

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND PAYMENT OF \$5,300,000 OF GENERAL OBLIGATION BONDS BY THE TOWN OF ASHLAND CITY, TENNESSEE; AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES PRIOR TO THE ISSUANCE OF THE BONDS; AND AUTHORIZING THE LEVY OF TAXES TO PAY THE BONDS AND NOTES.

WHEREAS, the City Council of the Town of Ashland City, Tennessee (the “Municipality”) has determined that it is necessary and advisable to authorize the issuance of general obligation bonds of the Municipality for the purpose of financing the construction, improvement, repair, renovation and equipping of City Hall and related costs and payment of the costs incident to the sale and issuance of the bonds; and

WHEREAS, the City Council adopted an Initial Resolution authorizing the bonds described herein on August 10, 2021 (the “Initial Resolution”); and

WHEREAS, the United States Department of Agriculture, acting through Rural Housing Service (“Rural Development”), has issued to the Municipality its Letter of Conditions dated June 4, 2021, as may be amended (the “Letter of Conditions”), in which it has agreed to purchase bonds on terms and conditions favorable to the Municipality and its citizens; and

WHEREAS, the City Council wishes to authorize the issuance, sale and payment of the bonds, the issuance of bond anticipation notes prior to the issuance of the bonds and the levy of taxes to pay the bonds and notes;

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

Section 1. Authority. The bonds and notes authorized by this resolution are issued pursuant to Sections 9-21-101, et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. In addition to the capitalized terms defined above, the following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

- (a) “Bonds” shall mean the not to exceed \$5,300,000 General Obligation Bonds of the Municipality, authorized to be issued by this resolution.
- (b) “Fiscal Year” shall mean the Municipality’s fiscal year.
- (c) “Governing Body” shall mean the City Council of the Municipality.
- (d) “Notes” shall mean the bond anticipation notes authorized to be issued by this Resolution.
- (e) “Projects” shall mean the construction, improvement, repair, renovation and equipping of City Hall and costs related to the foregoing.

Section 3. Authorization of Terms and Sale of the Bond.

(a) **General Terms.** The Governing Body hereby authorizes the issuance of bonds of the Municipality in an aggregate principal amount up to \$5,300,000 (the “Bonds”). The Bonds may be issued as a single bond or in multiple emissions. The Bonds shall be issued to Rural Development in exchange for the payment of a price equal to 100% of the par amount thereof.

- 1) The Bonds shall be issued to:
 - a) finance the costs of the Projects (including any reimbursement thereof);
 - b) retire the principal of and, with the consent of Rural Development, interest on the Notes; and
 - c) pay costs of sale and issuance of the Bonds.
- 2) Each Bond shall be known as a “General Obligation Bond” or such other name as may be selected by the Mayor. A series designation indicating the year of issuance and such other distinctions as may be directed by the Mayor shall be added to the name of each Bond.
- 3) Each Bond shall be dated the date of its delivery.
- 4) Each Bond shall bear interest at a rate not to exceed 2.25% per annum and shall be payable in not more than 40 equal annual installments of principal and interest in an amount sufficient to fully amortize the Bond over the period of such installments. The annual principal and interest payment on the Bonds at the maximum term, par amount and interest rate is \$202,354. The first installment of debt service on each Bond shall be due and payable one year following the date of its issuance, but in no event later than the 28th day of the month of such first payment, and all subsequent installments shall be due and payable on the same day of each year thereafter. In all events, the final installment shall be in the amount of the entire unpaid balance of principal and interest on the Bond. All payments of principal and interest on each Bond shall be made directly to the registered owner thereof at its address shown on the bond registration records of the Municipality, without, except for final payment, the presentation or surrender of such Bond, and all such payments shall discharge the obligation of the Municipality in respect of such Bond to the extent of the payments so made. The records of the owner of each Bond shall be conclusively presumed to be correct with respect to amounts of payments made and outstanding principal balance. Upon final payment, each Bond shall be submitted to the City Recorder of the Municipality, as bond registrar, for cancellation.
 - (b) The Mayor is hereby authorized to cause the Bonds to be issued in a principal amount less than \$5,300,000 if it is determined that the full amount of the Bonds is not needed to pay authorized costs. The Mayor and City Recorder of the Municipality are authorized to execute and deliver the Bonds, to execute such certificates and documents and to take such other actions as they shall deem necessary in connection with the sale and delivery of the Bonds.
 - (c) The Bonds shall not be issued until after the passage of 20 days from the date of publication of the Initial Resolution authorizing the Bonds, and in no event shall the Bonds be issued without a prior referendum if a petition signed by at least ten percent of the registered voters in the Municipality is filed protesting the issuance of the Bonds within the statutorily prescribed 20-day period.
 - (d) The Municipality shall have the right, at its option, to prepay the Bonds or any installment thereof, in whole or in part, at any time, without penalty. Any partial prepayment, after payment of interest, shall be applied to the installments last to become due under the Bonds and shall not affect the obligation of the Municipality to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner of the Bonds not less than thirty (30) days prior to the date of prepayment, unless waived by the registered owner.

