reserve Fund and no Reserve Fund Credit Facility shall be required in connection therewith.
- b. From and after the delivery of any of the Series 2016<sup>67</sup> Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by the Municipality to the Revenue Fund hereby established (the “Revenue Fund”), administered and controlled by the Municipality; provided that the Gross Earnings shall first be first applied as required by the Prior Bond Resolutions. The funds so deposited in the Revenue Fund created under this Resolution shall be used only as follows:

- 1) The money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses.
- 2) The money thereafter remaining in the Revenue Fund shall next be used to make deposits into the Sinking Fund to be further deposited in the Interest Account and the Principal Account as set forth herein and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to the defeasance provisions of this Resolution, beginning in the month next following delivery of the Series 2016<sup>67</sup> Bonds. Each monthly deposit as to interest for such Bonds shall be an amount equal to not less than one-sixth (1/6<sup>th</sup>) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts; provided that proportionately greater monthly amounts shall be deposited to account for any initial period of less than six months following the issuance of Bonds. Each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth (1/12<sup>th</sup>) of the principal amount and/or Maturity Amount coming due on such Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts; provided that proportionately greater monthly amounts shall be deposited to account for any initial period of less than 12 months following the issuance of Bonds. No further deposit shall be required as to any Bonds when the Sinking Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date and the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Bonds, the deposits may be adjusted by the Municipality as provided in the resolution authorizing the issuance of such Bonds. Money in the Bond Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the Bonds.
- 3) The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.
- 4) To the extent any series of the Bonds has a Reserve Fund Requirement and such Reserve Fund Requirement is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Municipality, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into the applicable subaccount of the Reserve Fund. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement. In the event deposits to the Reserve Fund

shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in each subaccount of said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in any subaccount of said Fund shall be replenished over a period of not greater than twenty-four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments. Any deposits required to be made hereunder shall be made monthly at the same time as deposits are made to the Bond Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Current Expenses, satisfy the contractual obligations set forth in the Prior Bond Resolutions, be transferred into the Bond Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Bond Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Municipality for legally permissible System purposes.

At the option of the Municipality, the Municipality may satisfy the Reserve Fund Requirement applicable to a series of Bonds, or a portion thereof, by providing for the benefit of owners of such series of Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to such series of Bonds and release an equal amount of funds on deposit in the corresponding subaccount of the Reserve Fund to be used by the Municipality for legally permissible purposes. At any time during the term hereof, the Municipality shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Obligations pursuant to the restrictive provisions of Section 11 hereof with a Reserve Fund Requirement or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Municipality shall satisfy the applicable Reserve Fund Requirement by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the applicable Reserve Fund Requirement for the series of Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the Municipality, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any

demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the Municipality, from Revenues after payment of Current Expenses, satisfaction of the contractual obligations set forth in the Prior Bond Resolutions and required deposits to the Bond Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided herein.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms of Section 16 hereof, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the Municipality shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under this Resolution other than remedies that would adversely affect owners of Bonds.

It shall be the responsibility of the Registration Agent to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the Registration Agent and the appointment of a successor thereto.

The Municipality may issue Parity Obligations without a Reserve Fund Requirement, as shall be specified in the bond resolution authorizing such Parity Obligations.

- 5) The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any Subordinate Lien Bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and may thereafter be used by the Municipality for any legally permissible System purpose, as the Governing Body shall determine.
- c. Money on deposit in the Funds described in this Section may be invested by the Municipality in such investments as shall be permitted by applicable law, as determined by an authorized representative of the Municipality, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no

event shall moneys in the Reserve Fund be invested in instruments that mature more than two years from the date the money is so invested. The Municipality is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.

- d. The Revenue Fund, the Bond Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by the Municipality and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.

13. Covenants Regarding the Operation of the System. The Municipality hereby covenants and agrees with the owners of the Bonds so long as any of the Bonds shall remain outstanding:

- a. The Municipality shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost and conduct all activities associated therewith or incident thereto.
- b. The Municipality shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the Municipality shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.
- c. The Municipality will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Bonds the balance sheet and the profit and loss statement of the System as certified by such accountant or accountants. Each such audit, in addition to whatever matters may be thought proper by the accountant or accountants to be included therein, shall include the following:
  - 1) A statement in detail of the revenues and expenditures of the System and the excess of revenues over expenditures for the Fiscal Year;
  - 2) A statement showing beginning and ending balances of each Fund described herein;
  - 3) A balance sheet as of the end of the Fiscal Year;
  - 4) The accountant's comments regarding the manner in which the Municipality has carried out the requirements of this Resolution and the accountant's recommendations with respect to any change or improvement in the operation of the System;



