

RESOLUTION NO. _____

RESOLUTION AUTHORIZING A LOAN PURSUANT TO A LOAN AGREEMENT BETWEEN THE TOWN OF ASHLAND CITY, TENNESSEE, AND THE PUBLIC BUILDING AUTHORITY OF THE CITY OF CLARKSVILLE, TENNESSEE, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$10,639,000; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH LOAN AGREEMENT AND OTHER DOCUMENTS RELATING TO SAID LOAN; APPROVING THE ISSUANCE OF A BOND BY SUCH PUBLIC BUILDING AUTHORITY; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SAID LOAN AND THE PAYMENT OF SUCH INDEBTEDNESS; CONSENTING TO THE ASSIGNMENT OF THE CITY'S OBLIGATION UNDER SUCH LOAN AGREEMENT; AND, CERTAIN OTHER MATTERS

WHEREAS, the City Council (the "City Council"), of the Town of Ashland City, Tennessee (the "Municipality" or the "Town"), has determined that it is necessary to provide interim financing for a portion of the costs of improvements to the water and sewer systems (the "System") of the Town, including the costs of the completion of the construction of a wastewater treatment plant, capitalized interest during the construction period, the acquisition of all other property real and personal appurtenant thereto and connected with such work, and to pay all legal, fiscal, administrative, planning, and engineering costs incident thereto (the "Project"), by obtaining a loan from The Public Building Authority of the City of Clarksville, Tennessee (the "Authority");

WHEREAS, it has been determined by the City Council of the City to be in the best interests of the City to obtain such interim financing for the Project through The Tennessee Municipal Bond Fund ("TMBF") fixed rate loan program;

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

WHEREAS, in order to effectuate the program, the Issuer has authorized and approved by its Resolution, adopted July 13, 2022, the issuance of its Local Government Loan Program Bonds, in an aggregate principal amount not to exceed \$300,000,000;

WHEREAS, the Authority will issue its Local Government Loan Program Bond, Series 2024 (Ashland City WWTP Loan) (the "Bond"), in the principal amount of not to exceed \$10,639,000, and loan the proceeds thereof to the Municipality pursuant to the provisions of a Loan Agreement, by and among the City, the Authority, and the Purchaser, as hereinafter defined, to be dated the date of issuance and delivery (the "Loan Agreement");

WHEREAS, the City Council of the City, has on the date hereof, adopted an Initial Resolution authorizing the borrowing of funds and the incurring of indebtedness for the purpose of providing interim financing the construction of the Project, in the amount of not to exceed \$10,639,000, and the City Recorder has been instructed to publish such Initial Resolution together with the Notice required by Section 9-21-206 of Tennessee Code Annotated, as amended, in a local newspaper in the Municipality;

WHEREAS, the indebtedness evidenced by the Loan Agreement shall be payable from any and all funds of the Municipality legally available therefor, including, but not necessarily limited to, ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, and amount and for the punctual payment of said principal of, premium, if any, and interest on, the Loan Agreement, the full faith and credit of the

Municipality will be irrevocably pledged; provided, however, it is the intention of the Municipality that the indebtedness evidenced by the Loan Agreement shall be payable from, but not secured by, the revenues to be derived from the operation of the System, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring such System, and to any pledge of such revenues in favor of other obligations of the System;

WHEREAS, the Bond is to be secured by and contain such terms and provisions as set forth in a Bond Purchase Agreement, entered into between the Authority and the purchaser of the Bond (the "Purchaser"); and,

WHEREAS, the United States Department of Agriculture, acting through Rural Development "USDA"), has issued to the Town its Letter of Conditions, dated August 24, 2020, as amended by letter dated February 2, 2023, in which it has agreed to purchase bonds to be issued by the Town, upon substantial completion of the Project, upon terms and conditions favorable to the Town and its citizens.

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

Section 1. Approval of the Loan. (a) For the purpose of providing funds to provide interim financing for the costs of the completion of the construction of the Project, the loan to the City from the Authority is hereby authorized in the principal amount of not to exceed \$10,639,000 and the City is hereby authorized to borrow such funds from the Authority (the "Loan").

