

CITY OF CROSSVILLE, TENNESSEE

Resolution No. _____

A RESOLUTION AUTHORIZING THE ISSUANCE OF TAX-EXEMPT SERIES 2020A1 GENERAL OBLIGATION REFUNDING BONDS, TAX-EXEMPT SERIES 2020A2 GENERAL OBLIGATION IMPROVEMENT BONDS, TAXABLE SERIES 2020B GENERAL OBLIGATION REFUNDING BONDS, TAX-EXEMPT SERIES 2020C WATER AND SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS, AND TAXABLE SERIES 2020D WATER AND SEWER REVENUE IMPROVEMENT BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT IN EXCESS OF FORTY-EIGHT MILLION SIX HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$48,685,000) OF CITY OF CROSSVILLE, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE, AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE SECURITY THEREFOR, THE DISPOSITION OF PROCEEDS THEREFROM, AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS

WHEREAS City of Crossville, Tennessee (the “City”) is a municipal corporation and political subdivision of the State of Tennessee, located in Cumberland County, Tennessee, lawfully organized and existing under the laws of the State of Tennessee, originally incorporated pursuant to State of Tennessee Private Acts 1901, Chapter 362 and presently incorporated pursuant to State of Tennessee Private Acts 1953, Chapter 519, of which the five (5)-member City Council, or such other board or body, by whatever name known (the “Council”), is the City’s legislative body; and

WHEREAS pursuant to the Act, municipalities in Tennessee are authorized through their respective governing bodies to issue and sell bonds of said municipalities to finance public works projects and to issue bonds to refund outstanding municipal obligations; and

WHEREAS the Council hereby determines that it is in its best interest and is necessary and advisable to issue not to exceed \$48,685,000 in aggregate principal amount of (i) General Obligation Refunding Bonds, Tax-Exempt Series 2020A1 (the “Series 2020A1 Bonds”), (ii) General Obligation Improvement Bonds, Tax-Exempt Series 2020A2 (the “Series 2020A2 Bonds”), (iii) General Obligation Refunding Bonds, Taxable Series 2020B (the “Series 2020B Bonds”), (iv) Water and Sewer Revenue Refunding and Improvement Bonds, Tax-Exempt Series 2020C (the “Series 2020C Bonds”), and (v) Water and Sewer Revenue Improvement Bonds, Taxable Series 2020D (collectively, the Series 2020A1 Bonds, the Series 2020A2 Bonds, the Series 2020B Bonds, the Series 2020C Bonds, and the Series 2020D Bonds are hereinafter referred to as the “Series 2020 Bonds” or the or a “Bonds” or “Bond”), which Bonds are to be issued for the purpose of providing funds for refunding the entire remaining balance, principal and interest, and otherwise paying all remaining sums due and payable under or with respect to, the Refunded Obligations (as hereinafter defined), financing the costs of design and/or construction of certain capital improvements (hereinafter defined as the “Projects”), reimbursing the City for certain “original expenditures” and/or “preliminary expenditures” (as defined in Regulations § 1.150-2) in connection with the Projects, and paying the costs of issuance of the Bonds; and

WHEREAS prior to the adoption of the Resolution, the City provided a plan of refunding, together with a copy of the Resolution in draft form and a plan of balloon indebtedness, to the Tennessee Comptroller of the Treasury or his designee for review, report, and approval pursuant to Tenn. Code Ann. §§ 9-21-134, 903, and 1003, together with a request, pursuant to Tenn. Code Ann. § 9-21-910, to approve sale of certain of the Bonds, if deemed expedient, by private negotiated sale; and

WHEREAS by correspondence dated _____, 2020, the Tennessee Comptroller of the Treasury issued its report on the City’s plan of refunding; approved the City’s issuance of the Series 2020A1 Bonds as balloon indebtedness; and approved sale of the Series 2020A1 Bonds and Series 2020B Bonds by private negotiated sale, and a copy of the said report on plan of refunding was distributed to the members of the Council prior to adoption of this Resolution; and

WHEREAS it is the intention of the Council to adopt this Resolution for the purpose of authorizing the Series 2020 Bonds, providing for the issuance, sale and payment of the Series 2020 Bonds, establishing the terms thereof, and the disposition of proceeds therefrom, providing for the levy of a tax under certain conditions for the payment of principal of, premium, if any, and interest thereon, providing security for the payment of the Series 2020C Bonds and the Series 2020D Bonds by pledging the Net Revenues of the Systems to the payment of principal of, premium, if any, and interest on the Series 2020C Bonds and the Series 2020D Bonds, and providing for payment of costs of issuance of the Series 2020 Bonds,

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

Section 1. City. The Bonds authorized by this resolution are issued pursuant to the provisions of Tenn. Code Ann. § 9-21-101 *et seq.* (the “Act”) and other applicable provisions of the Public Laws. The Council hereby finds and determines that the issuance of the Series 2020 Bonds is necessary and advisable for the purpose of refunding and redeeming the entire remaining outstanding balance, principal and interest, of all remaining outstanding maturities of the Refunded Obligations, financing the costs of design and/or construction of the Projects, reimbursing certain “original expenditures” and “preliminary expenditures” in connection with certain of the Projects, and financing the costs of issuance of the Series 2020 Bonds.

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

“Acquired System” means any water procurement, treatment, storage, or distribution system acquired by the City and/or any sewer treatment and/or transmission facilities hereafter constructed, acquired, or otherwise established by the City.

“Act” means the Local Government Public Obligations Law of 1986 (as amended), Tenn. Code Ann. § 9-21-101 *et seq.*, and to all amendments subsequently hereto enacted to such statute.

“Beneficial Owners” shall have the meaning set forth in Section 3.h hereof.

“Bond Purchase Agreement” means the bond purchase agreement(s) providing for the purchase and sale of the Bonds or any series of the Bonds, by and between the Original Purchaser and the City, in the form as shall be necessary to properly describe the Bonds being purchased, approved by the Mayor and the City Manager, or either of them.

“Bond,” “Bonds” or “Series 2020 Bonds” means, collectively, not to exceed \$48,685,000 in aggregate principal amount of (i) not to exceed \$4,975,000 General Obligation Refunding Bonds, Series 2020A1 (Tax-Exempt); (ii) not to exceed \$1,500,000 General Obligation Improvement Bonds, Series 2020A2 (Tax-Exempt); (iii) not to exceed \$2,600,000 General Obligation Refunding Bonds, Series 2020B (Federally Taxable); (iv) not to exceed \$37,000,000 Water and Sewer Revenue Refunding and Improvement Bonds, Series 2020C (Tax-Exempt); and, (v) not to exceed \$1,735,000 Water and Sewer Improvement Bonds, Series 2020D (Federally Taxable), each such series dated the date of issuance, or such other series designation and dated date or dates as shall be determined by the Mayor and the City Manager, or either of them, pursuant to Section 12 hereof, authorized to be issued by this resolution.

“Bond Counsel” shall mean White & Regen, PLC.

“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 City or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial “book-entry” interests in those bonds.

“Code” means the Internal Revenue Code of 1986 (as amended), 26 U.S.C. § 1 *et seq.*, and any lawful regulations promulgated or proposed thereunder.

“City” means City of Crossville, Tennessee.

“City Manager” means the City Manager of the City, duly appointed and lawfully serving pursuant to Article VIII of the City’s charter, 1953 Private Acts ch. 519 of the Tennessee General Assembly.

“Clerk” or “City Clerk” means the City Clerk of the City, duly appointed and lawfully serving pursuant to Article IX Section 3 of the City’s charter, or any other person lawfully acting in the capacity of City Clerk when the appointed and serving City Clerk of City of Crossville, Tennessee is unavailable or incapable of acting, or is incompetent to act as provided by applicable law.

“Code” or “Revenue Code” means the Internal Revenue Code of 1986 (as amended), 26 U.S.C. § 1 *et seq.*

“Council” means the City Council of City of Crossville, Tennessee, as from time to time lawfully constituted.

