

Resolution No. R-19-12

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$3,120,000 IN AGGREGATE PRINCIPAL AMOUNT OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES 2019 OF THE CITY OF FAYETTEVILLE, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES FROM THE ELECTRIC SYSTEM OF THE CITY OF FAYETTEVILLE, TENNESSEE; AND MAKING PROVISION FOR THE OPERATION OF SAID SYSTEM.

WHEREAS, the City of Fayetteville, Tennessee (the "Municipality") is duly incorporated pursuant to Chapter 294 of the 1903 Private Acts of the State of Tennessee, as amended;

WHEREAS, the Municipality owns and operates a municipal electrical power distribution system (the "System") through the Board of Public Utilities (the "Utilities Board") of the Municipality;

WHEREAS, the Board of Mayor and Aldermen (the "Governing Body") of the Municipality has determined that it is the best interest of the Municipality to issue electric system revenue bonds and use the proceeds to refinance all of the Municipality's outstanding Electric System Revenue Refunding Bonds, Series 2009 (the "Series 2009 Bonds") for the purpose of achieving debt service savings;

WHEREAS, said bonds will not be general obligations of the Municipality and bondholders will have no recourse to the Municipality's power of taxation, but instead, said bonds will be payable from and secured solely by the revenues of the System;

WHEREAS, said electric system revenue bonds may be issued on a parity of lien with the Municipality's outstanding Electric System Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds") under a resolution of the Board of Mayor and Aldermen of the Municipality adopted May 13, 2003, as heretofore supplemented and amended (the "Master Resolution");

WHEREAS, a plan of refunding for the Series 2009 Bonds has been filed with the Director of State and Local Finance (the "State Director") as required by Section 9-21-101 et seq., Tennessee Code Annotated, and the State Director has submitted to the Municipality a report thereon, a copy of which is attached hereto as Exhibit A; and

WHEREAS, it is the intention of the Board of Mayor and Aldermen of the Municipality to adopt this resolution for the purpose of authorizing the issuance of said electric system revenue bonds in an aggregate principal amount not to exceed \$3,120,000 to refinance all of the Series 2009 Bonds, establishing the terms of said bonds, providing for the issuance, sale and payment of the bonds, and the disposition of the proceeds therefrom, and the collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on the bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee, as follows:

Section 1. Definitions. All capitalized terms used herein but not defined in this Section 1 or in the foregoing recitals shall have the meanings ascribed to them in the Master Resolution (as defined in the preamble). In addition to the terms defined in Section 1, the following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

- (a) "Bank" shall mean U.S. Bank National Association.

- (b) "Bonds" shall mean the electric system revenue bonds authorized to be issued by this Resolution.
- (c) "Defeasance Obligations" shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, 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.
- (d) "Financial Advisor" shall mean Cumberland Securities Company, Inc.
- (e) "Registration Agent" shall mean the CEO/General Manager of the Utilities Board.
- (f) "Term Sheet" means the Term Sheet from the Bank attached hereto as Exhibit B.

Section 2. Authority; Findings. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, as amended, other applicable provisions of law, the Master Resolution and this resolution. It is hereby found and determined by the Governing Body that the refinancing of the Series 2009 Bonds as set forth herein through the issuance of the Bonds will result in the reduction in debt service payable by the Issuer over the term of the Series 2009 Bonds thereby effecting a cost savings to the public.

Section 3. Authorization and Terms of the Bonds. For the purpose of providing funds to refund the Series 2009 Bonds and pay bond issuance costs, all as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the Municipality in the aggregate principal amount of not to exceed \$3,120,000. Such bonds shall be issued in fully registered form, without coupons, shall be known as "Electric System Revenue Refunding Bonds, Series 2019" and shall be dated their issue date, or such other date as shall be determined by the Mayor pursuant to Section 9 hereof. The Bonds shall bear interest at an interest rate of 1.79% per annum, shall be payable as to principal and interest, shall be subject to optional and mandatory redemption, and shall have such other terms and conditions as contemplated by the Term Sheet.

The Municipality hereby authorizes and directs the Registration Agent to maintain bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Municipality, 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 Municipality at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

The Bonds shall be payable, principal and interest, in lawful money of the United States of America at the office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds 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 check or draft mailed 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 Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of 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 30 days each.



Any interest on any Bond which 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 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 Municipality 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 Municipality 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 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 Municipality of such Special Record Date and, in the name and at the expense of the Municipality, 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 Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the last page 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, required by the Registration Agent, 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 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 Municipality 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 Municipality 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. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

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

The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the Bank or as it may designate upon receipt by the Municipality of the proceeds of the sale thereof, 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 authorized representative thereof on the certificate set forth herein on the bond form.

In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, 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 Municipality may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.