(e) The Municipality hereby appoints the City Recorder of the Municipality to act on behalf of the Municipality as registrar and paying agent for the Bonds. The Bonds are transferable by the registered owner thereof, or by its attorney duly authorized in writing, on the registration records of the Municipality, upon presentation of the Bonds to the registrar for transfer with the form of assignment attached thereto completed in full and signed with the name of the registered owner. All transferees shall take the Bonds subject to such condition. The Municipality may treat the registered owner as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue.

(f) The Bond shall be signed by the Mayor of the Municipality, shall be attested by the City Recorder and shall have impressed thereon the corporate seal of the Municipality.

Section 4. Authorization of Terms and Sale of Bond Anticipation Notes.

(a) The Governing Body hereby authorizes the issuance of one or more general obligation bond anticipation notes in the maximum aggregate principal amount equal to the maximum principal amount of the Bonds (the "Notes"). The proceeds of the Notes shall also be used to pay costs of the Projects (including reimbursement thereof), interest during construction of the Project and for six (6) months thereafter, with the consent of Rural Development, and issuance costs of the Notes. Each Note shall be in the form of a fully registered note, without coupons, shall be known as General Obligation Bond Anticipation Note, together with a series designation further identifying the Note, as selected by the Mayor, and shall be dated as of the date of its delivery.

(b) Each Note shall mature not later than two years from its issuance, shall bear interest at a rate not to exceed the maximum rate permitted by applicable law, payable at such time as the Mayor shall designate, and shall be subject to prepayment upon such terms as the Mayor shall designate.

(c) The Mayor shall select the purchaser(s) of the Notes and cause the Notes to be sold to such purchaser(s) at a price of par. In connection therewith, the Mayor is authorized to establish the remaining terms of the Notes, without further action by the Governing Body. The Mayor and City Recorder of the Municipality are authorized to execute and deliver the Notes, to execute such certificates and documents and to take such other actions as they shall deem necessary to further evidence the Municipality's obligations under the Notes. The Notes may also be issued to Rural Development, upon the terms otherwise provided herein, in which case the Notes shall also bear the designation of "Interim Certificates of Indebtedness." The purchase price paid by Rural Development for the Bonds shall be reduced by the principal amount of Interim Certificates held by it, including accrued interest thereon, and such Interim Certificates shall be delivered by Rural Development to the Municipality at the time of delivery of the Bonds.

(d) The Notes shall not be issued until after the passage of 20 days from the date of publication of the Initial Resolution authorizing the Bonds, and in no event shall the Notes be issued without a prior referendum if a petition signed by at least ten percent of the registered voters of the Municipality is filed protesting the issuance of the Bonds within the prescribed 20-day period.

(e) Pursuant to Section 9-21-505, Tennessee Code Annotated, the approval of the Comptroller's office is not required for the issuance of the Notes because the Bonds will be issued to a federal agency.

(f) The Governing Body hereby approves the renewal and extension of any Notes issued hereunder, without further action of the Governing Body, to the extent such Notes have matured (or are scheduled to mature) and the Bonds have not and will not be issued in time to retire the maturing Notes.

Section 5. Security and Source of Payment of the Bonds and Notes. The Bonds shall be payable from and be secured by ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Bonds, the full faith, credit and resources of the Municipality are hereby irrevocably pledged. The Notes shall be paid from proceeds of the Bonds. In the event such proceeds are unavailable, the Notes shall be secured and payable in exactly the same manner as the Bonds.