“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 City 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.

“Current Expenses” means expenses incurred by the City in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System, the cost of producing potable water, salaries and wages, cost of materials and supplies, and insurance premiums, but shall exclude depreciation, amortization, and interest on any bonds, notes, or other obligations of the City.

“Debt Service Requirement” means the total principal 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 City or any paying agent for the Bonds or other obligations of the City), for any period of twelve 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 City, either (1) 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 (2) 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) The Debt Service Requirement with respect to any Hedged Obligations, the interest on such Hedged Obligations during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the City on such Hedged Obligations pursuant to their terms and (y) the amount of Hedge Payments payable by the City under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the City on the related Hedged Obligations shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the “Determination Period”) shall be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable 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); and,

(c) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short-Term Indebtedness, at the option of the City, (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 City 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 shall not be applicable for purposes of determining the City's Debt Service Requirement for purposes of calculating the Reserve Fund Requirement for Section 8.d of this resolution unless the City has a written commitment from a bank, underwriting firm or other financial institution with a Rating in one of two highest categories of at least one Rating Agency (ignoring any gradations within a Rating Category) to refinance at least 90% of the principal amount of such Balloon Indebtedness or Short-Term Indebtedness coming due in the relevant Fiscal Year.

"Defeasance Obligations" means direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations which at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in Section 16, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof;

"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.

"Director" means the duly appointed Finance Director of the City, or any other employee of the City acting in the capacity of Finance when the appointed and serving Finance Director is unavailable or incapable of acting.

"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.

"DTC Participant(s)" means securities brokers and dealers, banks, trust companies, and clearing corporations that have access to the DTC System.

"Extraordinary Event" means, in respect only of any Bond or series of Bonds payment of the principal of, interest on, and premium, if any, in respect to which is secured by a pledge of the revenues of the System, a change or transfer in the ownership or control of the System by, including but not limited to, acquisition, privatization, merger, consolidation, or transfer.

"Fiscal Year" means the twelve-month period commencing July 1 of each year and ending June 30 of the following year.

"Gross Earnings" means all revenues, rentals, earnings, and income of the City from or with respect to the System, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System; proceeds from the sale of property held by the City in connection with the System; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements, and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this Resolution, any prior bond resolution, and resolutions authorizing any Parity Bonds or subordinate lien bonds (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 City); provided, however, at the election of the Council, the term "Gross Earnings" as used herein shall not include any revenues, rentals, earnings, or other income received by the City 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 Bonds.

"Maximum Annual Debt Service Requirement" means the maximum annual Debt Service Requirement for any Fiscal Year of the City.

"Mayor" means the duly elected and serving Mayor of City of Crossville, Tennessee, or any other person lawfully acting in the capacity of Mayor when the elected and serving Mayor is unavailable or incapable of acting, or is incompetent to act as provided by applicable law.

"Municipal Advisor" means Kidwell & Company, or other person who or which is retained by the City for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations and is actively engaged in and, in the good faith opinion of the City, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Municipal Advisor has been retained.

"Net Revenues" means 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.

“Original Purchaser” means the investment bank, commercial bank or other financial institution or group thereof selected by the Mayor and the City Manager, or either of them, to be the initial purchaser of the Bonds.

“Parity Bonds” means, collectively, any bonds, notes, loan agreements, and other debt obligations, including Balloon Indebtedness, Short-Term Indebtedness, and Variable Rate Indebtedness, issued or entered into by the City on a parity with the Series 2020C Bonds or Series 2020D Bonds herein authorized in accordance with the restrictive provisions of Section 11 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 Acquired 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.

“Project” or “Projects” mean, collectively and severally, the following capital improvement projects which are to be funded in whole or in part, as applicable, by the proceeds of the Bonds or any series of the Bonds, as indicated below:

(a) With respect to the Series 2010A2 Bonds, “Project” or “Projects” shall mean –

- (i) upgrades and improvements to the City’s street-lighting systems in the City’s downtown areas; and
- (ii) any other capital improvement project to any other “public works project” (as defined in Tenn. Code Ann. § 9-21-105(21)), or the acquisition of any capital asset to be used in connection with any “public works project,” paid or to be paid from the General Fund of the City and the accomplishment or acquisition of which the Council may deem expedient to the City’s interests.

(b) With respect to the Series 2020C Bonds and the Series 2020D Bonds, “Project” or “Projects” shall mean –

- (i) sewer line replacement and related improvements, Miller Avenue to Old Lantana Road;
- (ii) Meadow Park Lake water treatment plant filtration system expansion;
- (iii) County Seat Road to Southbend Road water line upgrades;
- (iv) Old Lantana Road water line upgrades;
- (v) S.R. 1/U.S. Highway 70 (Sparta Highway) water and sewer utility relocations in connection with Tennessee Department of Transportation (TDOT) bridge construction;
- (vi) S.R. 24/U.S. Highway 70 North water and sewer utility relocations in connection with TDOT bridge construction;
- (vii) resurfacing 1,000,000-gallon Cotton Patch water storage tank;
- (viii) 2021 sewer system inflow and infiltration remediation program construction;
- (ix) S.R. 28/U.S. Highway 127 Northwest Connector water and sewer utility relocations (Phases I to III) in connection with TDOT construction, including approved reimbursements for sums advanced prior to issuance of the Bonds;
- (x) Obed River sewer lift station rehabilitation;
- (xi) installation of Meadow Park master water meters;
- (xii) Genesis Road sewer lift station improvements; and,
- (xiii) any other capital improvement project to the System or any portion thereof, or the acquisition of any capital asset to be used in connection with the System, and the accomplishment or acquisition of which the Council may deem expedient to the City’s interests.

“Project Fund” means one or more segregated fund(s) to be established by the City, and into which all of the Bonds’ proceeds received, less such proceeds as are applied to redemption and refunding of Refunded Obligations,

and further net of expenses of issuance, shall be deposited for expenditure for the purposes described in Section 1 above.

“Rating” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“Rating Agencies” or “Rating Agency” means Fitch, Inc., Moody’s Investors Service, Inc., and Standard & Poor’s Rating Group (a division of McGraw-Hill Financial Services Company, Inc.) or any successors thereto and any other nationally recognized credit rating agency.

“Refunded Obligations” means all principal of, interest on, and other sums due and payable in respect of, all outstanding maturities of the following indebtedness of the City:

- (a) \$4,205,000 General Obligation Refunding and Improvement Bonds, Series 2012A (Tax-Exempt)
- (b) \$3,780,000 General Obligation Refunding and Improvement Bonds, Series 2012B (Federally Taxable)
- (c) \$8,660,000 Water and Sewer Revenue and Tax Refunding and Improvement Bonds, Series 2012C (Tax-Exempt)
- (d) 00-020 SRF Drinking Water Loan
- (e) 2009-087 SRF Drinking Water Loan
- (f) 2009-225 SRF Clean Water Loan
- (g) 2015-346 SRF Clean Water Loan
- (h) 12-116 SRF Drinking Water Loan
- (i) \$6,374,593 Loan Agreement dated October 1, 2014, which was funded by The Public Building City of Clarksville, Tennessee Local Government Loan Program Bonds, Series 2014
- (j) \$3,747,350 Loan Agreement dated July 31, 2014, which was funded by The Public Building City of Clarksville, Tennessee Local Government Loan Program Bonds, Series 2014

“Regulations” or “Treasury Regulations” means the Treasury Regulations adopted from time to time pursuant to applicable provisions of the Code.

“Registration Agent” means the registration and paying agent for the Bonds appointed by the Mayor and City Manager, or either of them, pursuant to Section 4 hereof, or any successor thereto designated by the Council. With respect to any Bonds or series of Bonds as to which a third party is not appointed to be Registration Agent, “Registration Agent” shall mean the City.

