

Contract 2014-0271

INDEX RATE AGREEMENT

between

CITY OF FRANKLIN, TENNESSEE

and

PNC BANK, N.A., as Purchaser

dated as of

November 1, 2014

relating to

\$20,000,000

**THE PUBLIC BUILDING AUTHORITY OF THE CITY OF FRANKLIN, TENNESSEE
LOCAL GOVERNMENT PUBLIC IMPROVEMENT BOND,
SERIES 101-A-1**

INDEX RATE AGREEMENT

THIS INDEX RATE AGREEMENT (the "Agreement") is entered into as of November 1, 2014 by and between the CITY OF FRANKLIN, TENNESSEE, a Tennessee municipal corporation (the "Borrower") and PNC BANK, N.A., a national banking association (the "Bank").

WHEREAS, The Public Building Authority of the City of Franklin, Tennessee (the "Authority") has agreed to issue its Local Government Public Improvement Bonds, Series 101-A-1 (the "Series 101-A-1 Bonds") in the aggregate principal amount of \$20,000,000 for the benefit of the Borrower; and

WHEREAS, the Series 101-A-1 Bonds are being issued pursuant to an Indenture of Trust dated as of January 1, 2007, as previously supplemented by a Series 101-A-1 Supplemental Indenture of Trust dated January 1, 2007 (the "Master Indenture"), as supplemented by the Series 101-A-1 Second Supplemental Indenture of Trust, dated as of November 1, 2014 (the "Series 101-A-1 Second Supplemental Indenture," and together with the Master Indenture, the "Indenture") by and between the Authority and Regions Bank, an Alabama banking corporation, as Trustee (including any successor trustee thereunder, the "Trustee"), and the Authority has agreed to lend the proceeds thereof (the "Loan") to the Borrower upon the terms and conditions of an Amended and Restated Loan Agreement (Series 101-A-1) dated as of November 1, 2014 (such Loan Agreement as supplemented or amended from time to time being referred to herein as the "Loan Agreement") for the purpose of refinancing outstanding obligations of the Borrower; and

WHEREAS, the Borrower has agreed in the Loan Agreement to pay the principal and purchase price of and interest on the Loan, the Series 101-A-1 Bonds and all other payments required by the Indenture and the Loan Agreement to be paid by the Borrower to the Authority, the Trustee and others, when and as the same shall become due and payable (together, the "Loan Repayments"), and the Loan Agreement has been assigned by the Authority to the Trustee as security for the Series 101-A-1 Bonds; and

WHEREAS, the Bank has agreed to purchase the Series 101-A-1 Bonds, and as a condition to such purchase, the Bank has required that the Borrower enter into this Agreement regarding the issuance of Series 101-A-1 Bonds and the execution of the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing and in order to induce the Bank to purchase the Series 101-A-1 Bonds, the Borrower hereby agrees as follows:

ARTICLE I. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank as of this date as follows:

Section 1.1 Existence. The Borrower is a municipal corporation within the meaning of Chapter 10, Title 12, Tennessee Code Annotated (the "Act"), duly created and existing under the laws of the State of Tennessee and possessing general powers of taxation, including the power to

levy ad valorem taxes, and has full legal right, power and authority (i) to conduct its business and own its properties, (ii) to enter into this Agreement and the Loan Agreement, and (iii) to carry out and consummate all other transactions contemplated by this Agreement and the Loan Agreement.

Section 1.2 Authorization and Validity. With respect to the authorization, execution and delivery of this Agreement, the Borrower has complied and will comply with all applicable laws of the State of Tennessee. The Borrower has duly approved the execution and delivery of this Agreement and has authorized the taking of any and all action as may be required on the part of the Borrower to carry out, give effect to and consummate the transactions contemplated by this Agreement. This Agreement constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms.

Section 1.3 No Changes in Financial Condition. Since [June 30, 2014,] there has been no material change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrower.