- 5) A list of insurance policies related to the System in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy;
- 6) The number and classifications of customer service connections to the System as of the end of the Fiscal Year;
- 7) The disposition of any Bond proceeds during the Fiscal Year;
- 8) A statement as to all breaches or defaults hereunder by the Municipality of which the accountant or accountants have knowledge or, in the alternative, a statement that they have no knowledge of any such breach or default.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses. The Municipality further agrees to cause copies of such audits to be furnished to the registered owner of any of the Bonds, at the written request thereof, within one year after the close of each Fiscal Year. The registered owner of any of the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Municipality relating thereto. If the Municipality fails to provide the audits and reports required by this subsection, the registered owner or owners of twenty-five percent (25%) in principal amount of the Bonds may cause such audits and reports to be prepared at the expense of the Municipality.

- d. The Municipality will faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State, including the making and collecting of reasonable and sufficient rates for services rendered by the System, and will apply the revenues of the System to the purposes and Funds specified in this Resolution.
- e. The Municipality shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue-producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:
  - 1) for 100% of the Current Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the Municipality; and
  - 2) such that Net Revenues in each Fiscal Year:
    - a) will equal at least 125% of the Debt Service Requirement on all Bonds and Prior Lien Obligations, and 100% of the debt service requirement on any Subordinate Lien Bonds or other obligations then outstanding for such Fiscal Year; provided that the Municipality may calculate the debt service requirement on Subordinate Lien Bonds in the manner prescribed for the Bonds in the definition of "Debt Service Requirement";
    - b) will enable the Municipality to make all required payments, if any, into the Reserve Fund and on any Credit Facility Agreement;
    - c) will enable the Municipality to accumulate an amount, which, in the judgment of the Municipality, is adequate to meet the costs of major

renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System;

- d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in this Resolution from prior Fiscal Years; and
  - e) will permit the Municipality to comply with the terms of any agreement that the Municipality has entered into to purchase water.
- f. The Municipality will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or any of the System facilities sold at fair market value, provided that:
- 1) The Municipality is in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;
  - 2) Any sale proceeds will be applied either (A) to redemption of Bonds or Prior Lien Obligations in accordance with the provisions governing the repayment thereof in advance of maturity, or (B) to the purchase of Bonds or Prior Lien Obligations at the market price thereof so long as such price does not exceed the amount at which they could be redeemed on such date or the next optional redemption date as set forth herein or in their authorizing resolutions, or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;
  - 3) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System and the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and
  - 4) The Municipality shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease-purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Municipality is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

- g. Prior to the beginning of each Fiscal Year, the Governing Body shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Current Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth in subsection (e) above, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to any registered owner of a Bond upon written request. The Municipality covenants that Current Expenses and capital expenditures incurred in any Fiscal Year will not exceed the reasonable and necessary amounts therefor and that the Municipality will not expend any amounts or incur any obligations therefor in excess of the amounts provided for Current Expenses and capital expenditures in the budget except upon resolution of the Governing Body.
  - h. The Municipality will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently served by the Municipality by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Municipality is in full compliance with the covenants set forth herein immediately following such transfer or exchange.
14. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Municipality and the registered owners of the Bonds, and after the issuance of the Series 2016<sup>67</sup> Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as expressly provided herein, until such time as the Bonds shall have been paid in full or discharged pursuant to the defeasance sections hereof.
  15. Remedies of Bond Owners. Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Municipality by the provisions of this Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof. If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Municipality with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Current Expenses, and to apply the income and revenues thereof in conformity with the provisions of this Resolution.
  16. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:
    - a. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

- b. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an “Agent”; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);
- c. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations or moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent.

Notwithstanding the foregoing, the Municipality may restrict its right to discharge and satisfy prior to maturity any series of Parity Obligations as may be set forth in the resolution authorizing such series of Parity Obligations.

17. Modification of Resolution.

- a. This Resolution may be amended without the consent of or notice to the registered owners of the Bonds for the purpose of (1) curing any ambiguity or formal defect or omission herein or (2) making any other amendment which, in the opinion of nationally-recognized bond counsel, does not adversely affect the holders of any Bonds then outstanding.