Section 4.      Source of Payment. The principal of and interest on the Bonds shall be payable solely from and be secured by a pledge of the Net Revenues to be derived from the operation of the System as provided in the Master Resolution, on a parity and equality of lien with the Series 2016 Bonds and any bonds hereafter issued on a parity therewith. The punctual payment of principal of and premium, if any, and interest on the Bonds, the Series 2016 Bonds and any bonds hereafter issued on a parity therewith shall be secured equally and ratably by said Net Revenues without priority by reason of series, number or time of sale or delivery. The owners of the Bonds shall have no recourse to the power of taxation of the Municipality or any other funds or monies thereof, other than the Net Revenues of the System.

Section 5.      Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Bonds are prepared and delivered:



(Form of Bond)

REGISTERED  
Number \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF LINCOLN  
CITY OF FAYETTEVILLE  
ELECTRIC SYSTEM REVENUE REFUNDING BOND, SERIES 2019

Interest Rate: 1.79%      Maturity Date: \_\_\_\_\_      Date of Bond: \_\_\_\_\_

Registered Owner: U.S. BANK NATIONAL ASSOCIATION

Principal Amount: \_\_\_\_\_ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the City of Fayetteville, Tennessee, a municipal corporation lawfully organized and existing in Lincoln County, Tennessee (the "Municipality"), for value received 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, and to pay interest on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date, said interest being payable on June 1, 2020, and semi-annually thereafter on the first day of June and December in each year until this Bond matures or is redeemed; provided, however, that in the case of a Determination of Taxability or an Event of Default, interest hereon shall be payable at the rate of \_\_\_\_\_% commencing on the date of the Determination of Taxability or the date of the Event of Default, as applicable, until this Note matures or is redeemed or until this Note matures or is redeemed or the Event of Default is cured. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the office of the CEO/General Manager of the Board of Public Utilities of the City of Fayetteville, Lincoln County, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond by check or draft on each interest payment date directly to the registered owner hereof 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 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 Municipality 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 Registration Agent, 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 on the Bonds shall be made upon presentation and surrender of this Bond to the Registration Agent.

As used herein, "Determination of Taxability" shall mean a determination that interest on the Notes is includable for federal income tax purposes in the gross income of the registered owner or any

former registered owner of the Notes. As used herein, "Event of Default" means (i) a declaration of bankruptcy, a determination of insolvency or similar proceeding with respect to the Municipality, or debt moratorium shall be declared by the Municipality or any other governmental authority of competent jurisdiction with respect to any of the Municipality's debt, or (ii) the declaration by the Purchaser of an event of default as a result of a determination by the Purchaser that: (a) the Municipality has failed to pay the principal of or interest on this Note on the due date when due, as provided in this Note and the Loan Agreement between the Municipality and the Purchaser, of even date herewith (the "Loan Agreement"), which failure continues, and is not cured, for a period of 10 days after the Purchaser has made written demand on the Municipality to cure such failure to make payment; (b) the Municipality has failed to comply with any of its obligations or to perform any of its duties (other than the obligation to pay the principal of and interest on this Note) under the Loan Agreement or this Note, which failure continues, and is not cured, for a period of more than 30 days after the Purchaser has provided written notice thereof to the Municipality; or (c) there has been a material misrepresentation by the Municipality of any representations made in the Loan Agreement, this Note or the Resolution (as defined below).

This Bond shall not be subject to redemption prior to maturity at the option of the Municipality. The Note is subject to mandatory redemption on the dates and in the amounts set forth below:

Redemption Date

Redemption Amount

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the office of the Registration Agent 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 Municipality nor the Registration Agent 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 Registration Agent, 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 Registration Agent 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, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Municipality to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$\_\_\_\_\_ and issued by the Municipality for the purpose of providing funds to refinance the Municipality's outstanding Electric System Revenue Refunding Bonds, Series 2009, and pay bond issuance costs, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the



Board of Mayor and Aldermen of the Municipality (the "Board of Mayor and Aldermen") on November \_\_\_, 2019 (the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the Municipality's electric distribution system (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System on a complete parity and equality of lien with the Municipality's outstanding Electric System Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"). As provided in the Resolution, the punctual payment of principal of and interest on the series of Bonds of which this Bond is one, the Series 2016 Bonds, and any other bonds issued on a parity therewith pursuant to the terms of the Resolution, shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the Municipality. The Municipality 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 payment becomes due. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, 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 sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) 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 does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor and attested by its City Clerk, all as of the date hereinabove set forth.

CITY OF FAYETTEVILLE, TENNESSEE

By: \_\_\_\_\_  
Mayor

(SEAL)

ATTESTED:

\_\_\_\_\_  
City Clerk

Transferable and Payable at: The office of the CEO/General Manager of  
the Board of Public Utilities of the City of Fayetteville,  
Lincoln County, Tennessee

Date of Registration: \_\_\_\_\_

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

CEO/General Manager of  
the Board of Public Utilities of the City of Fayetteville, Lincoln County,  
Tennessee, Registration Agent

\_\_\_\_\_



## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto whose address is \_\_\_\_\_, the within bond of the City of Fayetteville, 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 enlargement or alteration, or any change whatsoever.