“Resolution” or “Bond Resolution” means, collectively and severally, this resolution and any other act of the Council or any official of the City amendatory hereof, or which is in execution of any of the provisions or directives hereof.

“State” means the State of Tennessee.

“System” means the complete water procurement, treatment, storage, and distribution system of the City, together with the complete wastewater collection, transmission, treatment, and disposal system of the City, together with and including all properties (and interests in properties) of every nature hereafter owned or held by the City for use in connection with either such water or wastewater system, including all improvements and extensions made by the City while the Series 2020C 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 easements, appurtenances, fixtures, equipment, contracts, leases, franchises, and other intangibles; *provided*, however, at the election of the Council, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Council, not become a part of the System but be operated as a separate and independent system by the Council with the continuing right, upon the election of the City, to incorporate such separately Acquired System within the System.

Section 3. Findings of the Council. It is hereby found and determined by the Council that the refunding of the Refunded Obligations, as set forth in this Resolution, through the issuance of the Series 2020 Bonds will result in favorable debt service savings to the City, will result in the removal of one (1) or more restrictive covenants, and will result in favorable restructuring of the City's debt portfolio.

Section 4. Authorization and Terms of the Bonds.

a. For the purpose of providing funds to (i) refund on a current basis the Refunded Obligations, (ii) finance the costs of construction of the Projects; (iii) pay due diligence, engineering, design, and permitting fees and expenses incurred in connection with the Projects; (iv) reimburse the City for "original expenditures" and "preliminary expenditures" expended by the City in connection with the Projects, in conformity with such statements of official intent as shall have been adopted in respect thereof pursuant to Regulations § 1.150-2; and (v) paying costs related to the issuance and sale of the Bonds, there is hereby authorized to be issued general obligation refunding bonds, general obligation improvement bonds, water and sewer revenue refunding and improvement bonds, and water and sewer revenue improvement bonds of the City in the aggregate principal amount of not to exceed \$48,685,000. The Series 2020 Bonds shall be issued in one or more series as herein provided for, in Book-Entry-Form, without coupons, and subject to the adjustments permitted under Section 12, shall be dated their date of issuance, or having such other designation or such other dated date as shall be determined by the Mayor and the City Manager, or either of them, pursuant to Section 12 hereof. Subject to the changes permitted in Section 12 hereof, the Series 2020 Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by law, payable (subject to the adjustments permitted under Section 12) semi-annually on June 1 and December 1 in each year, with interest commencing December 1, 2020 and first principal due June 1, 2021. The Series 2020 Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the Original Purchaser. The Series 2020 Bonds may be issued as bonds the interest on which is excluded from gross income for federal income tax purposes ("Tax-Exempt Bonds"), or as bonds the interest on which is included in gross income for federal income tax purposes ("Taxable Bonds"), or in part as Tax-Exempt Bonds and in part as Taxable Bonds.

b. Subject to the adjustments permitted under Section 12 hereof, Bonds maturing June 1, 2021, through June 1, 2025 shall mature without option of prior redemption. Bonds maturing on June 1, 2026, and thereafter shall be subject to redemption prior to maturity at the option of the City on or after June 1, 2025 as a whole or in part at any time at the redemption price of par, plus interest accrued to the redemption date. Notwithstanding the provisions of the two immediately preceding sentences, any Bonds payment of the principal of, interest on, and premium, if any, in respect of which is secured by a pledge of the revenues of the System shall be subject to redemption prior to maturity at the option of the City upon the occurrence of an Extraordinary Event.

If fewer than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the City in its discretion (except that if at any time fewer than all of the Bonds of a given maturity are called for redemption, the particular Bonds or portions thereof shall be selected by lot, in the case of Tax-Exempt Bonds, or by lot or *pro rata* or a combination thereof, in the case of Taxable Bonds), at a fixed price or prices not to exceed 100%, in the case of Tax-Exempt Bonds, or at a fixed price or prices not to exceed 100%, in the case of Taxable Bonds, in each case together with the interest accrued on the principal amount to be redeemed to the date fixed for the redemption thereof. The Tax-Exempt Bonds or Taxable Bonds also may be made not redeemable prior to maturity in their entirety. The redemption provisions, if any, shall be determined by the Mayor and/or City Manager, subject to the foregoing limitations. If fewer than all of the Bonds within a single 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 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 Registrar by lot or such other random manner as the Registrar in its discretion shall determine.

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) days 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 defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. 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 City 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 City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein and in the Bond Purchase Agreement) given at least forty-five (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 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.

c. The City hereby authorizes the Mayor and the City Manager, or either of them, to appoint the Registration Agent and hereby authorizes and directs the Registration Agent so appointed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the City at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding, and payments made with respect to interest on the Bonds. The Mayor and the City Manager, or either of them, are hereby authorized to execute, and the City Clerk is hereby authorized to attest, such written agreement between the City 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. In the event that a third party is not appointed to be Registration Agent in respect of any Bonds or series of Bonds, the City shall be and function as and perform the duties of Registration Agent in respect of such Bond or Bonds.

d. The 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 Bonds by check or draft on each interest payment date directly to the registered owners as 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 depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the City in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such 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 thirty (30) days each.

e. Any interest on any 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 City to the persons in whose names the 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 City shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of

the proposed payment, and at the same time the City 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 Special Record Date shall be not more than 15 nor less than ten days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, 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 Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the 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 City to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

f. The 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 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 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the City to call such 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 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 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and neither the City nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The 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 Bonds of the same maturity in any authorized denomination or denominations.

g. The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the City with the manual or facsimile signature of the Mayor, and attested by the manual or facsimile signature of the City Clerk.

h. Except as otherwise provided in this resolution, the 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 Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One 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 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 Bonds. Beneficial ownership interests in the 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 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 Bonds. Transfers of ownership interests in the 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 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 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 Bonds, so long as the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, 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 City (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 City 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 (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) the City 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 City shall discontinue the Book-Entry System with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. The City may determine not to register any Bonds or series of Bonds in the name of Cede & Co. as nominee of DTC, and with respect to any such Bonds not to utilize the Book-Entry System of DTC or utilize DTC as the securities depository of such Bonds; and, as to any such Bonds not held in Book-Entry form by DTC as securities depository and registered in the name of Cede & Co. as owner thereof, such Bonds shall be delivered, in fully-registered form, to the registered owner thereof.

THE CITY AND THE REGISTRATION AGENT SHALL NOT 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 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 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 BONDS; OR, (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS REGISTERED OWNER.

i. The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to 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 interest of any of the owners of the Bonds; provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

j. The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the Original Purchaser, upon receipt by the City of the proceeds of the sale thereof, and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The 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 Bond form.

k. In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the City, in its discretion, shall issue, and the Registration Agent, upon written direction from the City, shall authenticate and deliver, a new Bond of like tenor, amount, maturity, and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen, or destroyed Bond, or if any such Bond shall have matured or shall be about to mature, instead of issuing a substituted Bond the City may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the City and the Registration Agent of the destruction, theft, or loss of such Bond, and indemnity satisfactory to the City and the Registration Agent, and the City may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the City for the expense incurred by it in the issue thereof.

1. The members of the Council have received, prior to the adoption of this Resolution, a copy of the “Report of the Director of the Division of Local Government Finance Concerning the Proposed Issuance of General Obligation Refunding Bonds and Revenue Refunding Bonds, Series 2020 [of] City of Crossville, Tennessee” dated October ____, 2020, together with copies of the documents and reports referenced therein, and the Council has reviewed the same pursuant to the terms and conditions thereof.

m. In the event of an Extraordinary Event resulting in the transfer of all or substantially all of the City’s water system and/or wastewater system to an entity that is a “State or political subdivision thereof” within the meaning of Code Section 103(c), in lieu of calling some portion or all of the Series 2020C Bonds for redemption, the transferee of such system(s) may assume the obligations of the City in respect of some portion or all of the Series 2020C Bonds. To the extent assumed by the transferee of such system(s), the City shall be released from further liability in respect of the Bonds the obligations of which are so assumed; to the extent not assumed by the transferee, the City shall remain liable for the performance of all of its obligations in respect of the Series 2020C Bonds. In all events and irrespective of whether any obligations thereunder are or are not assumed by the transferee of such system(s), to the extent that any outstanding maturities of the Series 2020C Bonds shall not be called for redemption in connection with such transfer, the pledge of the Net Revenues of the System shall remain unimpaired and in full force and effect.