- b. In addition to the amendments to this Resolution without the consent of registered owners as referred to in subsection (a) above, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the Municipality but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the Municipality) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in this Resolution; provided, however, that this Resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:
- 1) Make any change in the maturities or redemption dates of the Bonds;
  - 2) Make any change in the rates of interest borne by the Bonds;
  - 3) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;
  - 4) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
  - 5) Affect the rights of the registered owners of less than all of the Bonds then outstanding;
  - 6) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.
- c. Whenever the Municipality shall propose to amend or modify this Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Municipality for public inspection.
- d. Whenever at any time within one year from the date of mailing of said notice there shall be filed with the City Administrator an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Municipality may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.
- e. If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such

amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Municipality from taking any action pursuant to the provisions thereof.

- f. Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the Municipality office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.
  - g. The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.
  - h. The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.
18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption.
19. Separability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

*[signature page follows]*

Adopted and approved on ~~October 25~~December 13, 2016.

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Mayor

ATTEST:

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City Administrator/Recorder



STATE OF TENNESSEE       )  
  )  
COUNTY OF WILLIAMSON )

I, Eric S. Stuckey, hereby certify that I am the duly qualified and acting City Administrator/Recorder of the Board of Mayor and Aldermen of the City of Franklin, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a meeting of the Board of Mayor and Aldermen of the Municipality held on ~~October 25~~December 13, 2016; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$12,000,000 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 2016 of said Municipality.

WITNESS my official signature and seal of said Municipality this ~~25~~13<sup>th</sup> day of ~~October~~December, 2016.

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City Administrator/Recorder

(SEAL)

EXHIBIT A

(Form of Series 20167 Bond)

REGISTERED  
Number \_\_\_\_

REGISTERED  
\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
CITY OF FRANKLIN  
WATER AND SEWER REVENUE BONDS, SERIES 20167

Interest Rate: \_\_\_\_\_%      Maturity Date: \_\_\_\_\_, \_\_\_\_\_      Date of Bond: \_\_\_\_\_, \_\_\_\_\_      CUSIP No.: \_\_\_\_\_

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the City of Franklin, Tennessee (the "Municipality"), a municipal corporation lawfully organized and existing in Williamson County, Tennessee, for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date, said interest being payable on \_\_\_\_\_, and semi-annually thereafter on the first day of \_\_\_\_\_ and \_\_\_\_\_ in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America at the ~~principal~~designated corporate trust office of \_\_\_\_\_, \_\_\_\_\_, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the persons in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten days prior to such Special Record Date. Payment of principal of and premium, if any, on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Registration Agent is a custodian and agent for DTC and the Bonds will be immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds

in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution (as hereafter defined), pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Municipality and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal and maturity amounts of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Municipality nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Municipality determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Municipality may discontinue the book-entry system with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the Municipality nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

This Bond is one of a total authorized issue aggregating \$\_\_\_\_\_ and issued by the Municipality for the purpose of providing funds to: (A) finance extensions and improvements to the water and sewer system (the "System") of the Municipality; and (B) pay the costs of issuing the Bonds, under and in full compliance with the Act, and pursuant to an amended and restated resolution duly adopted by the Board of Mayor and Aldermen of the Municipality at a meeting held on ~~October 25~~December 13, 2016 (the "Resolution").

This Bond is payable solely from and secured by a pledge of Net Revenues (as defined in the Resolution) of the System, ~~subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System and subject to a parity of lien with respect to such Net Revenues with the Parity Obligations (as defined in the Resolution), subject~~ to prior lien of such Net Revenues in favor of the Municipality's outstanding Sewer and Water Revenue and Tax Refunding Bonds, Series 2005, dated March 30, 2005, maturing April 1, 2016 through April 1, 2025, inclusive; its outstanding Sewer and Water Revenue and Tax Refunding Bonds, Series 2011, dated September 29, 2011, maturing May 25, 2026; ~~[two Revolving Fund Loan Agreements, each dated October 26, 2009, by and among the Municipality, the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority; and two Revolving Fund Loan Agreements for the System's SCADA system, each approved by the Tennessee Local Development Authority on June 16, 2016, to be by and among the Municipality, Tennessee Department of Environment and Conservation and Tennessee Local Development Authority]~~. As provided in the Resolution, the punctual payment of principal of and interest on the series of the Bonds of which this Bond is one, and any other bonds hereafter issued on a parity therewith, shall be secured equally and ratably by said revenues without priority by reason of

series, number or time of sale or delivery. Said revenues are required by law and by the proceedings pursuant to which this Bond is issued to be fully sufficient to pay the cost of operating, maintaining, repairing and insuring the System, including reserves therefor, and to pay principal of and interest on this Bond and the issue of which it is a part promptly as each becomes due and payable. The Municipality has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part as each becomes due. This Bond and the interest hereon are payable solely from the revenues so pledged to the payment hereof, and this Bond does not constitute a debt of the Municipality within the meaning of any statutory limitation. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

