

CITY OF CROSSVILLE, TENNESSEE

Resolution of Intent to Reimburse Expenses

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,” 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 Tennessee Department of Transportation (“TDOT”) has entered into a contract with the City in respect of relocation of portions of the City’s water and wastewater systems located within the public right-of-way of U.S. Highway 127 North /S.R. 28 (the “Highway 127 North Utility Relocation Project”); and

WHEREAS pursuant to the City’s contract with TDOT in respect thereof, the City is responsible for payment, from its own resources, of the expenses of engineering services in respect of the design of the Highway 127 North Utility Relocation Project, together with payment for construction inspection services; and

WHEREAS the City has, prior to the adoption of this resolution, made the payments for engineering and related services to the persons and entities, in the amounts, and on the dates set forth in Exhibit A, which is attached hereto and incorporated herein by reference; and

WHEREAS the engineering, construction, and related services as to which the City bears the responsibility for payment in respect of the Highway 127 North Utility Relocation Project are “preliminary expenditures” for which the City may reimburse itself from and out of the proceeds of obligations the interest on which is excluded from “gross income” pursuant to 26 U.S.C. § 103, without regard to the provisions of 26 C.F.R. § 1.150-2(d)(1) and (2); 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 arising from, related to, or connected with the acquisition, design, permitting, and construction of the Highway 127 North Utility Relocation Project, together with all “preliminary expenditures” in respect thereof and specifically including without limitation the amounts set forth in Exhibit A, within the meaning of 26 C.F.R. §

1.150-2(f)(2),

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. Intent to Reimburse.

The City intends to reimburse to itself to the maximum extent permissible, from and out of the proceeds of one or more issues of obligations the interest in respect of which is excluded from “gross income” pursuant to 26 U.S.C. § 103, all “original expenditures” arising from, related to, or connected with the acquisition, design, permitting, and construction of the Highway 127 North Utility Relocation Project, together with all “preliminary expenses” in respect thereof, within the meaning of 26 C.F.R. § 1.150-2(f)(2), and including without limitation the sum of Two Hundred Thirty-Four Thousand Three Hundred Twenty-Seven and 55/100 Dollars (\$234,327.55) as set forth in Exhibit A hereto.

3. Amount of Tax-Exempt Issue.

The City expects that the total expenses of the Highway 127 North Utility Relocation Project, inclusive of preliminary expenses, materials and labor costs of construction, and construction inspection services, will not exceed Five Million Five Hundred Thousand Dollars (\$5,500,000). The City has paid, prior to the adoption hereof, the sum of One Million Four Hundred Nine Thousand Five Hundred Fifteen and 28/100 Dollars (\$1,409,515.28) to TDOT as the City’s deposit in respect of the costs of materials and labor construction in respect of the Highway 127 North Utility Relocation Project. The City contemplates that all or substantially all of the City’s expenses and obligations in respect of the Highway 127 North Utility Relocation Project, above and beyond the amount set forth in the immediately preceding sentence, together with all “preliminary expenditures” in respect thereof, will be paid or reimbursed from the proceeds of one of more obligations to be issued by the City, the interest payable in respect of which obligations will be excluded from gross income for purposes of federal income taxation pursuant to 26 U.S.C. § 103.

4. Reimbursement Allocation.

The City anticipates that all expenses to be reimbursed pursuant to 26 U.S.C. § 150 shall be reimbursed, and the proceeds from any debt issue(s) allocated thereto for such purposes, prior to the completion of the Highway 127 North Utility Relocation Project, and in all events prior to the last date on which such reimbursement may be made as provided by 26 C.F.R. § 1.150-

2(d)(2)(iii).

ADOPTED THIS 8th Day of September, 2020

Mayor

APPROVED AS TO FORM:

WHITE & REGEN, PLC

By: _____

Benjamin C. Regen

465 Henslee Drive Unit C-1

P. O. Box 190

Dickson, Tennessee 37056-0190