Section 5. Security and Source of Payment. The Series 2020A1 Bonds, Series 2020A2 Bonds, and Series 2020B Bonds will be payable from and secured by the *ad valorem* taxes levied on all taxable property in the City without limitation as to rate or amount. For the prompt payment of principal of, premium, if any, and interest on, the Series 2020A1 Bonds, Series 2020A2 Bonds, and Series 2020B Bonds, the full faith and credit and unlimited taxing power of the City are irrevocably pledged. The Series 2020C Bonds and the Series 2020D Bonds are payable solely from and secured by a pledge of the Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series 2020C Bonds, the Series 2020D Bonds, and any Parity Bonds, as applicable, shall be secured equally and ratably by the Net Revenues without priority by reason of series, number, or time of sale or delivery.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form, the omissions and alternative provisions to be appropriately completed when the Bonds are prepared and delivered:

(Form of Face of Bond)

| | | | |
|---|------------------------|---------------|-----------|
| REGISTERED Number _____ | REGISTERED \$ _____ | | |
| UNITED STATES OF AMERICA STATE OF TENNESSEE CITY OF CROSSVILLE GENERAL OBLIGATION AND REVENUE REFUNDING AND IMPROVEMENT BONDS SERIES 2020 [SERIES A1, A2, B, C, or D] | | | |
| Interest Rate: | Maturity Date: | Date of Bond: | CUSIP No: |
| Registered Owner: | CEDE & CO. | | |
| Principal Amount: | | | |

FOR VALUE RECEIVED, City of Crossville, Tennessee (the “City”) 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 (or upon earlier redemption as set forth herein), 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 or redemption date, said interest being payable on December 1, 2020, and semi-annually thereafter on the first day of June and December in each year until this Bond matures or is redeemed. The principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of [U.S. Bank National Association], as Registrar and paying agent (the “Registrar”). The Registrar shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registrar 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 City 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 person 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 Registrar, 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 (10) 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 Registrar.

[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. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership affected on the records of DTC and the DTC Participants, as defined in the Resolution, 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 City and the Registrar 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 City nor the Registrar 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 City 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 City may discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City shall cause the Registrar to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City nor the Registrar 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.]

Bonds maturing June 1, 2021, through June 1, 2025, shall mature without option of prior redemption. Bonds maturing on June 1, 2026, and thereafter shall be subject to redemption prior to maturity at the option of the City on or after June 1, 2025, as a whole or in part at any time at the redemption price of par, plus interest accrued to the redemption date. If payment of principal of, interest on, and premium, if any, in respect of this Bond is secured by a pledge of the revenues of the City’s System, then this Bond shall be subject to redemption prior to maturity at the option of the City upon the occurrence of an Extraordinary Event. If payment of principal of, interest on, and premium, if any, in respect of this Bond is secured by a pledge of the revenues of the City’s System, then upon the occurrence of an Extraordinary Event in which the transferee of all or any portion of the System is a “State or political subdivision thereof” within the meaning of Code Section 103(c), this Bond and the obligations of the City in respect hereof may be assumed in whole or in part by such transferee, and to the extent of such assumption the City shall be released from further obligation in respect hereof; *provided*, however, that the validity, preference, and priority of the pledge of the revenues securing the payment of principal of, interest on, and premium, if any, in respect of this Bond shall not be impaired in any respect.

If fewer than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds within a single 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 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 Registrar by lot or such other random manner as the Registrar in its discretion shall determine.

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) days 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 defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. 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 City 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 City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein and in the Bond Purchase Agreement) given at least forty-five (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 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.

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 Registrar 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 City nor the Registrar 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 Registrar, 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 Registrar 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.

This Bond, and the series of Bonds of which this Bond represents a maturity, is one of a total authorized issue aggregating \$48,685,000 and issued by the City for the purpose of (i) refunding on a current basis the City's Refunded Obligations as defined in the Bond Resolution, (ii) financing the costs of acquisition and construction of certain capital improvement projects more particularly described in the Bond Resolution, (iii) pay due diligence, engineering, design, and permitting fees and expenses incurred in connection with such construction and acquisition; (iv) reimburse the City for "original expenditures" and "preliminary expenditures" expended by the City in connection with the foregoing referenced construction of capital improvement projects; and (v) paying costs related to the issuance and sale of the Bonds in full compliance with the Constitution and statutes of the State of Tennessee, including Title 9, Chapter 21, Tennessee Code Annotated, being the Local Government Public Obligations Act of 1986, as amended, and pursuant to a resolution duly adopted by the Council of the City on October 13, 2020 (the "Bond Resolution").

[This Bond is payable from and secured by the *ad valorem* taxes levied on all taxable property in the City without limitation as to rate or amount. For the prompt payment of principal of, premium, if any, and interest on this Bond, the full faith and credit and unlimited taxing power of the City are irrevocably pledged.]

[This Bond is payable solely from and secured by a pledge of revenues to be derived from the operation of the System (as defined in the Resolution), subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System. 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 similarly secured and 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 series of the issue of which it is a part promptly as each becomes due and payable. The City 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. The principal of this Bond, and the interest thereon, shall not be a debt of the City, nor a charge, lien, or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts, or revenues of the City other than the Net Revenues of the System. For a more complete statement of the revenues from which and conditions under which this Bond is payable, reference is hereby made to the Resolution.]

For a more complete statement of the terms 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.

This Bond and the income therefrom are exempt from all present state, county, and municipal taxes in Tennessee except (a) inheritance, transfer, and estate taxes, if any such tax is then imposed by the State of Tennessee, (b) 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 (c) 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, together with all other indebtedness of the City, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City has caused this Bond to be signed by its Mayor with his manual or facsimile signature and attested by its City Clerk with her manual or facsimile signature under an impression or facsimile of the corporate seal of the City, all as of the date hereinabove set forth.

CITY OF CROSSVILLE, TENNESSEE

By: _____
James Mayberry, Mayor

(SEAL)

ATTESTED:

_____, City Clerk

Transferable and payable at the principal corporate trust office of: _____

Date of Registration: _____

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

Registrar

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of the City of Crossville, 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 alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registrar.

(end of bond form)

Section 7. Security; Levy of Tax; Pledge of Revenues.

a. The Series 2020A1 Bonds, the Series 2020A2 Bonds, and the Series 2020B Bonds shall be payable from a pledge to the punctual payment of the principal of, premium, if any, and interest thereon of the full faith and credit and unlimited taxing power of the City as to all taxable property in the City. The Council is required by law and shall and does hereby pledge itself to levy in each year in which any of the foregoing referenced series of Bonds are outstanding and unpaid a tax, in addition to all other taxes on all taxable property in the City, fully sufficient to pay promptly the principal of, premium, if any, and interest on any such Bonds so payable as such principal and interest become due. Principal and interest becoming due at any time, when there shall be insufficient funds on hand from such tax levy, shall be paid from the current funds of the City and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. Principal and interest becoming due at any time may also be paid from the interest earned on investment of the proceeds of the 2020A1 Bonds, the Series 2020A2 Bonds, and the Series 2020B Bonds, as applicable.

b. The Series 2020C Bonds and the Series 2020D Bonds shall be payable solely from, and the punctual payment of the principal of, premium, if any, and interest on the Series 2020C Bonds and the Series 2020D Bonds shall be secured by a pledge of, the Net Revenues of the System; and to the extent so payable, such revenues of the System are hereby irrevocably pledged. The punctual payment of principal of, premium, if any, and interest on the Series 2020C Bonds, the Series 2020D Bonds, and any Parity Bonds, as applicable, shall be secured equally and ratably by the Net Revenues, without priority by reason of number or time of sale or execution or delivery

and, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System.