The Bonds of the issue of which this Bond is one shall be subject to redemption prior to maturity at the option of the Municipality on or after [February 1, 2026], as a whole or in part at any time at the redemption price of par plus interest accrued to the redemption date. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of Mayor and Aldermen of the Municipality, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or
- (ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Subject to the credit hereinafter provided, the Municipality shall redeem Bonds maturing \_\_\_\_\_ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final</u> <u>Maturity</u>	<u>Redemption</u> <u>Date</u>	<u>Principal Amount</u> <u>of Bonds</u> <u>Redeemed</u>
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**\*Final Maturity**

At its option, to be exercised on or before the forty-fifth (45<sup>th</sup>) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced.

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any such defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. ~~The~~An optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

If this Bond is no longer registered in the name of Cede & Co. as nominee for DTC, this Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond

during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Municipality to call such Bond for redemption.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Municipality to call such Bond for redemption.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor and attested by its City Administrator/Recorder, all as of the date hereinabove set forth.

By: \_\_\_\_\_  
Mayor of the Board of Mayor and Aldermen

(SEAL)

ATTESTED:

\_\_\_\_\_  
City Administrator/Recorder

Transferable and Payable at: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

Date of Registration: \_\_\_\_\_

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

\_\_\_\_\_  
Registration Agent

By: \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, whose address is \_\_\_\_\_ (Please insert Federal Identification of Social Security Number of Assignee \_\_\_\_\_) the within Bond of the City of Franklin, Tennessee and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

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

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular, without enlargement or alteration, or any change whatsoever.

Signature guaranteed:

\_\_\_\_\_  
Notice: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.



EXHIBIT B

Preliminary Estimates of Debt Service and Costs of Issuance

Period Ending	Principal	Coupon	Interest	Debt Service
02/01/2018	345,000	5.000%	566,666.67	911,666.67
02/01/2019	380,000	5.000%	582,750.00	962,750.00
02/01/2020	400,000	5.000%	563,750.00	963,750.00
02/01/2021	420,000	5.000%	543,750.00	963,750.00
02/01/2022	440,000	5.000%	522,750.00	962,750.00
02/01/2023	465,000	5.000%	500,750.00	965,750.00
02/01/2024	490,000	5.000%	477,500.00	967,500.00
02/01/2025	510,000	5.000%	453,000.00	963,000.00
02/01/2026	535,000	5.000%	427,500.00	962,500.00
02/01/2027	565,000	5.000%	400,750.00	965,750.00
02/01/2028	590,000	5.000%	372,500.00	962,500.00
02/01/2029	620,000	5.000%	343,000.00	963,000.00
02/01/2030	655,000	5.000%	312,000.00	967,000.00
02/01/2031	685,000	5.000%	279,250.00	964,250.00
02/01/2032	720,000	5.000%	245,000.00	965,000.00
02/01/2033	755,000	5.000%	209,000.00	964,000.00
02/01/2034	795,000	5.000%	171,250.00	966,250.00
02/01/2035	835,000	5.000%	131,500.00	966,500.00
02/01/2036	875,000	5.000%	89,750.00	964,750.00
02/01/2037	920,000	5.000%	46,000.00	966,000.00
	12,000,000		7,238,416.67	19,238,416.67

Cost of Issuance	\$/1000	Amount
PFM	2.91667	35,000.00
Bond Counsel	2.91667	35,000.00
Disclosure Counsel	1.66667	20,000.00
Moody's	1.83333	22,000.00
S&P	1.70833	20,500.00
Paying Agent	0.20833	2,500.00
Printing/Shipping	0.08333	1,000.00
Ipreo	0.10417	1,250.00
Misc	0.41667	5,000.00
	11.85417	142,250.00

EXHIBIT C

~~Engagement Letter of PFM Financial Advisors LLC~~  
~~(attached)~~

~~EXHIBIT D~~

Engagement Letter of Bass, Berry & Sims PLC

(attached)

October 25, 2016

City of Franklin, Tennessee  
Franklin, Tennessee  
Attention: Honorable Ken Moore

**Re: Issuance of Not to Exceed \$12,000,000 in Aggregate Principal Amount of  
Water and Sewer Revenue Bonds**

Dear Mayor:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel and disclosure counsel to the City of Franklin, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purposes of providing funds necessary to fund certain public improvement projects of the Issuer and to pay the costs incident to the sale and issuance of the Bonds. It is anticipated that the Bonds will be sold at competitive sale.

