

RESOLUTION NO _____

RESOLUTION AUTHORIZING A LOAN PURSUANT TO A LOAN AGREEMENT BETWEEN THE CITY OF CROSSVILLE, TENNESSEE, AND THE PUBLIC BUILDING AUTHORITY OF THE CITY OF CLARKSVILLE, TENNESSEE, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$6,385,500; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH LOAN AGREEMENT AND OTHER DOCUMENTS RELATING TO SAID LOAN; APPROVING THE ISSUANCE OF A BOND BY SUCH PUBLIC BUILDING AUTHORITY; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SAID LOAN AND THE PAYMENT OF SUCH INDEBTEDNESS; AND, CONSENTING TO THE ASSIGNMENT OF THE CITY'S OBLIGATION UNDER SUCH LOAN AGREEMENT

WHEREAS, the City Council (the "Council"), of the City of Crossville, Tennessee (the "Municipality" or the "City"), has determined that it is in the best interests of the Municipality to incur indebtedness for the purpose of providing funds to prepay certain outstanding debt of the City consisting of (i) that certain Water and Sewer Revenue and Tax Bond, Series 2010A (the "Series 2010A Bond"), issued in the original principal amount of \$1,700,000, which bears interest at the rate of 3%, with a final maturity of May 8, 2050; (ii) that certain Water and Sewer Revenue and Tax Bond, Series 2011 (the "Series 2011 Bond"), issued in the original principal amount of \$4,000,000, which bears interest at the rate of 3%, with a final maturity of September 4, 2052; and, (iii) that certain Water and Sewer Revenue and Tax Bond, Series 2010, issued in the original principal amount of \$815,000, which bear interest at the rate of 3%, with a final maturity of November 13, 2050 (collectively, the "Outstanding Bonds"), the proceeds of such Outstanding Bonds having been used to finance water and sewer system improvements and extensions for the City, and to pay costs of issuance in connection with incurring the indebtedness, by obtaining a loan from The Public Building Authority of the City of Clarksville, Tennessee (the "Authority");

WHEREAS, the portion of the Series 2010A Bond to be refunded matures September 8, 2014 through May 8, 2050, inclusive, and is outstanding in the approximate principal amount of \$1,648,406; the portion of the Series 2011 Bond to be refunded matures September 4, 2014 through September 4, 2052, inclusive, and is outstanding in the approximate principal amount of \$3,902,418; and, the portion of the Series 2010 Bond to be refunded matures September 13, 2014 through November 13, 2050, inclusive, and is outstanding in the approximate principal amount of \$796,232;

WHEREAS, each of the Series 2010A Bond, the Series 2011 Bond, and Series 2010 Bond were sold to the United States Government as a rural development loan program bond;

WHEREAS, it has been determined by the Council of the Municipality to be in the best interests of the Municipality to refund the Outstanding Bonds through The Tennessee Municipal Bond Fund variable rate loan program;

WHEREAS, the Municipality is authorized by Title 9, Chapter 21, Tennessee Code Annotated, as amended, to borrow funds and incur indebtedness for the purpose of refunding the Outstanding Bonds;

WHEREAS, the City filed a plan of refunding with the Office of State and Local Finance as required by Section 12-10-116, Tennessee Code Annotated, as amended, and Section 9-21-903, Tennessee Code Annotated, as amended, and has received a report from such office on the plan of refunding;

WHEREAS, the City submitted a request for approval of balloon indebtedness pursuant to Public Chapter 766, enacted by the 108th General Assembly of the State of Tennessee, and receipt a report thereon;

WHEREAS, the Authority has been established pursuant to the provisions of Title 12, Chapter 10, Tennessee Code Annotated, as amended (the "Act"), and is authorized pursuant to the provisions of the Act to issue its bonds from time to time, in one more series, and to loan the proceeds thereof to the Municipality for the above described purposes;

WHEREAS, in order to effectuate the program, the Issuer has authorized and approved by its Resolution, adopted November 5, 2013, the issuance of its Local Government Loan Program Bonds, in an aggregate principal amount of not to exceed \$300,000,000;

WHEREAS, the Authority will issue its Variable Rate Local Government Loan Program Bond, Series 2014 (City of Crossville Water and Sewer Refunding Loan) (the "Bond"), in the principal amount of not to exceed Six Million Three Hundred Eighty-Five Thousand Five Hundred Dollars (\$6,385,500), and loan the proceeds thereof to the Municipality pursuant to the provisions of a Loan Agreement, between the Municipality and the Authority, to be dated the date of issuance and delivery (the "Loan Agreement");

WHEREAS, the indebtedness evidenced by the Loan Agreement shall be payable from any and all funds of the Municipality legally available therefor, including, but not necessarily limited to, ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, and amount and for the punctual payment of said principal of, and interest on, the Loan Agreement, the full faith and credit of the Municipality will be irrevocably pledged; provided, however, it is the intention of the Municipality that the indebtedness evidenced by the Loan Agreement shall be additionally payable from, but not secured by, the revenues to be derived from the operation of the water and sewer system, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring such water and sewer system, and to any pledge of such revenues in favor of other obligations of the water and sewer system; and,

WHEREAS, the Bond is to be secured by and contain such terms and provisions as set forth in (i) that certain Indenture of Trust (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and (ii) that certain Bond Purchase Agreement, to be entered into between the Authority and the purchaser of the Bond (the "Purchaser").

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Crossville, Tennessee:

Section 1. Approval of the Loan. (a) For the purpose of providing funds to refund the Outstanding Bonds and to pay costs incident to the issuance and sale of the Bond and the loan of the proceeds thereof to the Municipality, the loan to the Municipality from the Authority is hereby authorized in the principal amount of not to exceed \$6,385,500 and the Municipality is hereby authorized to borrow such funds from the Authority.