Section 1.4 Material Litigation. There is no action, suit, proceedings, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Borrower, threatened against the Borrower, nor is there any basis therefor, (i) affecting the creation, organization or existence of the Borrower or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or the Loan Agreement, (iii) in any way contesting or affecting the validity or enforceability of this Agreement, the Loan Agreement or any agreement or instrument relating to any of the foregoing or used or contemplated for use in the consummation of the transactions contemplated by any of the foregoing, or (iv) materially adversely affecting the Borrower's financial condition or its obligations to make payments under this Agreement or the Loan Agreement.

Section 1.5 Compliance with Laws and Contracts. The Borrower is not in any material respect in breach of or in default under any applicable law or administrative regulation of the State of Tennessee or the United States of America or any applicable judgment or decree or any agreement or other instrument to which the Borrower is a party or by which it or any of its properties is bound, and no event has occurred which with the passage of time, the giving of notice or both would constitute such a breach or default; and the execution and delivery of this Agreement and the Loan Agreement and compliance with the respective provisions thereof will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of Tennessee or of the United States of America or any applicable judgment or decree or any agreement or other instrument to which the Borrower is a party or by which it or any of its property is bound.

Section 1.6 Use of Projects; Cure. So long as any Series 101-A-1 Bonds are outstanding, the Borrower shall promptly cure any violations under all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become applicable to the Projects (as defined in the Loan Agreement), the repair and alteration thereof, and the use or manner of use of the Projects, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary,

and whether or not they shall involve any change or governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof.

Section 1.7 Use of Proceeds. The Borrower will not take or omit to take any action which action or omission will in any way cause the proceeds of the Loan to be applied in a manner contrary to that provided in this Agreement and the Loan Agreement. The Borrower has not taken or omitted to take, and will not take or omit to take, any action, and knows of no action that any other person, firm or corporation has taken or intends to take, which would cause interest on the Series 101-A-1 Bonds to be includable in the gross income of owners thereof for federal income tax purposes.

Section 1.8 Compliance with Terms and Requirements. The Borrower covenants and agrees to comply with the terms and requirements applicable to the Borrower in the Loan Agreement.

Section 1.9 Information True and Correct. All written information provided to the Bank in this Agreement or in any other document or instrument with respect to this Agreement or the Loan Agreement, was at the time provided, and is now, true, correct and complete, and such information does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 1.10 Rating Change. The Borrower covenants and agrees to immediately provide the Bank notice of any change in its rating by any Rating Agency (as defined in the Indenture).

ARTICLE II. PURCHASE OF BOND; CONDITIONS PRECEDENT

On the date hereof, the Borrower shall cause the Authority to issue the Series 101-A-1 Bonds as provided in the Series 101-A-1 Second Supplemental Indenture. This Agreement shall become effective, and the Bank will purchase the Series 101-A-1 Bonds on the date hereof from the Authority, provided that all of the following conditions are met:

Section 2.1 Opinion of Bond Counsel. There shall have been delivered to the Bank an opinion (or a signed copy of such opinion together with a satisfactory reliance letter) of Bass, Berry & Sims PLC, Bond Counsel, dated the date of issuance and in form and substance satisfactory to the Bank, to the effect that the Series 101-A-1 Bonds are legal, valid and binding obligations of the Authority and that as of the date of the conversion of the Series 101-A-1 Bonds to the Index Rate Period interest on the Series 101-A-1 Bonds is not includable in gross income for federal income tax purposes under existing statutes, regulations and rulings, and covering such other matters as the Bank may reasonably request.

Section 2.2 Opinion of Borrower Counsel. There shall have been delivered to the Bank a signed opinion of counsel to the Borrower addressed to the Bank with respect to the execution and delivery by the Borrower of this Agreement and the legality, validity, binding effect and enforceability thereof, which opinion shall be dated the date of this Agreement, in form and substance satisfactory to the Bank.

