

RESOLUTION 2025-13

RESOLUTION OF THE GOVERNING BODY OF  
CITY OF MOUNT PLEASANT, TENNESSEE,  
REPEALING AND REPLACING RESOLUTION 2025-6 AND  
AUTHORIZING THE ISSUANCE, SALE, AND PAYMENT OF  
RESIDENTIAL WATER METER UPGRADES CAPITAL OUTLAY NOTES  
NOT TO EXCEED **\$1,200,000.00**

WHEREAS, the Governing Body of the City of Mount Pleasant Tennessee, (the "Local Government") has determined that it is necessary and desirable to issue capital outlay notes in order to provide funds for the following public works projects: city wide residential water meter change out.; the City may use any remaining funds for other general or utility capital projects per approval of city governing body (the "Project"); and

WHEREAS, the Governing Body has determined that the Project is a public works project within the meaning of the Act (as defined below); and

WHEREAS, under the provisions of Parts I, IV and VI of Title 9, Chapter 21, Tennessee Code Annotated (the "Act"), local governments in Tennessee are authorized to finance the cost of this Project through the issuance and sale of interest-bearing capital outlay notes upon the approval of the Comptroller of the Treasury or Comptroller's designee; and

WHEREAS, the Governing Body authorized the issuance of capital outlay notes pursuant to Resolution 2025-6, subject to the approval of the Comptroller; and

WHEREAS, the Comptroller did not approve the terms of Resolution 2025-6 and the Governing Body finds that it is advantageous to the Local Government to authorize the issuance of capital outlay notes to finance the cost of the Project pursuant to the terms set forth herein; and

WHEREAS, The Notes shall be sold through the informal bid process provided in Tenn. Code Ann. Section 9-21-609 and the Governing Body accepts the informal bid of United Community Public Finance, Inc. pursuant to the term sheet attached hereto as **Exhibit 2** and approval of the Comptroller of the Treasury.

NOW THEREFORE, BE IT RESOLVED by the Governing Body of City of Mount Pleasant Tennessee, as follows:

**Section 1.** Repeals and replaces Resolution 2025-6 with the following.

**Section 2.** For the purpose of providing funds to finance the cost of the Project, the chief executive officer of the Local Government is hereby authorized in accordance with the terms of this resolution, and upon approval of the Comptroller of the Treasury or Comptroller's designee, to issue and sell interest-bearing capital outlay notes in a principal amount not to exceed **One Million Two Hundred Thousand Dollars (\$1,200,000)** (the "Notes"). The Notes shall be designated "Residential Water Meter Upgrades" Capital Outlay Notes, Series 2025"; shall be numbered serially from 1 upwards; shall be dated as of the date of issuance; shall be in denomination(s) as agreed upon with the purchaser; shall be sold at not less than 99% of par value plus accrued interest if any; and shall bear interest at a rate or rates not to exceed (i) Four and Seventy-Nine per cent (4.79%) per annum while interest on the Notes is exempt from federal income taxation, (ii) six and zero six hundredths (6.06%) after a determination of taxability of interest on the Notes and (iii) the lesser of the stated rate on the Notes plus Four percent (4%) or the maximum interest rate permitted by law after any default or event of default, (iii) and in no event shall the rate exceed the legal limit provided by law.

**Section 3.** The Notes shall mature **Twelve (12)** fiscal years after the fiscal year of issuance and, unless otherwise approved by the Comptroller of the Treasury or Comptroller's designee, the Notes shall be amortized through mandatory redemption in amounts reflecting level debt service on the Notes or an equal amount of principal paid in each fiscal year as is agreed upon by the chief

executive officer and the Purchaser and reflected in an amortization schedule attached to the Notes. The principal amount paid in each fiscal year shall be set forth in the form of the Note. The weighted average maturity of the Notes shall not exceed the reasonably expected weighted average life of the Project which is hereby estimated to be 12 years.

**Section 4.** The Notes shall be subject to redemption at the option of the Local Government, in whole or in part, at any time, at the principal amount and accrued interest to the date of redemption, without any prepayment penalty if prepaid after the date 3 years following the date of the Notes and with a prepayment penalty of 3% if prepaid during the first year following the date of the Notes, 2% if prepaid during the second year following the date of the Notes and 1% if prepaid during third year following the date of the Note.

**Section 5.** The Notes shall be direct general obligations of the Local Government, for which the punctual payment of the principal and interest on the Notes, the full faith and credit of the Local Government is irrevocably pledged, and the Local Government hereby pledges its taxing power as to all taxable property in the Local Government for the purpose of providing funds for the payment of principal of and interest on the Notes. The Governing Body of the Local Government hereby authorizes the levy and collection of a special tax on all taxable property of the Local Government over and above all other taxes authorized by the Local Government to create a sinking fund to retire the Notes with interest as they mature in an amount necessary for that purpose.

