

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE FINANCING OF THE CONSTRUCTION OF THE REEDY CREEK TRUNK SEWER REPLACEMENT PROJECT INCLUDING AUTHORIZING THE MAYOR TO EXECUTE APPLICATIONS, CONTRACTUAL AGREEMENTS, AND OTHER NECESSARY DOCUMENTS, AND MAKING CERTAIN REPRESENTATIONS, CERTIFICATIONS, AND PLEDGES OF CERTAIN REVENUE IN CONNECTION WITH SUCH FINANCING FROM THE STATE OF TENNESSEE

WHEREAS, the Reedy Creek Trunk Sewer Replacement project (the "Project") is a culmination of efforts to carry out key aspects of the Wastewater System Master Plan developed in 2009 which has been included in the multi-year Capital Improvements Plan approved by the Board of Mayor and Aldermen, which serves the beginning at Lovedale Drive and ending near the west side of John B. Dennis Highway; and

WHEREAS, to fund the Project, the Local Government (the "City of Kingsport") has applied to receive a loan in the amount of \$6,000,000.00 from the Tennessee Department of Environment & Conservation Clean Water State Revolving Loan Fund (CWSRF) (Res. No. 2025-245); and

WHEREAS, CWSRF provides loans for planning, design, and construction phases of wastewater and stormwater systems; and

WHEREAS, Tennessee Code Annotated, section 68-221-1001 et. seq., provides for the lending of funds in the wastewater facilities Revolving Loan Fund to the Local Government for the purpose of providing funds for project loans; and

WHEREAS, the City of Kingsport has determined that it is necessary and advisable to borrow funds for the Project being further identified as CW21 2026-503.

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That City of Kingsport hereby approves the creation of indebtedness on behalf of the City of Kingsport in the principal amount of six million dollars (\$6,000,000) by obtaining a Project Loan.

SECTION II. That the execution and delivery of the application for a Project Loan in the principal amount of two million seven hundred thousand dollars (\$2,700,000) to include one million eighty thousand dollars (\$1,800,000) in loan forgiveness, for the purpose of funding all or a portion of the project by Paul W. Montgomery, Mayor of the City of Kingsport, is hereby ratified and approved in all respects.

SECTION III. That the mayor, or in his absence, incapacity, or failure to act, the vice-mayor is authorized to execute in a form approved by the city attorney and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport an agreement for the Project Loan with the Tennessee Department of Environment and Conservation and the

Tennessee Local Development Authority (the "Loan Agreement") and all other documents necessary and proper and to deliver such documents to the other parties to such documents, such execution and delivery to be conclusive proof of the approval of the City of Kingsport of such documents; and to take such further action and to execute and deliver such further instruments or documents as such officer may consider necessary or advisable to effectuate the purpose of the documents or this resolution..

SECTION IV. The City of Kingsport hereby agrees to honor and accept the method of financing as may be determined by the Authority pursuant to the Loan Agreement.

SECTION V. The City of Kingsport hereby agrees to levy fees, rates or charges for services provided by the Project and/or to levy ad valorem taxes sufficient to pay the interest on and principal of the Project Loan in accordance with the Loan Agreement, and the City of Kingsport also agrees to levy fees, rates, or charges and/or ad valorem taxes sufficient to pay the cost of operation and maintenance of the water system of which the Project is a part, which cost shall include depreciation and all other debt service expense of the system.

SECTION VI. The City of Kingsport assigns and pledges its State-Shared Taxes to the State and consents to the withholding and application of State-Shared Taxes in the event of failure by the City of Kingsport to remit monthly payments in accordance with the terms of the Loan Agreement, as the Loan Agreement may be supplemented or amended from time to time.

SECTION VII. The City of Kingsport hereby agrees to obtain alternative methods of financing for all costs necessary for the completion of the Project which are in excess of the combined financing provided by any agency of the United States Government and by the Tennessee Local Development Authority.

SECTION VIII. That the board finds the actions authorized by this resolution are for a public purpose and will promote the health, comfort, and prosperity of the citizens of the city.

SECTION IX. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 4th day of August, 2026.

PAUL W. MONTGOMERY, MAYOR

ATTEST:

ANGELA MARSHALL, DEPUTY CITY RECORDER

APPROVED AS TO FORM:

RODNEY B. ROWLETT, III, CITY ATTORNEY