Section 2.3 Borrower Resolution. There shall have been delivered to the Bank the resolution (the “Borrower Resolution”) of the governing body of the Borrower authorizing this Agreement, the Loan Agreement and the transactions contemplated thereby.

Section 2.4 Authority Resolution. There shall have delivered to the Bank a copy, certified by a duly authorized officer of the Authority of the resolution of the governing body of the Authority approving the issuance of the Series 101-A-1 Bonds, the execution of the Loan Agreement and the Series 101-A-1 Second Supplemental Indenture.

Section 2.5 Other Documents. There shall have been delivered to the Bank the following: (a) the original, authenticated Series 101-A-1 Bond; (b) an executed copy of this Agreement; (c) an executed copy of the Loan Agreement; (d) an executed copy of the Series 101-A-1 Second Supplemental Indenture; and (e) such other information, documents, instruments, approvals (and if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank or its counsel may reasonably request.

Section 2.6 No Default. On the date of issuance of the Series 101-A-1 Bonds and the date hereof, there shall exist no default or event of default hereunder or under the Loan Agreement.

Section 2.7 Representations and Warranties. On the date of issuance of the Series 101-A-1 Bonds, all representations and warranties of the Borrower contained in the Loan Agreement or otherwise made in writing in connection herewith or with the Loan Agreement shall be true and correct with the same force and effect as though such representations and warranties had been made on and as of such date.

Section 2.8 General Obligations of Borrower. The Loan Agreement executed and delivered by the Authority and the Borrower will be, when executed and delivered, a general obligation of the Borrower supported by its full faith and credit, and the Borrower possesses general powers of taxation, including property taxation, which are pledged to the payment of the Borrower’s obligations under the Loan Agreement.

ARTICLE III. COVENANTS

The Borrower covenants that, during the term of this Agreement, it will perform and comply with each of the following covenants or cause the same to be performed or complied with on behalf of the Borrower.

Section 3.1 Compliance with Laws. To the extent necessary to maintain its power and authority to execute this Agreement, to perform its obligations hereunder, to execute and deliver the Loan Agreement and to perform its obligations thereunder, the Borrower will comply with all laws, rules and regulations, and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject; provided that the Borrower may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto.

Section 3.2 Insurance. The Borrower will maintain insurance of such type and in such amounts or in excess of such amounts as are customarily carried by, and insures against such risks as are customarily insured against by, entities of like type, size and character to the Borrower.

Section 3.3 Financial Statements. The Borrower shall keep, or cause to be kept, proper books of record and account in which full, true and correct entries will be made reflecting all financial transactions of the Borrower in accordance with generally accepted accounting principles, consistently applied, and will furnish to the Bank a copy of each of the following:

(a) annual audited financial statements of the Borrower for such fiscal year within 180 days of the Borrower's fiscal year end; provided, however, if such audited financial statements are not available within 180 days, the Borrower shall provide the Bank such audited financial statements within 30 days of their release by Borrower; and

(b) Such other information respecting the affairs, condition and/or operations, financial or otherwise, of the Borrower as the Bank may from time to time reasonably request.

As and to the extent that any financial statement or audit report described in Section 3.3(a) has been filed on a timely basis with any nationally recognized municipal securities information repository and the Borrower has provided written notice thereof to the Bank, the requirement of Section 3.3(a) with respect thereto shall be deemed satisfied.

Section 3.4 Payment of Obligations. The Borrower shall pay the indebtedness evidenced by the Loan Agreement securing the Series 101-A-1 Bonds according to the tenor thereof, and shall timely pay or perform, as the case may be, all of its other obligations to the Bank.