Section 6. Form of Bond and Notes. The Notes shall be in the form approved by the Mayor consistent with the terms of this Resolution. Each Bond shall be in substantially the following form, the omissions to be appropriately completed when each Bond is prepared and delivered:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF CHEATHAM
TOWN OF ASHLAND CITY
GENERAL OBLIGATION BOND, SERIES _____

R-1

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the Town of Ashland City, Tennessee (the "Municipality"), for value received hereby promises to pay to the registered owner hereof, or its registered assigns, in the manner and from the sources hereinafter provided, the sum of \$_____, with interest on the unpaid balance hereof at the rate of _____% per annum from the date hereof until the principal amount hereof shall have been fully paid. This Bond is payable in _____ consecutive installments of principal and interest in the amount of \$_____ each. The first installment shall be due and payable on _____, and all subsequent installments shall be due and payable on _____. In all events, the final installment shall be in the amount of the entire unpaid balance of principal and interest on the Bond. Both principal hereof and interest hereon are payable in lawful money of the United States of America by electronic fund transfer or by check or draft mailed to the registered owner at the address shown on the bond registration records of the Municipality, and such payments shall discharge the obligation of the issuer hereof to the extent of the payments so made. Upon final payment, this Bond shall be submitted to the City Recorder of the Municipality, as Bond Registrar, for cancellation.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Municipality. Any partial prepayment shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of the Municipality to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner hereof not less than thirty (30) days prior to the date of prepayment, unless waived by the registered owner.

This Bond shall be transferable by the registered owner hereof, or by its attorney duly authorized in writing, on the registration records of the City Recorder of the Municipality at the office of the City Recorder of the Municipality, upon presentation of the Bond to the registrar for transfer with the form of assignment attached hereto completed in full and signed with the name of the registered owner. All transferees shall take this Bond subject to such condition. The Municipality may treat the registered owner as the absolute owner hereof for all purposes, and shall not be affected by any notice to the contrary whether or not any payments due on this Bond shall be overdue.

This Bond is issued by the Municipality for the purpose of paying the cost of the construction, improvement, repair, renovation and equipping of City Hall, costs related to the foregoing, and the payment of costs incident to the sale and issuance of the Bonds, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the City Council of the Municipality on the 12th day of October, 2021 (the “Resolution”).

This Bond shall be payable from and be secured by ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on this Bond, the full faith, credit and resources of the Municipality are irrevocably pledged. For a more complete statement of the terms and conditions upon which this Bond is payable, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the above described 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) 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 general partnership or sole proprietorship, doing business in the State of Tennessee and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a general partnership or sole proprietorship, 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 does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Town of Ashland City, Tennessee has caused this Bond to be signed by its Mayor and attested by its City Recorder under the corporate seal of the Municipality, all as of this ____ day of _____, ____.

TOWN OF ASHLAND CITY, TENNESSEE

FORM ONLY – DO NOT SIGN
Mayor

ATTEST:

FORM ONLY – DO NOT SIGN
City Recorder

(SEAL)

(End of Form of Bond)

Section 7. Levy of Tax. The Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the Municipality, in addition to all other taxes authorized by

law, sufficient to pay principal of and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal of and interest coming due on the Bonds in said year. Principal of and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent general funds of the Municipality are applied to the payment of debt service on the Bonds.

Section 8. Remedies of Bond Owners. Any owner of the Bond may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Municipality by the provisions of this resolution, including the levy and collection of ad valorem taxes to meet the obligations of the Municipality under this resolution.

Section 9. Disposition of the Proceeds of the Notes and Bond. The proceeds of the sale of the Notes shall be applied directly to the costs authorized herein or deposited with a financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency, in a special fund designated so as to identify it with this resolution (the "Construction Fund") and shall be disbursed solely for the payment of Project costs (including reimbursement thereof), legal, fiscal and engineering costs incident thereto, interest during construction of the Project and for six (6) months thereafter, with the consent of Rural Development, and bond issuance costs. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or in the absence of such statutes, by a pledge of readily marketable securities having at all times a market value of not less than the amount in the Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by this resolution.