**Section 6.** The Notes shall be executed in the name of the Local Government; shall bear the signature of the chief executive officer of the Local Government and the signature of the recording officer of the Local Government and shall be payable as to principal and interest at the office of recording officer of the Local Government or at the office of the paying agent duly appointed by the Local Government. Proceeds of the Notes shall be deposited with the official designated by law as custodian of the funds of the Local Government. All proceeds shall be paid out for financing the Project pursuant to this Resolution and as required by law.

**Section 7.** The Notes will be issued in fully registered form and that at all times during which any Note remains outstanding and unpaid, the Local Government or its agent shall keep or cause to be kept at its office a note register for the registration, exchange or transfer of the Notes. The note register, if held by an agent of the Local Government, shall at all times be open for inspection by the Local Government or any duly authorized officer of the Local Government. Each Note shall have the qualities and incidents of a negotiable instrument and shall be transferable only upon the note register kept by the Local Government or its agent, by the registered owner of the Note in person or by the registered owner's attorney duly authorized in writing, upon presentation and surrender to the Local Government or its agent together with a written instrument or transfer satisfactory to the Local Government duly executed by the registered owner or the registered owner's duly authorized attorney. Upon the transfer of any such Note, the Local Government shall issue in the name of the transferee a new registered note or notes of the same aggregate principal amount and maturity as the surrendered Notes. The Local Government shall not be obligated to make any such Note transfer during the fifteen (15) days next preceding an interest payment date on the Notes or, in the case of any redemption of the Notes, during the forty-five (45) days next preceding the date of redemption.

**Section 8.** The Notes shall be in substantially the form attached as **Exhibit 1** with only changes as are necessary or appropriate to comply with the requirements of the purchaser thereof as determined by the chief executive officer and as further reflected in **Exhibit 2**.

**Section 9.** The Notes shall be sold through the informal bid process provided in Tenn. Code Ann. Section 9-21-609.

**Section 10.** The Notes shall not be sold until receipt of the Comptroller of the Treasury or Comptroller's Designee's written approval for the sale of the Notes.

**Section 11.** The chief executive officer is authorized to designate the Notes as qualified tax-exempt obligations for the purpose of Section 265(b) (3) of the Internal Revenue Code of 1986 if so eligible to be designated.

**Section 12.** After the sale of the Notes, and for each year that any of the Notes are outstanding, the Local Government shall prepare an annual budget and budget ordinance in a form consistent with accepted governmental standards and as approved by the Comptroller of the Treasury or Comptroller's designee. The budget shall be kept balanced during the life of the Notes and shall appropriate sufficient monies to pay all annual debt service. The annual budget and ordinance shall be submitted to the Comptroller of the Treasury or Comptroller's designee immediately upon its adoption; however, it shall not become the official budget for the fiscal year until such budget is approved by the Comptroller of the Treasury or Comptroller's Designee in accordance with Title 9, Chapter 21, Tennessee Code Annotated (the "Statutes"). If the Comptroller of the Treasury or Comptroller's designee determines that the budget does not comply with the Statutes, the Governing Body shall adjust its estimates or make additional tax levies sufficient to comply with the Statutes, or as directed by the Comptroller of the Treasury or Comptroller's designee.

**Section 13.** All orders or resolutions in conflict with this Resolution are hereby repealed insofar as such conflict exists and this Resolution shall become effective immediately upon its passage.

Duly passed and approved this \_\_\_\_\_ day of March, 2025.

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William E. White, Jr., Mayor

ATTESTED:

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Shiphrah Cox, Recorder

Legal Form Approved:

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Kori Bledsoe Jones, Attorney

Attachment 1  
CAPITAL OUTLAY NOTE FORM

Registered Note No. \_\_\_\_\_

Registered \$ \_\_\_\_\_

Residential Water Meter Upgrade  
City of Mount Pleasant  
of the State of Tennessee  
Capital Outlay Notes, Series 2025

DATED: March 18<sup>th</sup>, 2025

INTEREST RATE: 4.79%

MATURITY DATE: January 1<sup>st</sup>, 2037

Registered Owner: United Community Public Finance, Inc.  
Principal Sum: \$1,200,000

Mount Pleasant, Tennessee (the Local Government) hereby acknowledges itself indebted, and for value received hereby promises to pay to the Registered Owner hereof (named above), or registered assigns, the Principal Sum specified above on the Maturity Date specified above or according to an amortization schedule attached hereto (unless this note shall have been duly called for prior redemption and payment of the redemption price shall have been duly made or provided for), upon presentation and surrender to the Local Government or its agent, and to pay interest on the Principal Sum on June 1st 2025 and semiannually thereafter until the final term of the individual borrowing is reached at the Interest Rate per annum specified above or according to an amortization schedule attached hereto, by check, draft, or warrant mailed to the Registered Owner at the address of the Registered Owner as it appears on the fifteenth (15th) calendar day of the month next preceding the applicable payment date in the note register maintained by or on behalf of the Local Government. Both principal of and interest on this note are payable at the office of the Of the Local Government or a paying agent duly appointed by the Local Government in lawful money of the United States of America.

This note is a direct obligation of the Local Government for the payment of which as to both principal and interest the full faith and credit of the Local Government is pledged.