Section 3.5 Certain Notices. The Borrower will give the Bank prompt notice of any action, suit or proceeding known to it at law or in equity or by or before any governmental entity or other agency which, if adversely determined, would materially impair the ability of the Borrower to carry out its obligations under this Agreement or the Loan Agreement. To the extent the Borrower has knowledge of any such events, the Borrower shall promptly give written notice to the Bank of (a) any material dispute which may exist between the Authority, the Borrower or the Trustee, or any other material dispute in connection with any transaction contemplated under this Agreement, (b) any matter or event which may have a material adverse effect on the interests of the Bank under this Agreement or the Loan Agreement, (c) notice of the failure by the Trustee to perform any of its respective obligations under the Indenture, and (d) notice of any adoption by the Authority of any amendment, supplement or modification to the Indenture.

ARTICLE IV. EVENTS OF DEFAULT

Section 4.1 Events of Default. The following events shall be Events of Default hereunder unless waived by the Bank:

(a) the Borrower fails to pay, or cause to be paid, when due (i) any principal of or interest on the Loan Agreement or (ii) any other obligation owed to the Bank hereunder or

under the other bond documents to which the Borrower is a party and, with respect to this clause (a)(ii) only, such failure shall continue for five (5) days;

(b) the Borrower shall fail to observe or perform any other covenant or agreement (not set forth in (a) or (c) through (f) of this Section 4.1) contained in this Agreement or the Loan Agreement for 30 days after written notice thereof has been given to it;

(c) [either of Moody's or S&P shall have downgraded its long-term unenhanced rating of any indebtedness of the Borrower to which the full faith, credit and taxing power of the Borrower are pledged ("General Obligation Debt") to below "Baa3" (or its equivalent) or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same;]

(d) the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(e) an involuntary case or other proceeding shall be commenced against Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against Borrower under the federal bankruptcy laws as now or hereafter in effect; or

(f) (i) the Loan Agreement at any time for any reason ceases to be valid and binding on the Borrower in accordance with the terms (other than as a result or any redemption or prepayment in full) thereof or is declared to be invalid or null and void by a court or other governmental agency of appropriate jurisdiction, or the validity or enforceability thereof (or any of the payment terms thereof) is contested by any governmental agency or authority, or (ii) the validity or enforceability of the Loan Agreement with respect to any Series 101-A-1 Bonds is contested by the Borrower or the Borrower denies in writing that it has any or further liability or obligation under the Loan Agreement.

Provided, however, to the extent that any event described in (a), (b), (c) or (f) above has occurred such event shall constitute an Event of Default under this Agreement only to the extent and at the time that Bank, in its sole and absolute discretion, declares such event to constitute an Event of Default and gives notice to the Authority, the Borrower and the Administrator in writing that an Event of Default under this Section has occurred.

Section 4.2 Remedies.

(a) If an Event of Default occurs and is continuing, the Bank may, in its sole discretion, then, and in any such event, the Bank may, in its sole discretion, but shall not be obligated to exercise all of its rights and remedies under the Loan Agreement.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement and the Loan Agreement. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to exercise any remedy reserved to the Bank in this Agreement, the Loan Agreement or the Indenture it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Agreement, the Loan Agreement or the Indenture should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Agreement.

ARTICLE V. MISCELLANEOUS

Section 5.1 Amendments and Waivers. (a) No amendment or waiver of any provision of this Agreement nor consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing and signed by the Bank accompanied, in the case of material amendments, by an opinion of Bond Counsel in form and substance satisfactory to Bank.

(b) In the event any agreement, covenant or condition contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 5.2 No Waiver: Remedies. No failure or delay by the Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 5.3 Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 5.4 Binding Effect; Successors and Assigns; Participations. This Agreement shall be binding upon and inure to the benefit of the Borrower, the Bank and their respective assigns, except that the Borrower shall not have the right to assign its rights hereunder or an interest herein without the prior written consent of the Bank.

Section 5.5 Survival of Representations and Warranties. All representations and warranties contained herein or made in writing by the Borrower in connection herewith shall survive the execution and delivery of this Agreement, regardless of any investigation made by the Bank or on its behalf.

Section 5.6 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of Tennessee.