(b) The Bond to be issued by the Authority shall bear interest at a variable rate, such variable rate to be based on the Securities Industry and Financial Markets Association Rate ("SIFMA"), plus an initial purchasing bank spread and any additional fees, all as provided in the Indenture and Loan Agreement; provided, however, that such rate shall not exceed the maximum rate of interest permitted under the laws of the State of Tennessee. The Mayor and City Clerk are authorized to enter into the Loan Agreement. The Municipality shall make payments of interest and principal in the amounts and on the dates set forth in the Loan Agreement from the sources and funds described herein and in the Loan Agreement. The Loan Agreement shall be for a term of twenty years. The final amortization of principal amounts of the loan evidenced by the Loan Agreement may be established by the Mayor and the purchaser of the Bond, at the time of the sale of the Bond and the execution and delivery of the Loan Agreement, as shall be determined to be in the best interests of the Municipality.

Section 2. Approval of Loan Agreement. The form, terms, and provisions of the Loan Agreement are in the best interest of the Municipality and are hereby approved and the Council hereby authorizes the Mayor and the City Clerk of the Municipality to execute and deliver such Loan Agreement, such Loan Agreement to be in substantially the form of the Loan Agreement presented to this meeting, the execution of such Loan Agreement by the Mayor and the City Clerk to evidence their approval of any and all changes to such Loan Agreement, and any related documents necessary to the consummation of the transactions contemplated by the Loan Agreement. The Municipality further agrees to comply with, and to enable the Authority to comply with, all covenants and requirements contained in the Indenture and the Bond Purchase Agreement.

Section 3. Fulfillment of Obligations. The Council of the Municipality is authorized and directed to fulfill all obligations of the Municipality under the terms of the Loan Agreement.

Section 4. Tax Levy. There shall be levied and collected in the same manner as other ad valorem taxes of the Municipality on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount, to the extent necessary in the event funds of the Municipality legally available to pay the indebtedness evidenced by the Loan Agreement are insufficient, a tax sufficient to pay when due the amounts payable under the Loan Agreement, as and when they become due, and to pay any expenses of maintaining and operating the facilities financed with the proceeds of the Outstanding Bonds required to be paid by the Municipality under the terms and provisions of the Loan Agreement. For the prompt payment of the Loan Agreement, both principal and interest, as the same shall become due, the full faith and credit of the Municipality are irrevocably pledged.

It is the intention of the Municipality that the indebtedness evidenced by the Loan Agreement shall be additionally payable from, but not secured by, the revenues to be derived from the operation of the water system, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring such water system, and to any pledge of such revenues in favor of other obligations of the water system.

Section 5. Approval of Bond, Indenture, and Bond Purchase Agreement. For the purpose of providing funds to make the loan to the Municipality evidenced by the Loan Agreement, as provided herein and in the Loan Agreement, and to pay legal, fiscal, and administrative costs incident thereto, including costs incident to the issuance and sale of the Bond related to the Loan Agreement, the issuance and sale of the Bond by the Authority in connection with the Loan Agreement is hereby approved. The Municipality further approves the execution and delivery of the Indenture and the Bond Purchase Agreement by the Authority in connection with the issuance of the Bond.

Section 6. Disposition of Proceeds The proceeds from the sale of the Bond, together with other funds of the City, shall be used on the date of closing to pay and redeem the Outstanding Bonds and to pay costs of issuance incurred in connection with the issuance of the Bond and the loan of the proceeds thereof to the Municipality.

Section 7. Consent to Assignment. The Municipality hereby consents to the assignment of all of the Authority's right, title, and interest in and to the Loan Agreement to the Trustee as security for the Bond to which such Loan Agreement relates, except for certain reserved rights of the Authority.

Section 8. Arbitrage Certification. The Municipality recognizes that the purchaser and owner of the Bond will have accepted it on, and paid therefor a price which reflects the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bond. In this connection, the Municipality agrees that it shall take no action which may cause the interest on said Bond to be included in gross income for federal income taxation. It is the reasonable expectation of the Council of the Municipality that the proceeds of the Bond will not be used in a

manner which will cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Bond and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Council further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bond to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bond from becoming taxable. The Mayor and City Clerk, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bond as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality.

Section 9. Miscellaneous Acts. The Mayor, the City Clerk, the Finance Director, the City Manager, the City Attorney, and all other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, in connection with the execution of the Loan Agreement and the issuance of the Bond by the Authority, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution; or any of the documents herein authorized and approved.

Section 10. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit, or describe the scope or intent of any provision hereof.

Section 11. Severability. Should any provision or provisions of this Resolution be declared invalid or unenforceable in any respect by final decree of any court of competent jurisdiction, the invalidity or unenforceability of such section, paragraph, ordinance, or provisions shall not affect the remaining provisions of such Resolution.

Section 12. Repeal of Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 13. Effective Date. This Resolution shall take effect upon its adoption, the welfare of the Municipality requiring it.

Adopted and approved this 9th day of September, 2014.

Mayor

Attest:

City Clerk

STATE OF TENNESSEE)
COUNTY OF CUMBERLAND)

I, Sally Oglesby, hereby certify that I am the duly qualified and acting City Clerk of the City of Crossville, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a Loan Resolution excerpted from the minutes of the meeting of the City Council (the "Council"), of said Municipality held on September 9, 2014; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the incurring of indebtedness in the amount of not to exceed \$6,385,500 by said Municipality; (4) that the actions by said Council including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purpose; and, (5) that a quorum of the members of said Council was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Municipality this _____ day of September, 2014.

City Clerk

(SEAL)