Upon the occurrence of a Determination of Taxability (defined below), this note will bear interest at a rate of interest per annum from the date of the Event of Taxability (defined below) relating thereto equal 6.06% (the "Taxable Rate").

"Determination of Taxability" means receipt by the Local Government of a final judgment by a court of competent jurisdiction or a final official action of the Internal Revenue Service determining that an Event of Taxability has occurred and "Event of Taxability" means the circumstance of any interest payable with respect to this note becoming includable in the gross income of the holder for federal income tax purposes as a result of conditions arising from any action or inaction of the Local Government.

In the event any principal of or interest on this note is not paid within ten (10) days after due or the Local Government defaults in performance of any of the terms of this note, interest shall accrue on the sum of the principal balance and accrued interest then outstanding hereunder at the Default Rate until such principal and interest have been paid in full or such default shall have been cured by the Local Government or waived by the holder. "Default Rate" shall mean the

lesser of (i) the then stated interest rate on this note plus 4.0% per annum or (ii) the maximum lawful rate. Upon the occurrence of any default or event of default under this note, the holder shall be entitled to exercise all remedies available at law or equity arising from such default or event of default.

The Local Government may, upon no less than 30 day's written notice to the holder, prepay this note in whole or in part, subject to the following prepayment penalty provisions:

(i) If such prepayment is made during the first 12 months following the date of this note, the Local Government shall be required to pay a prepayment penalty with such prepayment in an amount equal to 3% of the principal amount prepaid;

(ii) If such prepayment is made during the period between the date 12 months from the date of this note and the date 24 months from the date of this note, the Local Government shall be required to pay a prepayment penalty with such prepayment in an amount equal to 2% of the principal amount prepaid;

(iii) If such prepayment is made during the period between the date 24 months from the date of this note and the date 36 months from the date of this note, the Local Government shall be required to pay a prepayment penalty with such prepayment in an amount equal to 1% of the principal amount prepaid; and

(iv) No prepayment penalty shall be payable for any prepayments made after the date 36 months from the date of this note.

The Local Government agrees to provide to the holder of this note the following items:

(i) The annual audited financial statements of the Local Government for the most recent fiscal year of the Local Government within 210 days following the end of each fiscal year; and

(ii) A copy of the annual budget of the Local Government within 60 days of its adoption.

The Local Government agrees to pay to the holder all expenses incurred by the holder in connection with the negotiation, documentation, closing and enforcement of this note, including an origination fee of \$1,200 payable at closing and the reasonable attorney's fees of counsel for the holder.

This note is issued under the authority of Parts I, IV, and VI of Title 9, Chapter 21, Tennessee Code Annotated, and a Resolution duly adopted by the Governing Body of the Local Government meeting on the 18<sup>th</sup> day of March, 2025 (the "Resolution") to provide funds to finance the cost of public works projects referenced in the Resolution.

This note shall have the qualities and incidents of a negotiable instrument and shall be transferable only upon the note register kept by the Local Government or its agent, by the Registered Owner of the note in person or by the Registered Owner's attorney duly authorized in writing, upon presentation and surrender to the Local Government or its agent of the note together with a written instrument of transfer satisfactory to the Local Government duly executed by the Registered Owner or the Registered Owner's duly authorized attorney but only in the manner as provided in the Resolution of the Local Government authorizing the issuance of this note and upon surrender hereof for cancellation. Upon the transfer of any such note, the Local Government or its agent shall issue in the name of the transferee a new registered note or notes of the same aggregate principal amount and maturity as the surrendered note. The Local Government shall not be obligated to make any such Note transfer during the fifteen (15) days next preceding an interest payment date on the Notes or, in the case of any redemption of the Notes, during the forty-five (45) days next preceding the date of redemption.

Pursuant to Tenn. Code Ann. Section 9-21-117, this note and interest thereon are exempt from all state, county, and municipal taxation except for inheritance, transfer and estate taxes and except as otherwise provided under the laws of 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 note exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of Tennessee, and that the amount of this note, together with all other indebtedness of the Local Government, does not exceed any constitutional or statutory limitation thereon, and that this note is within every constitutional and statutory limitation.

IN WITNESS WHEREOF, the Governing Body of the Local Government has caused this note to be executed in the name of the Local Government by the signature of the Mayor and attested by the signature of the City Recorder with the Seal of the Local Government affixed hereto or imprinted hereon, and this note to be dated as of the 18th day of March 2025.

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William F. White, Jr., Mayor

ATTESTED:

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Shiphrah Cox, Recorder

ASSIGNMENT

Note No. \_\_\_\_\_

Amount: \$ \_\_\_\_\_

For value received, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
(Name and Address of assignee)

\_\_\_\_\_  
(Please indicate social security or other tax identifying number of assignee)

The within-mentioned note and hereby irrevocably constitutes and appoints \_\_\_\_\_  
attorney-in-fact, to transfer the same on the note register in the office of the \_\_\_\_\_  
\_\_\_\_\_ or the agent of the Local Government with full power of substitution in the premises.

Date: \_\_\_\_\_

Assignor: \_\_\_\_\_

Address: \_\_\_\_\_