(b) The Bond to be issued by the Authority shall bear interest at a fixed rate to be determined at the time of the issuance of the Bond, as provided in the Loan Agreement. The Mayor and City Recorder are authorized to enter into the Loan Agreement, such Loan Agreement to bear interest at a fixed rate, as the Mayor and City Recorder shall determine is in the best interest of the Municipality. The Municipality shall make payments of interest and principal in the amounts and on the dates set forth in the Loan Agreement from the sources and funds described herein and in the Loan Agreement. The final rate of interest payable on the Loan Agreement shall not exceed the maximum rate of interest permitted by applicable law. The Loan Agreement shall be for a term of not to exceed two years. The final principal and interest payment dates, final interest rate payable, amortization of principal amounts of the loan evidenced by the Loan Agreement, and prepayment provisions of such Loan Agreement, may be established by the Mayor and the Purchaser, at the time of the sale of the Bond and the execution and delivery of the Loan Agreement, as shall be determined to be in the best interests of the Municipality, in accordance with the terms of this Resolution and the Loan Agreement. If the City enters into the Loan Agreement with the Authority to finance the Project, the rate of interest on the loan will include an annual administration fee equal to 15 basis points (0.15%), payable to TMBF, as the program administrator, by the Purchaser, to be paid from each periodic payment of interest on the Loan Agreement, based on the outstanding principal amount of the loan.

Section 2. Approval of Loan Agreement. The form, terms, and provision of the Loan Agreement are in the best interest of the Municipality and are hereby approved and the City Council hereby authorizes the Mayor and the City Recorder of the Municipality to execute and deliver such Loan Agreement, such Loan Agreement to be in substantially the form of the Loan Agreement presented to this meeting, the execution of such Loan Agreement by the Mayor and the City Recorder to evidence their approval of any and all changes to such Loan Agreement, and any related documents necessary to the consummation of the transactions contemplated by the Loan Agreement.

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

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

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

It is further the intention of the Town, that all or a portion of the proceeds received by the Town from the issuance of the bond to be purchased by USDA, pursuant to the Letter of Conditions, will be used in to pay the Loan in full on or before two years from the date of closing and initial funding of the Loan.

Section 5. Approval of Bond. For the purpose of providing funds to make the Loan to the Municipality evidenced by the Loan Agreement, as provided herein and in the Loan Agreement, and to pay costs incident to the issuance and sale of the Bond related to the Loan Agreement, the issuance and sale of the Bond by the Authority in connection with the Loan Agreement is hereby approved.

Section 6. Disposition of Proceeds. The proceeds from the sale of the Bond shall be paid, from time to time, to the official of the Municipality designated by law as the custodian of the funds, upon submission of a requisition for such funds by the Municipality to the Purchaser, in accordance with the terms of the Loan Agreement. Such proceeds shall be disbursed from time to time solely to finance the costs of the Project and to pay costs of issuance incurred in connection with the issuance of the Bond and the loan of the proceeds thereof to the Municipality. Any monies remaining in the Project Fund after completion of the Project shall be used to pay debt service on the Bond.

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

Section 8. Arbitrage Certification. The Municipality recognizes that the purchaser and owner of the Bond will have accepted it on, and paid therefor a price, that reflects the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bond. In this connection, the Municipality agrees that it shall take no action which may cause the interest on said Bond to be included in gross income for federal income taxation. It is the reasonable expectation of the City Council of the Municipality that the proceeds of the Bond will not be used in a manner which will cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, and to this end the proceeds of the Bond and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The City Council further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bond to the United States

government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bond from becoming taxable. The Mayor and City Recorder, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bond as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality.

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

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

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

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

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

Adopted and approved this 9th day of April, 2024.

Mayor

Attest:

City Recorder

STATE OF TENNESSEE)
COUNTY OF CHEATHAM)

I, _____, hereby certify that I am the duly qualified and acting City Recorder of the Town of Ashland City, Tennessee (the "Town"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the City Council (the "Council"), of said Town held on April 9, 2024; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the incurring of indebtedness in the amount of not to exceed \$10,639,000 by said Town; (4) that the actions by said Council including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purpose; and, (5) that a quorum of the members of said Council was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Town this 9th day of April, 2024.

City Recorder

(SEAL)