Section 8. Application of System Revenues. From and after the delivery of any of the Series 2020C Bonds and the Series 2020D Bonds, and as long as any of the Series 2020C Bonds or Series 2020D Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Series 2020C Bonds and the Series 2020D Bonds, the Gross Earnings of the System as collected by the City shall be deposited in the "Revenue Fund" hereby established, which Revenue Fund shall be administered and controlled by the City. The funds so deposited in the Revenue Fund shall be used only as follows:

a. The money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses.

b. The money thereafter remaining in the Revenue Fund shall next be used to make deposits into a separate and special fund established hereby, to be known as the "Bond and Interest Sinking Fund," (such fund being referred to herein as the "Bond Fund"), such Bond Fund to be kept separate and apart from all other funds of the City and used to pay principal of and interest on the Series 2020C Bonds, the Series 2020D Bonds, and the Parity Bonds, if any, as the same become due, either by maturity or mandatory redemption. Such deposits as to each series of Parity Bonds, if applicable, shall be made as provided in the bond resolution(s) authorizing the issuance of such Parity Bonds, and such deposits as to the Series 2020C Bonds and the Series 2020D Bonds shall be made as hereinafter provided. Such deposits shall be made monthly until the Series 2020C Bonds, the Series 2020D Bonds, and each series of Parity Bonds, as applicable, are paid in full or discharged and satisfied pursuant to Section 16 hereof or the applicable provisions of the bond resolution(s) for the Parity Bonds, as applicable. Such deposits, as to the Series 2020C Bonds and the Series 2020D Bonds, shall begin in the month next following the earliest delivery of the Series 2020C Bonds or Series 2020D Bonds. For the period commencing with the month next following the delivery of any Series 2020C Bonds or Series 2020D Bonds, to and including the month of the next interest payment date for such Series 2020C Bonds or Series 2020D Bonds, each monthly deposit as to interest shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in the Bond Fund, will be equal to interest due on such Series 2020C Bonds and Series 2020D Bonds on the next interest payment date, and for each six month period thereafter, each monthly deposit as to interest for such Bonds shall be an equal to not less than one-sixth (1/6th) of the interest coming due on such Series 2020C Bonds and Series 2020D Bonds on the next interest payment date net of any interest earnings on such amounts. For the period commencing with the month next following the delivery of any Series 2020C Bonds or Series 2020D Bonds to and including the month of the next principal payment for such Series 2020C Bonds and Series 2020D Bonds, each monthly deposit as to principal shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said Fund, will be equal to the principal due on such Series 2020C Bonds and Series 2020D Bonds on the next principal payment date (provided that, in the event that the next principal payment date is more than 12 months following the month next following delivery of such Series 2020C Bonds or Series 2020D Bonds, monthly deposits to the Bond Fund in respect of principal shall begin in the month which is 12 months prior to the month of the next principal payment date), and for each twelve-month period thereafter, each monthly deposit as to principal for such Series 2020C Bonds and Series 2020D Bonds shall be an amount equal to not less than one-twelfth (1/12th) of the principal amount or Maturity Amount, as the case may be, coming due on such Series 2020C Bonds and Series 2020D Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts. Each deposit as to interest may take into account expected Hedge Payments and Hedge Receipts related to such interest payments. No further deposit shall be required as to any Series 2020C Bonds or Series 2020D Bonds when the Bond Fund balance with respect to the Series 2020C Bonds and Series 2020D Bonds is equal to or greater than the amount needed to pay interest on the next interest payment date, the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period, and any related Hedge Payments (and taking into account expected Hedge Receipts). Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution(s) authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Series 2020C Bonds or Series 2020D Bonds, the deposits may be adjusted by the City as provided in the resolution(s) authorizing the issuance of such Series 2020C Bonds or Series 2020D 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 Series 2020C Bonds, the Series 2020D Bonds, and each series of Parity Bonds, as applicable, and making any Hedge Payments.

c. 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 any Financial Guaranty Agreement.

d. To the extent the Reserve Fund Requirement for the Series 2020C Bonds or Series 2020D Bonds, if any, is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the City, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into a separate and special fund, to be known and designated as the "Debt Service Reserve Fund" (the "Reserve Fund") to be kept separate and apart from all other funds of the City. 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 Reserve Fund Requirement, if any. 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 1/60th of the difference between the Reserve Fund Requirement and the amount in 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 said Fund shall be replenished over a period of not greater than sixty (60) 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 Reserve 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, to 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 Series 2020C Bonds and Series 2020D 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 City for legally permissible purposes.

At the option of the City, the City may satisfy the Reserve Fund Requirement, or a portion thereof, by providing for the benefit of owners of the Series 2020C Bonds or Series 2020D Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to the Series 2020C Bonds or Series 2020D Bonds, and upon provision thereof release an equal amount of funds on deposit in the Reserve Fund to be used by the City for legally permissible purposes. In the event any Reserve Fund Credit Facility Issuer, or any successor thereto, shall cease to have a rating required for a Reserve Fund Credit Facility Issuer or any Reserve Fund Credit Facility becomes unenforceable for any reason, within ninety (90) days from the date the City receives notice of either of said events, the City shall either substitute a new Reserve Fund Credit Facility or Facilities or commence funding the Reserve Fund from Net Revenues as required by the preceding paragraph hereof, or a combination thereof. At any time during the term hereof, the City 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 the Reserve Fund Requirement is increased or a Reserve Fund Requirement is established (if there is no Reserve Fund Requirement for the Series 2020C Bonds or Series 2020D Bonds) in connection with the issuance of Parity Bonds pursuant to the restrictive provisions of Section 11 hereof that are payable from funds in the Reserve Fund or in the event of the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the City shall satisfy the 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 Reserve Fund Requirement for the Series 2020C Bonds and Series 2020D Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect. The Mayor and City Manager, or either of them, are authorized to act for the City in determining whether to provide the Reserve Fund Credit Facility for the Series 2020C Bonds or Series 2020D Bonds.

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 City, 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 City, from Gross Earnings after payment of Current Expenses and payment of required deposits to the Bond Fund as specified in this resolution and each bond resolution authorizing the issuance of Parity Bonds, 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, if any, 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 City 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 Series 2020C Bonds or Series 2020D 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 Mayor and City Manager, or either of them, are hereby authorized and directed to either (i) cause to be deposited to the Reserve Fund Bond proceeds or other funds of the City in an amount sufficient to cause the amount being held in the Reserve Fund created pursuant to this Section 8.d to be equal to the Reserve Fund Requirement, if any, for the Series 2020C Bonds or Series 2020D Bonds or (ii) purchase a Reserve Fund Credit Facility in the amount of the Reserve Fund Requirement for the Series 2020C Bonds or Series 2020D Bonds and to pay the premium therefor from Bond proceeds. In the event the Mayor and the City Manager, or either of them, elect to fund the Reserve Fund with a Reserve Fund Credit Facility, he or she is authorized to execute and the City Clerk is authorized to attest a Financial Guaranty Agreement as required by the Reserve Fund Credit Facility Issuer.

e. Termination Payments received in connection with a Hedge Agreement shall be deposited to the Revenue Fund, and Termination Payments required of the City in connection with a Hedge Agreement shall be paid as a subordinate lien obligation pursuant to subsection (f) hereof.

f. 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 bonds or other obligations payable from revenues of the System, but junior and subordinate to the Series 2020C Bonds and Series 2020D Bonds, and may thereafter be used by the City for any legally permissible purpose, as the Council shall determine.

g. Money on deposit in the funds described in this section may be invested by the City in such investments as shall be permitted by applicable law, as determined by an authorized representative of the City, 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 City is authorized to enter into contracts with third parties for the investment of funds in any of the funds described herein.

h. 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 City 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.