The proceeds of the Bonds shall be used first, to the extent permitted by Rural Development, to retire any outstanding Notes. To the extent that the proceeds of the Bonds are insufficient to retire the Notes, the Municipality shall apply other funds in an amount sufficient to fully retire the Notes. Any remaining proceeds of the Bonds, together with any grant funds received from Rural Development, shall be applied directly to the costs authorized herein or deposited to the Construction Fund. After the Project has been completed, any unspent Bond proceeds shall be used at the earliest practicable date for the prepayment of the Bonds as herein provided. All funds, including both loan and grant funds, provided by Rural Development for Project costs, but not needed to pay Project costs, will be considered to be Rural Development grant funds and returned to the Government Finance Office. If the amount of unused Rural Development funds exceeds Rural Development grant amount, the excess will be considered to be Rural Development loan funds and used to prepay the Bonds as provided above.

Section 10. Federal Tax Matters. The Bonds are expected to be issued as federally tax-exempt bonds. At the Mayor's discretion, the Notes may be issued as federally tax-exempt obligations. To the extent applicable, the Municipality hereby covenants that it will not use, or permit the use of, any proceeds of the Bonds or Notes in a manner that would cause the Bonds or Notes to be subjected to treatment under Section 148 of the Internal Revenue Code (the "Code"), and applicable regulations thereunder, as an "arbitrage bond." To that end and if applicable, the Municipality shall comply with applicable regulations adopted under said Section 148. The Municipality further covenants with the registered owners from time to time of the Bonds and the Notes (if applicable) that it will, throughout the term of the Bonds and Notes and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Bonds and Notes (if applicable) shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.

It is reasonably expected that the Municipality will reimburse itself for certain expenditures made by it in connection with the Project by issuing the Bonds and the Notes. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

The Governing Body hereby delegates to the Mayor the authority to designate the Bonds and/or the Notes as “qualified tax-exempt obligations,” as defined in Section 265 of the Code, to the extent the Mayor determines such designation to be advantageous to the Municipality and to the extent the Bonds and/or Notes are not deemed designated as such and may be designated as such.

The Mayor is authorized and directed, on behalf of the Municipality, to execute and deliver all such certificates and documents and adopt such policies and procedures that may necessary or advisable in order to comply with the provisions of this section.

Section 11. Reasonably Expected Economic Life. The “reasonably expected economic life” of the Projects within the meaning of Sections 9-21-101, *et seq.*, Tennessee Code Annotated, is greater than the term of the Bonds financing said Projects.

Section 12. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the owner(s) of the Bonds and the Notes, and after the issuance of either the Bonds or Notes, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner, except as provided in the following Section, until such time as the Bonds and Notes and interest due thereon shall have been paid in full.

Section 13. Modification of Resolution. The terms, covenants and agreements set forth in this resolution may be modified or amended by resolution of the Governing Body, consented to in writing by the owner of the Bonds and, while any Notes are outstanding, the Notes.

Section 14. Defeasance. So long as Rural Development is the owner of the Bonds herein authorized, the Municipality shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Bonds herein authorized without immediately prepaying the Bonds.

Section 15. Compliance with Debt Management Policy. The Governing Body hereby finds that the issuance of the Bonds and the Notes is consistent with the Municipality’s debt management policy.

Section 16. 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 17. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, including that bond resolution adopted by the Governing Body on August 10, 2021 related to the Projects and authorizing bonds in a principal amount not to exceed \$5,300,000, 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.

[signature page follows]

Adopted and approved this 12th day of October, 2021.

TOWN OF ASHLAND CITY, TENNESSEE

Mayor

ATTEST:

Interim City Recorder

STATE OF TENNESSEE)

COUNTY OF CHEATHAM)

I, Alicia Martin, hereby certify that I am the duly qualified and acting Interim City Recorder of the Town of Ashland City, Tennessee (the "Municipality") and, as such official, I further certify as follows: (1) that attached hereto is a true, correct and complete copy of a resolution adopted by the City Council of the Municipality at its October 12, 2021 meeting; and (2) that a quorum of the members of the City Council was present and acting throughout said meeting.

WITNESS my official signature and the seal of the Municipality, this 12th day of October, 2021.

Interim City Recorder

(SEAL)

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