Signature guaranteed:

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

Section 6. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Bonds, the Series 2016 Bonds and any Parity Bonds hereafter issued 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, the Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

### Section 7. Applicability of the Resolution.

(a) This resolution is supplementary to and amends the Master Resolution to provide for the issuance of the Bonds on parity with the Series 2016 Bonds. The provisions of Section 2 (Definitions), Section 7 (Application of Revenues), Section 8 (Prohibition of Prior Lien; Parity Bonds), Section 9 (Charges for Services Supplied by the System), Section 10 (Covenants Regarding the Operation of the System), Section 11 (Remedies of Bond Owners), Section 13 (Modification of Resolution), and Section 21 (Resolution a Contract) of the Master Resolution are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of the Bonds as provided herein, the provisions shall be applicable to the Bonds and shall inure to the benefit of owners of the Bonds as if set out in full herein.

### Section 8. Application of Revenues; Reserve Fund Requirement.

(a) From and after the delivery of the Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of

all the Bonds as provided in the Master Resolution, the entire income and revenues of the System shall be deposited in the appropriate fund created by the Master Resolution and shall be used in all respects as provided therein; provided that the amount of revenues required to be deposited to the Bond Fund shall be increased with respect to the Bonds, if and as necessary, so that equal monthly deposits to the Bond Fund will be sufficient to provide for the first payments of principal of and interest on the Bonds.

(b) Upon the issuance of the Bonds, the Municipality shall cause to be deposited to or retained in (as applicable) the Reserve Fund an amount equal to the Reserve Fund Requirement for the Series 2016 Bonds and the Bonds.

Section 9. Sale of Bonds; Loan Agreement.

(a) The Mayor is authorized to sell the Bonds to the Bank at a price of par and is further authorized to execute and deliver the Bonds to the Bank and, along with the City Clerk, to execute and deliver all certificates and documents as any shall deem appropriate in connection with the sale and delivery of the Bonds. The Mayor is authorized to establish the principal and interest payment dates and amounts in a manner consistent with the Term Sheet, and to issue Bonds in an aggregate principal amount less than that authorized herein.

(b) The Mayor and City Clerk are authorized to execute and deliver a Loan Agreement with the Bank in the manner contemplated by the Term Sheet.

Section 10. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be used and applied as follows:

(a) an amount, together with other funds of the System as identified by the Mayor and the General Manager/CEO of the System, sufficient to refund the Series 2009 Bonds shall be deposited with the paying agent for the Series 2009 Bonds with irrevocable instructions to immediately retire the Series 2009 Bonds; and

(b) the remainder of the proceeds of the Bonds shall be disbursed solely to pay the costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

Section 11. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:

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

If the Municipality 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 Defeasance Obligations deposited as aforesaid.

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

Section 12. Federal Tax Matters. The Municipality recognizes that the Bank will have accepted the Bonds on, and paid therefor a price that reflects, the understanding that interest thereon is exempt from federal income taxation under laws in force on the date of delivery of the Bonds. In this connection, the Municipality agrees that it shall take no action that may render the interest on any of said Bonds subject to federal income taxation. It is the reasonable expectation of the Governing Body of the Municipality 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 of the Code, including any lawful regulations promulgated or proposed thereunder, 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 Governing Body 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 by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming taxable. The Mayor is authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as they shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality.

Section 13. 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 14. Qualified Tax-Exempt Obligations. The Governing Body hereby designates each series of the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b) of the Code, to the extent they may be so designated.

Section 15.    Repeal of Conflicting Resolutions and Effective Date.    All 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 12 day of November, 2019.

  
\_\_\_\_\_  
Mayor


ATTEST:   
\_\_\_\_\_  
City Clerk

CERTIFICATE

I, G. Scott Collins, hereby certify that I am the duly qualified City Clerk of the City of Fayetteville, Tennessee, and as such official I further certify that the foregoing constitutes a true and correct copy of a Resolution duly adopted by the Board of Mayor and Aldermen of said municipality in a public meeting properly and lawfully assembled on November 12, 2019 in compliance with the laws of the State of Tennessee, which meeting was open to the public and at which a quorum was present and acting throughout, the original of which Resolution has been entered in the official records of said Board and is in my official possession, custody and control and that such Resolution is in full force and effect as of the date hereinbelow set forth.

WITNESS my official signature and seal of said Municipality this 12<sup>th</sup> day of November, 2019.



  
\_\_\_\_\_  
G. Scott Collins, City Clerk