Section 9. Charges for Services Supplied by the System. While the Series 2020C Bonds or the Series 2020D Bonds remain outstanding and unpaid, the City covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever; that the charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing, and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of this resolution.

The City covenants that the System will be operated on a fully metered basis and that the City will bill customers of the System on a monthly basis and, to the extent permitted by applicable law or regulation, will discontinue service to any customer whose bill remains unpaid sixty (60) days following the mailing of such bill, until such bill, service charges, and penalties shall have been paid in full.

Section 10. Covenants Regarding the Operation of the System: Rate Covenant. The City hereby covenants and agrees with the owners of the Series 2020C Bonds and the owners of the Series 2020D Bonds so long as any of the Series 2020C Bonds or Series 2020D Bonds shall remain outstanding:

a. The City 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 City 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 City shall not be required to insure beyond the limits of immunity provided by the Tennessee Governmental Tort Liability Act, Sections 29-20-101 *et seq.* of 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 City 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 City as certified by such accountant or accountants. Each report of such audit, in addition to whatever matters may be thought proper to be included therein by the accountant or accountants preparing the same, shall include the following:

i. A statement in detail of the revenues and expenditures of the System and the excess of revenues over expenditures for the Fiscal Year;

ii. A statement showing beginning and ending balances of each Fund described herein;

iii. A balance sheet as of the end of the Fiscal Year;

iv. The accountant's comments regarding the manner in which the City 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;

v. A list of insurance policies 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;

vi. The number and classifications of customer service connections to the System as of the end of the Fiscal Year;

vii. The disposition of any Bond proceeds during the Fiscal Year; and,

viii. A statement as to all breaches or defaults hereunder by the City 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.

d. All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses. The City further agrees to cause copies of such audits to be furnished to the registered owner of any of the Series 2020C Bonds or Series 2020D Bonds, at the written request thereof, within one hundred eighty (180) days after the close of each Fiscal Year. The registered owner of any of the Series 2020C Bonds or Series 2020D Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the City relating thereto, to the extent such disclosure is not affirmatively prohibited by applicable law. If the City 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 Series 2020C Bonds and/or Series 2020D Bonds may cause such audits and reports to be prepared at the expense of the City.

e. The City 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 as above provided, and will apply the revenues of the System to the purposes and Funds specified in this resolution and each bond resolution authorizing the issuance of Parity Bonds.

f. The City 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:

i. for 110% 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 City; and

ii. such that Net Revenues in each Fiscal Year:

A. equal at least 110% of the Debt Service Requirement on all Series 2020C Bonds, and 110% of the Debt Service Requirement on all other bonds or other obligations then outstanding for such Fiscal Year;

B. will enable the City to make all required payments, if any, into the Reserve Fund and on any Credit Facility or Hedge Agreement;

C. will enable the City to accumulate an amount, which, in the judgment of the City, 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 City to comply with the terms of any agreement that the City has entered into to purchase or sell water;

g. The City 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:

i. The City 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;

ii. Any sale proceeds will be applied either (A) to redemption of the bonds, notes, and other obligations then outstanding and payable from the revenues of the System in accordance with the provisions governing repayment of such bonds, notes, and other obligations then outstanding and payable from the revenues of the System in advance of maturity, or (B) to the purchase of such bonds, notes, and other obligations then outstanding and payable from the revenues of the System at the market price thereof so long as such price does not exceed the amount at which such bonds, notes, and other obligations then outstanding and payable from the revenues of the System could be redeemed on such date or the next optional redemption date as set forth herein or in the resolution(s) authorizing such bonds, notes, and other obligations then outstanding and payable from the revenues of the System, 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;

iii. 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,

iv. The City 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 such bonds, notes, and other obligations then outstanding and payable from the revenues of the System intended to be excludable from gross income for federal income tax purposes.

h. 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 City is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

i. Prior to the beginning of each Fiscal Year, the Council shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth in Section 9 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 Series 2020C Bond or Series 2020D Bond upon written request. The City covenants that Current Expenses and capital expenditures incurred in any Fiscal Year will not exceed the reasonable and necessary amounts therefor and that the City 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 Series 2020C Bonds and Series 2020D Bonds.

j. All officers or employees of the City or persons other than banks or other financial institutions having custody of funds of the City shall be under fidelity bond at all times in reasonable and customary amounts.

k. The City 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 City 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, however, that 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 City is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

l. For the purpose of assuring the efficient, impartial, and non-political operation of the System for the benefit of the City and the owners of the Series 2020C Bonds and Series 2020D Bonds from time to time outstanding, the complete and independent control and operation of the System shall continue to be vested in the Council, subject, however, to the obligation and duty on the part of the Council to carry out and perform faithfully all

of the covenants and agreements contained herein. It is agreed with the owners from time to time of the Series 2020C Bonds and Series 2020D Bonds and made a part of the contract rights which will vest in such owners at the time of delivery of the Bonds that the System will be so operated by the City.

m. The City shall not enter into a Hedge Agreement with any entity, other than an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed or insured or collateralized by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at least as high as the second highest Rating category of at least two Rating Agencies (ignoring any gradations within a Rating category). For purposes of this section, a potential hedge provider's qualification with the requirements of the preceding sentence shall be determined only at the time the City enters into a Hedge Agreement with such entity and will not be redetermined with respect to that Hedge Agreement.

Section 11. Parity Bonds. The City will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System and having priority over the Series 2020C Bonds or Series 2020D Bonds. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on parity with the Bonds under the following conditions but not otherwise:

a. Additional bonds, notes, Loan Agreements, or obligations may be issued on a parity with the Series 2020C Bonds, Series 2020D Bonds, and other Parity Bonds issued hereunder without regard to the requirements of Subsection 11.c below, if such bonds, notes, Loan Agreements, or obligations shall be issued for the purpose of refunding any of the Series 2020C Bonds, Series 2020D Bonds, or other Parity Bonds issued hereunder which shall have matured or become subject to mandatory redemption, or which shall mature or shall become subject to mandatory redemption not later than three (3) months after the date of delivery of such refunding bonds, notes, Loan Agreements, or obligations and for the payment of which insufficient money is available in the Bond Fund.

b. Additional bonds, notes, Loan Agreements, or obligations may be issued on a parity with the Series 2020C Bonds, Series 2020D Bonds, and other Parity Bonds issued hereunder without regard to the requirements of Subsection 11.c below, if such bonds, notes, Loan Agreements, or obligations shall be issued for the purpose of refunding any outstanding Series 2020C Bonds, Series 2020D Bonds, or other Parity Bonds issued hereunder under circumstances not resulting in the defeasance of all of the Series 2020C Bonds, Series 2020D Bonds, and other Parity Bonds issued hereunder pursuant to as provided in Section 16 hereof, provided the Maximum Annual Principal and Interest Requirement computed with respect to the Series 2020C Bonds, Series 2020D Bonds, and all Parity Bonds issued under this Section 11 to be outstanding as of the date of issuance of such additional bonds, notes, Loan Agreements, or obligations (and after giving effect to the application of the proceeds thereof) shall not be greater than 1.10 times the Maximum Annual Principal and Interest Requirement computed with respect to the Bonds and Parity Bonds issued under this Section 11 outstanding as of the date immediately preceding the issuance of such additional bonds, notes, Loan Agreements, or obligations.

c. For the purpose of refunding any outstanding Series 2020C Bonds, Series 2020D Bonds, or Parity Bonds issued under this Section 11, under circumstances not resulting in the defeasance of all of the Bonds and Parity Bonds issued under this Section 11 as provided in Section 16 hereof, and/or extending, improving, or replacing the System, and/or acquiring an Acquired System or any additional System improvements, if all of the following conditions shall have been met:

i. Either:

A. The Net Revenues of the System for twelve consecutive months of the twenty-four months next preceding the issuance of the proposed additional bonds must have been equal to at least 1.10 times the Maximum Annual Principal and Interest Requirement computed with respect to the bonds, notes, Loan Agreements, or obligations proposed to be issued and all Series 2020C Bonds, Series 2020D Bonds, and Parity Bonds issued under this Section 11 other than the Series 2020C Bonds, Series 2020D Bonds, or Parity Bonds issued under this Section 11 intended to be refunded by the proposed additional bonds, notes, Loan Agreements, or obligations, plus the amounts payable to the Reserve Fund pursuant to the requirements hereof and amounts payable under any Financial Guaranty Agreement and in connection with any Reserve Fund Credit Facility; or

B. The Net Revenues of the System for twelve consecutive months of the twenty-four months following the issuance of the proposed additional bonds must be equal at least to 1.10 times the Maximum Annual Principal and Interest Requirement computed with respect to the bonds, notes, Loan Agreements, or obligations proposed to be issued and all Series 2020C Bonds, Series 2020D Bonds, and Parity Bonds issued under this Section 11 other than Series 2020C Bonds, Series 2020D Bonds, or Parity Bonds issued under this Section 11 intended to be refunded by the proposed bonds, notes, Loan Agreements, or obligations, plus the amounts payable to the Reserve Fund pursuant to the requirements hereof and amounts payable under any Financial Guaranty Agreement and in connection with any Reserve Fund Credit Facility; *provided*, further, that if prior to the issuance of such additional bonds, notes, Loan Agreements, or obligations the City shall have adopted a revised schedule of rates for the System and resolved to put such rate schedule in effect at or prior to the issuance of the additional bonds, notes, Loan Agreements, or obligations, then the Net Revenues for such twelve consecutive month period, as certified by an independent engineer or engineering firm or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of water and sewer systems, that would have resulted from such rates had they been in effect for such period, may be used in lieu of the actual Net Revenues for such twelve consecutive month period; and the Net Revenues for each of the next three (3) Fiscal Years ending after the issuance of the additional bonds, notes, Loan Agreements, or obligations, as estimated by a Certified Independent Public Municipal Advisor (“CIPMA”) or an independent engineer or engineering firm or a nationally recognized firm of financial feasibility consultants, having a favorable reputation for skill and experience in the financial feasibility of waterworks systems, must be equal to at least 1.10 times the Maximum Annual Principal and Interest Requirement computed with respect to the additional bonds, notes, Loan Agreements, or obligations proposed to be issued and all Series 2020C Bonds, Series 2020D Bonds, and Parity Bonds issued under this Section 11 other than Series 2020C Bonds, Series 2020D Bonds, or Parity Bonds issued under this Section 11 intended to be refunded by the proposed additional bonds, notes, Loan Agreements, or obligations; provided, however, that if the proposed additional bonds, notes, Loan Agreements, or obligations are to be issued for the acquisition or construction of any extension, improvement, or replacement to the System or the acquisition of an Acquired System, then the estimate of Net Revenues may be for the next three (3) Fiscal Years ending after the time that such improvement, extension, or replacement is expected to be placed in service and the period of construction thereof, subject to reduction in debt service during the period of construction in an amount equal to any capitalized interest funded from proceeds of the additional bonds.

ii. The payments required to be made into the Bond Fund and the Reserve Fund must be current and all payments under any Financial Guaranty Agreement or with respect to a Reserve Fund Credit Facility must be current; and,

iii. The proceeds of the additional bonds, notes, Loan Agreements, or obligations may be used only to (1) make improvements, extensions, renewals, or replacements to the System or to refund Series 2020C Bonds, Series 2020D Bonds, Parity Bonds issued under this Section 11, or subordinate lien obligations, (2) fund necessary reserves related thereto, (3) fund capitalized interest related to the additional bonds, notes, Loan Agreements, or other obligations and (4) pay the costs and expenses of issuance and sale of the additional bonds.

d. All the provisions and covenants of this resolution relating to negotiability and registration of Series 2020C Bonds, Series 2020D Bonds, and Parity Bonds issued under this Section 11, creation and investment of funds, the application of revenues, the operation of the System, charges for services of the System, the remedies of owners of the Series 2020C Bonds, Series 2020D Bonds, and Parity Bonds issued under this Section 11, the issuance of additional bonds, modification of this resolution, the defeasance of Series 2020C Bonds, Series 2020D Bonds, and Parity Bonds issued under this Section 11, 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.

Section 12. Sale of Bonds.

a. The Bonds may be sold at either competitive or negotiated sale such as is authorized by Section 9-21-910 of the Act, as determined by the Mayor, in consultation with the Underwriter and Financial Advisor,

based on market conditions and other factors deemed relevant at the time in one or more series, at a price of not less than ninety-eight percent (98%) of par, plus accrued interest, as a whole or in part from time to time as shall be determined by the Mayor, in consultation with the Underwriter and Financial Advisor. (i) If the Bonds are to be sold at a public, competitive sale, the following provisions shall apply: The Mayor is hereby authorized to publish a Summary Notice of Sale of the Bonds and to distribute to purchasers of and investors in the Bonds a Detailed Notice of Sale of the Bonds. The forms of Summary Notice of Sale and Detailed Notice of Sale as published and distributed shall be in such form and shall be published in such manner as shall be approved by the Mayor, upon the advice of counsel (including the City Attorney and Bond Counsel) and the Financial Advisor, which approval shall be conclusively evidenced by their publication and distribution, as applicable. (ii) If the Bonds are to be sold at a negotiated sale, the following provisions shall apply: The Mayor and the City Manager, or either of them, is hereby authorized to negotiate with such underwriter or underwriters as may be recommended to the City by the Municipal Advisor, with respect to the purchase and sale of the Bonds. The Mayor or the City Manager, or either of them, is hereby authorized and directed to execute and deliver to the underwriter or underwriters a Bond Purchase Agreement substantially in the form, and having such terms as shall be determined by the Mayor or the City Manager, or either of them, in accordance with the terms of this Resolution, together with such changes as shall be approved by the Mayor or the City Manager, or either of them, upon the advice of counsel (including the City Attorney and Bond Counsel) and the Municipal Advisor, such approval to be conclusively evidenced by the execution thereof.

b. If the Bonds are sold in more than one series, the Mayor and/or City Manager is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown in Section 4 hereof for each series, and to make corresponding adjustments to the maturity schedule of each series designated in Section 4 hereof, so long as the total aggregate principal amount of all series issued does not exceed the total aggregate of Bonds authorized to be issued herein.

c. The Mayor and/or City Manager are further authorized:

i. to change the dated date of the Bonds or any series thereof, to a date other than their date of issuance;

ii. to change the designation of the Bonds, or any series thereof, to a designation other than "Series 2020 Bonds" (A1, A2, B, C, or D, as applicable) or "Bonds";

iii. to change the first interest payment date on the Bonds or any series thereof to a date other than December 1, 2020, provided that such date is not later than twelve months from the dated date of the Bonds;

iv. to adjust the principal and interest payment dates and maturity amounts of the Bonds or any series thereof and to sell less than the full par amount of the Bonds herein authorized, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein, (B) the first maturity date of the Bonds or any series thereof is a date not earlier than June 1, 2021, and (C) the final maturity date of each series shall not exceed thirty (30) years plus increment from the dated date of its series;

v. to change the City's redemption provisions of the Bonds, provided that the premium amount to be paid on Bonds or any series thereof does not exceed two percent (2%) of the principal amount thereof;

vi. to sell the Bonds, or any series thereof, or any maturities thereof as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the Mayor and/or City Manager, as shall be deemed most advantageous to the City; and,

vii. to cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the City and to enter into agreements with such insurance company with respect to any series of Bonds to the extent not inconsistent with this Resolution.