Section 5.7 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement or any other purpose.

Section 5.8 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same agreement.

Section 5.9 Waiver of Jury Trial. THE BORROWER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, AND THE BANK HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED DOCUMENT TO WHICH IT IS A PARTY OR ANY INSTRUMENT OR DOCUMENT DELIVERED THEREUNDER.

Section 5.10 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile transmission or similar writing) and shall be given to such party, addressed to it, at its address, telephone number or telex number set forth below, or at such other address, telephone number or telex number as such party may hereafter specify for the purpose by notice to the other party. Each such notice, request or communication shall be effective when mailed or faxed, be effective when deposited in the mail or confirmed by fax, respectively. Notwithstanding the other provisions of this Section 5.10 the Bank may accept oral notices, provided that Bank shall incur no liability to the Borrower in acting on any such communication that the Bank believes in good faith to have been given by a person authorized to give such notice on behalf of the Borrower.

The Authority:

The Public Building Authority of the City of Franklin, Tennessee
109 Third Avenue South
Franklin, Tennessee 37064
Attention: Assistant City Administrator for
Finance and Administration/Chief Financial Officer

The Bank:

PNC Bank, N.A.
101 South Fifth Street
Louisville, Kentucky 40202
Attention: James Ritter, Assistant Vice President

The Borrower:

City of Franklin, Tennessee
109 Third Avenue South
Franklin, Tennessee 37064
Attention: City Administrator/Recorder

The Administrator

Farragut Building
530 South Gay Street, Suite 800
Knoxville, Tennessee 37902
Attention: Joseph K. Ayres

Section 5.11 No Oral Agreements. THIS AGREEMENT, TOGETHER WITH THE AGREEMENTS, DOCUMENTS AND INSTRUMENTS EXECUTED IN CONNECTION HEREWITH, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

Section 5.12 Indemnification. To the extent permitted by applicable law, the Borrower will defend, indemnify and hold harmless the Bank of and from any and all liability, loss or damage which the Bank may incur by reason of this Agreement, and of and from any and all claims and demands whatsoever which may be asserted against the Bank by reason of any alleged obligation or undertaking to be performed or discharged by the Bank under this Agreement. To the extent permitted by applicable law, should the Bank incur any liability, loss or damage by reason of this Agreement, or in the defense of any claims or demands with respect thereto, the Borrower will immediately, upon the demand of the Bank, reimburse the Bank for the amount thereof, including all costs and expenses and reasonable attorneys' fees incurred by the Bank in connection therewith; provided, however, that nothing contained in this paragraph shall obligate the Borrower to indemnify the Bank against loss or damage occasioned by the Bank's own gross negligence or intentionally wrongful act.

Section 5.13 Continuous Obligations; Obligations Absolute. This Agreement is a continuing obligation and shall (a) be binding upon the Borrower, its respective permitted successors and permitted assigns, and (b) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; provided, the Borrower may not assign all or any part of this Agreement without the prior written consent of the Bank. The obligations of the Borrower under this Agreement shall be paid or performed strictly in conformance with the terms of this Agreement under all circumstances whatsoever, and shall be absolute, irrevocably, and unconditional.

Section 5.14 Costs, Expenses and Taxes. The Borrower agrees to pay on demand all reasonable out-of-pocket expenses of the Bank, including reasonable fees and disbursements of special counsel for the Bank, in connection with the preparation, execution and delivery of this Agreement, any related document, any waiver or consent hereunder or to the extent permitted by applicable law under any related document or any amendment hereof or of any related document or any Default or alleged Default hereunder, including those in connection with collection and other enforcement proceedings resulting therefrom. In addition, the Borrower agrees to pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement and such other documents and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes and fees.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CITY OF FRANKLIN, TENNESSEE

By: _____
Mayor

ATTEST:

By: _____
Title: Secretary

PNC BANK, N.A.

By: _____

Name: _____

Title: _____