

CITY OF CROSSVILLE, TENNESSEE

Resolution Authorizing Mayor and City Manager to Adopt Official Intents to Reimburse

WHEREAS City of Crossville, Tennessee (the “City”) is a “political subdivision” of the State of Tennessee within the meaning of 26 U.S.C. § 103 and the regulations promulgated thereunder; and

WHEREAS interest paid with respect to obligations issued by the City is generally excluded from “gross income” of the payee pursuant to 26 U.S.C. § 103, subject to the City’s compliance with other applicable provisions of the Internal Revenue Code of 1986 (as amended), 26 U.S.C. § 1 *et seq.*, and the regulations promulgated thereunder; and

WHEREAS pursuant to applicable provisions of 26 U.S.C. § 150 and subject to the limitations thereof, the City is permitted to reimburse itself, from and out of the proceeds of tax-exempt debt obligations, for certain “original expenditures” and/or “preliminary expenditures,” as defined in 26 C.F.R. § 1.150-2, made in connection with the construction of capital improvements to the City’s water and wastewater systems; and

WHEREAS the City presently engaged in the accomplishment of multiple capital improvement projects (collectively and severally, the “Projects”), to be funded by the issuance of one or more series of general obligation bonds or revenue bonds, as applicable, of the City (such bonds, and each and all series thereof, are hereinafter referred to as the “Series 2020 Bonds”), the interest paid with respect to which is to be excluded to the maximum extent permissible from “gross income” for purposes of 26 U.S.C. § 103; and

WHEREAS the City has, prior to the adoption hereof, expended from the City’s general fund or water and sewer fund, as applicable, sums of money in respect of one or more of the Projects to persons or entities providing goods or services necessary to the accomplishment such Projects; and

WHEREAS the City reasonably anticipates that, prior to issuing the Series 2020 Bonds, the City will have commenced design, permitting, and/or construction of one or more of the Projects, and will have expended, from the City’s general fund or water and sewer fund, as applicable, additional sums of money to persons or entities providing goods or services necessary to the accomplishment such Projects; and

WHEREAS the sums of money previously expended by the City in respect of the Projects, and the additional sums of money to be expended by the City in respect of the Projects prior to issuance of the Series 2020 Bonds, will constitute “original expenditures” or “preliminary expenditures” in respect of the Projects; and

WHEREAS to the maximum extent permissible, the City intends to reimburse itself, from and out of the proceeds of one or more issues of obligations the interest in respect of which is exempt from inclusion in “gross income” pursuant to 26 U.S.C. § 103, all original expenditures and preliminary expenditures arising from, related to, or connected with the acquisition, design, permitting, and construction of the Projects and

which have been or are after adoption of this resolution expended by the City; and

WHEREAS to the extent of the City's reimbursement of original expenditures and/or preliminary expenditures in respect of the Projects from and out of the proceeds of the Series 2020 Bonds, the Series 2020 Bonds will be "reimbursement bonds" as defined in Treas. Regs. § 1.150-2; and

WHEREAS as a precondition to reimbursing itself for original expenditures and/or preliminary expenditures from and out of the proceeds of reimbursement bonds, Treas. Regs. § 1.150-2 requires the City to adopt an "official intent," as defined in the said regulation, in respect of such reimbursement; and

WHEREAS Treas. Regs. § 1.150-2 permits an official intent to be "made in any reasonable form, including issuer resolution, action by an appropriate representative of the issuer (e.g., a person authorized or designated to declare official intent on behalf of the issuer)"; and

WHEREAS for purposes of convenience and flexibility, the City desires to authorize the Mayor and/or the City Manager to execute any and all official intents in respect of the Projects and which are necessary or expedient to the funding of the Projects from and out of the proceeds of the Series 2020 Bonds,

NOW THEREFORE, BE IT AND IT HEREBY IS RESOLVED as follows:

1. Recitals.

The recitals set forth above are repeated and incorporated into this resolution as substantive material provisions hereof.

2. Authorization.

The City Mayor and/or the City Manager are hereby authorized to adopt and execute any and all "official intents" in respect of reimbursement to the City, from and out of the proceeds of the Series 2020 Bonds, for "original expenditures" and/or "preliminary expenditures" made by the City in respect of any one or more of the Projects and which have been or hereafter shall be expended by the City in respect of any such of the Projects.

ADOPTED, this 8th day of September, 2020

Mayor

APPROVED AS TO FORM:

WHITE & REGEN, PLC

By: _____

Benjamin C. Regen

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