d. The Mayor and the City Manager, or either of them, is authorized to adopt such statements

of “official intent,” as that expression is defined by Regulations § 1.150-2, in such form as they or either of them shall deem expedient, such that any of the Bonds may be “reimbursement bonds” as defined therein, and the proceeds thereof used to reimburse the City for any “original expenditure” and/or “preliminary expenditure,” as those terms are also defined in Regulations § 1.150-2, in connection with the Projects of any of the Projects; the authorization of this Section 12.d includes any federally-taxable series of the Bonds. Any “official intent” executed by the Mayor or the City Manager in relation to any of the Projects prior to the adoption of this Resolution is hereby ratified and affirmed as the act and deed of the Council, as of the date such “official intent” was so executed by the Mayor or the City Manager. To the extent that no previous “official intent” has been adopted prior to the adoption of this resolution, this resolution shall constitute an “official intent” to reimburse the City for such original expenditure(s)” and/or “preliminary expenditure(s)”. The Mayor, the City Manager, and/or the City’s Finance Director are authorized to execute and implement any “reimbursement allocation,” as that expression is defined in Regulations § 1.150-2, in respect of any proceeds of any of the Bonds.

e. The Mayor and the City Manager, or either of them, is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Council. The Mayor and/or City Manager is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Council, in one or more series as he shall deem to be advantageous to the City and in doing so, the Mayor and/or City Manager is authorized to change the designation of the Bonds to a designation other than “Series 2020 Bonds” or “Bonds”; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this Resolution or bonds authorized by any other resolution or resolutions adopted by the Council.

f. The Mayor and the City Manager, or either of them, is authorized to award the Bonds, or any series thereof, to the bidder whose bid results in the lowest true interest cost to the City, provided the rate or rates on the Bonds does not exceed the maximum rate permitted by law. The award of the Bonds by the Mayor or the City Manager to the lowest bidder shall be binding on the City, and no further action of the City with respect thereto shall be required. The form of the Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 12 hereof.

g. The Mayor, the City Manager, and the City Clerk, or any of them, are authorized to cause the Bonds, in book-entry form (except as otherwise permitted herein), to be authenticated and delivered by the Registrar to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds.

h. The City acknowledges receipt from the Municipal Advisor or Underwriter of pertinent fee information and estimated expenses associated with the negotiated sale and issuance of the Bonds.

i. Without limiting the foregoing provisions of this Section 12, the Mayor and the City Manager, or either of them, in consultation with the Original Purchaser and Municipal Advisor, based on market conditions and other factors deemed relevant at this time, are authorized to determine whether the Bonds shall be issued or not.

j. The Mayor and the City Manager, or either of them, are authorized to engage the services of the Municipal Advisor, the Registration Agent, Bond Counsel, Disclosure Counsel, and such other advisors as he shall deem expedient to the consummation of the transactions authorized by this resolution, and to execute in the City’s name and on its behalf such contracts for their respective services as he shall determine necessary or advisable in connection therewith.

k. If any of the determinations made by the Mayor and the City Manager, or either of them, as contemplated in this Section 12, are not set forth in the Bond Purchase Agreement or another closing document, there shall be included in the transcript of closing documents for the Bonds a written certification specifying and evidencing all such determinations which have been made.

Section 13. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

a. All accrued interest shall be deposited to the appropriate fund of the City to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds.

b. An amount, which together with other available funds and investment earnings thereon, if any, and legally available funds of the City, if any, will be sufficient to pay principal of and interest, premium, if any, and other sums due and payable in respect of the Refunded Obligations shall be used to redeem the Refunded Obligations on the date of issuance of the Bonds or at such other date as may be prescribed by the terms, covenants, and conditions of any of the Refunded Obligations; provided, however, that in no event shall any Refunded Obligation be redeemed from proceeds of any of the Bonds on a date which is more than ninety (90) days from and after the date of such Bond's or Bonds' issuance.

c. An amount equal to the Bonds' costs of issuance shall be disbursed to those providers of services in connection with the Bonds' issuance, in conformity with the terms, covenants, and conditions of the City's agreements with those providers.

d. The remainder of the proceeds of the sale of the Bonds shall be deposited into one or more Project Fund(s) for use in construction of the Projects, or for reimbursement of such "original expenditures" or "preliminary expenses" as shall have been authorized for reimbursement as set forth in Section 12.d above, or otherwise as provided in the Regulations. The Mayor, the City Manager, and/or the City's Finance Director are authorized to establish any such Project Fund(s) at such depository institution as he or they shall deem appropriate.

Section 14. Official Statement. The Mayor and the City Manager, or either of them, are hereby authorized and directed to provide for the preparation and distribution, which may be through electronic methods, of a Preliminary Official Statement describing the Bonds and the City. The Mayor and the City Manager, or either 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 and the Director, or either of them, shall arrange for the delivery, which may be through electronic methods, to the Original Purchaser of the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been sold for delivery by the Original Purchaser to each potential investor requesting a copy of the Official Statement.

The Mayor and the City Manager, or either of them, are authorized, on behalf of the City, 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 County except for the omission in the Preliminary Official Statement of such pricing and other information.

No Official Statement need be prepared if the Bonds are sold to a purchaser that does not intend to re-offer the Bonds to the public.

Section 15. Federal Tax Covenants. The City recognizes that the purchasers and holders of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that, except as may appear on the faces of any series of bonds designated federally-taxable, interest thereon is excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. Accordingly, the City covenants and agrees to comply with the provisions of Sections 103 and 141 through 150 of the Code and the applicable Treasury Regulations promulgated thereunder or otherwise applicable thereto, in each case whether prospective or retroactive, that must be satisfied in order that interest on the Tax-Exempt Bonds shall be and continue to be excluded from gross income for federal income tax purposes under said Sections 103 and 141 through 150. It is the reasonable expectation of the Council that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and to this end the said proceeds of the Bonds 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 Bonds to the United States government, it will make such payments

as and when required thereby and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income for purposes of federal income taxation. The Mayor and the City Manager, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City.

Section 16. Discharge and Satisfaction of Bonds. If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

a. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registrar, 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 Registrar) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay 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 Registrar, for cancellation by it; and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Council instruct any such Escrow Agent to pay amounts when and as required to the Registrar for the payment of principal of and interest 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 City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City 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 Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registrar 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 Registrar, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registrar 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 City, as received by the Registrar.

Section 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 curing any ambiguity or formal defect or omission herein; provided, however, such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

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 City 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 City) shall have the right from time to time to consent to and approve the adoption by the Council 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:

- i. make any change in the maturities or redemption dates of the Bonds;
- ii. make any change in the rates of interest borne by the Bonds;
- iii. reduce the amount of the principal payments or redemption premiums payable on the Bonds;
- iv. modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
- v. affect the rights of the registered owners of less than all of the Bonds then outstanding; or,
- vi. 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 City 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 registered 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 City 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 Clerk 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 City 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 (except a permissible revocation as provided in the next paragraph of this section), 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 City 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 City's city hall, 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 (including those Bonds for which an attempt is subsequently made to revoke such consent) 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.

Section 18. Continuing Disclosure. The City hereby covenants and agrees that it will provide financial information and material event notices if and as required by Rule 15c2-12 of the Securities and Exchange Commission for the Bonds. The Mayor and the City Manager, or either of them, are authorized to execute at the closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the City 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 Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the City to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance. The Mayor and the City Manager, or either of them, are authorized to engage the services of a dissemination agent to facilitate the County's continuing compliance with its obligations in respect of continuing disclosure pursuant to Rule 15c2-12.

Section 19. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the City and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 20. 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.

Section 21. 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.

Adopted and approved this ____ day of _____, 2020.

James Mayberry, Mayor

ATTEST:

City Clerk