#### **SCOPE OF ENGAGEMENT**

In this engagement, we expect to perform the following duties as bond counsel:

- (1) Subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes.
- (2) Prepare and review documents necessary or appropriate for the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.
- (3) Assist the Issuer in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance, and delivery of the Bonds, except that we will not be responsible for any required blue-sky filings.
- (4) Review legal issues relating to the structure of the Bonds; and
- (5) Prepare those sections of the official statement to be disseminated in connection with the sale of the Bonds involving the description of (i) federal law pertinent to the validity of the Bonds and the tax law treatment thereon, (ii) the terms of the Bonds and (iii) our Bond Opinion.

Our Bond Opinion will be addressed to the Issuer and the purchaser of the Bonds and will be delivered by us on the date the Bonds are exchanged for its purchase price (the "Closing").

In this engagement, we further expect to perform the following duties as disclosure counsel:

- (1) Assist in the preparation and review of an official statement or other disclosure document with respect to the Bonds.
- (2) Subject to the completion of proceedings to our satisfaction, render our legal opinion (the “Disclosure Opinion” and, together with our Bond Opinion, the “Opinions”) that no facts have come to our attention which have caused us to believe that the information in the official statement or other disclosure document (excluding any financial, statistical, demographic and numerical information, any forecasts, estimates, assumptions or expressions of opinion and any information regarding The Depository Trust Company or its book-entry only system of registration), as of its date and as of the date of the Disclosure Opinion, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Our Disclosure Opinion will be addressed to the Issuer and will be delivered by us on the date of Closing.

The Opinions will be based on facts and law existing as of their date. In rendering our Opinions, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the Issuer to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include:

- a. Performing an independent investigation to determine the accuracy, completeness or sufficiency of the official statement or other disclosure document.
- b. Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- c. Preparing blue sky or investment surveys with respect to the Bonds.
- d. Drafting state constitutional or legislative amendments.
- e. Pursuing test cases or other litigation, (such as contested validation proceedings) except as set forth above.
- f. Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- g. Except for defending our Bond Opinion, representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- h. After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be

excludable from gross income for federal income tax purposes (*e.g.*, our engagement does not include rebate calculations for the Bonds).

- i. Opining on a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- j. Addressing any other matter not specifically set forth above that is not required to render our Opinions.

### **ATTORNEY-CLIENT RELATIONSHIP**

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of those limitations. In our representation of the Issuer, we will not act as a "municipal advisor," as such term is defined in the Securities Exchange Act of 1934, as amended.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Form 8038-G, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. We currently represent a client who is adverse to the City and we have previously obtained a waiver from the City for such representation. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Bonds as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. [Execution of this letter will signify the Issuer's consent to our representation of others consistent with the circumstances described in this paragraph.](#)

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### **FEES**

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, our fee will be \$55,000.00.

If, for any reason, the financing represented by the Bonds as described in the paragraph above is completed without the delivery of our Opinions or our services are otherwise terminated, we will expect to be compensated at our normal rates for the time actually spent on your behalf plus client charges as

described above unless we have failed to meet our responsibilities under this engagement, but in no event will the amount we are paid exceed the amounts provided above.

### **RECORDS**

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. All goods, documents, records, and other work product and property produced during the performance of this contract are deemed to be Issuer's property. Our own files, including lawyer work product, pertaining to the transaction will be retained by us for a period of three (3) years and be subject to inspection by Issuer upon reasonable notice.

### **OTHER MATTERS**

We have not retained any persons to solicit or secure this engagement from the Issuer upon an agreement or understanding for a contingent commission, percentage, or brokerage fee. We have not offered any employee of the Issuer a gratuity or an offer of employment in connection with this engagement and no employee has requested or agreed to accept a gratuity or offer of employment in connection with this engagement.

Any modification or amendment to this engagement letter must be in writing, executed by us and contain the signature of the Issuer. The validity, construction and effect of this engagement letter and any and all extensions and/or modifications thereof shall be governed by the laws of the State of Tennessee.

### **CONCLUSION**

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

**CITY OF FRANKLIN, TENNESSEE:**

**BASS, BERRY & SIMS PLC:**

By: \_\_\_\_\_  
Ken Moore, Mayor

By: \_\_\_\_\_  
Karen S. Neal, Member

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<b>Summary report:</b> <b>Litéra® Change-Pro 10.0.0.35 Document comparison done on 12/5/2016</b> <b>11:57:03 AM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
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<b>Modified DMS:</b> iw://BBSLIBRARY/BBS/14540192/7	
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<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
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