

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A REVENUE AND TAX DEFICIENCY BOND IN THE PRINCIPAL AMOUNT OF \$350,000 FOR THE PURPOSE OF EXTENDING AND IMPROVING THE WATER WORKS AND WATER SYSTEM OF THE TOWN OF SPRING HILL, TENNESSEE: PRESCRIBING THE BOND FORM, THE TERMS AND CONDITIONS OF ISSUE AND RETIREMENT AND MAKING PROVISIONS FOR PAYMENT AND SECURITY THEREOF.

WHEREAS, on November 15, 1982, the Board of Mayor and Aldermen of the Town of Spring Hill (hereinafter referred to as the "Town") passed an Initial Resolution authorizing the issuance of bonds in the maximum amount of \$350,000.00 for the purpose of raising funds to be used for the extension and improvement of its water works and water system (hereinafter referred to as the "System"); and

WHEREAS, the Resolution directed that it be published in the Daily Herald, a newspaper of general circulation in the Town of Spring Hill, together with notice that the resolution has been adopted and that the bonds would be issued as proposed unless within ten (10) days from the date of the publication a petition signed by at least ten percent (10%) of the registered voters of the Town of Spring Hill was filed with the Clerk or Mayor protesting the issuance of the bonds;

WHEREAS, a petition was duly filed with the Mayor of the Town of Spring Hill, signed by at least ten percent (10%) of the registered voters of the Town of Spring Hill protesting the issuance of the bonds;

WHEREAS, on December 20, 1982, pursuant to Section 7-36-112 of Tennessee Code Annotated, it was resolved by the Board of Mayor and Aldermen of the Town of Spring Hill, Tennessee that an election be called to determine the will of the majority of those voting therein upon the proposition for the issuance of the bonds as proposed, to-wit:

(1) The maximum amount of bonds to be issued is the sum of \$350,000.00.

- (2) The purpose of the bonds shall be to raise funds to be used together with a COMMUNITY DEVELOPMENT BLOCK GRANT of \$167,500.00 for the extension and improvement of the water works and water system of the Town of Spring Hill;
- (3) The maximum rate of interest which these bonds are to bear is the rate of five percent (5%) per annum;
- (4) The bonds shall be payable from the revenues of the water works and water system and in the event of a deficiency in such revenues, shall be payable from taxes to be levied by the Board of Mayor and Aldermen;
- (5) The proposition to appear on the ballot shall be as follows:

Do you favor the issuance by the Town of Spring Hill as proposed in an Initial Resolution adopted by the Board of Mayor and Aldermen on November 15, 1982 of bonds in the maximum amount of \$350,000.00 to be used together with a COMMUNITY DEVELOPMENT BLOCK GRANT of \$167,500.00 for the extension and improvement of the water works of the Town of Spring Hill, which bonds shall bear interest at the maximum rate of five percent (5%) and shall be payable from revenues derived from the users of the water works and water system with any deficiency in such revenues being payable from taxes?

For the Bond Issue _____

Against the Bond Issue _____

- (6) The Maury County Election Commission shall hold the election called for in this resolution;

WHEREAS, said election was held on February 12, 1983 and resulted in 172 votes in favor of the proposition for the issuance of the bonds and 141 votes against said proposition;

WHEREAS, it is necessary to defray a portion of the cost of constructing said System, including engineering and legal fees and other necessary and related expenses, by obtaining such financial assistance as is available from the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (hereinafter called the Government), in accordance with the applicable provisions of the Consolidated Farmers Home Administration Act of 1961, it being determined that the Town is unable to obtain sufficient credit elsewhere to finance the construction of the System taking into consideration prevailing private and cooperative rates and terms currently available;

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the Town of Spring Hill, Tennessee:

Section 1. That the Town of Spring Hill, Tennessee proceed with the construction of the System and, for defraying the cost thereof, obtain such financial assistance as is available by a loan or grant, made or insured by the United States of America, acting by and through the Farmers Home Administration, United States Department of Agriculture, and the Mayor and Recorder are hereby authorized to enter into such agreements and execute such documents as may be required by the Farmers Home Administration in connection therewith.

Section 2. That pursuant to the authority contained in Sections 7-36-101 through 7-36-133, inclusive, Tennessee Code Annotated, as amended, the Town is hereby authorized to borrow \$350,000 and issue as evidence thereof a Revenue and Tax Deficiency Bond. Said bond shall be dated as of the date of delivery, bear interest at the rate of 5 percent per annum, payable semi-annually beginning January 1 next following the date hereof with interest only payable on the first four installments. Principal and interest shall be payable in semi-annual amortized installments beginning on January 1, 1986, and on each succeeding July 1 and January 1 thereafter, until the face amount of the bond plus interest thereon is fully paid, except that

the final payment of the entire indebtedness if not sooner paid, shall be due and payable 40 years from the date of the bond. Such bond shall be issued in full registered form without interest coupons; it shall be registered as to principal and interest by the Recorder of the Town in a Bond Registration Book and a certificate of such registration shall be endorsed on the bond. Thereafter both the principal and interest shall be payable to the registered owner at his address appearing on the Bond Registration Book.

Section 3. The said bond shall be signed by the Mayor and Recorder and be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF TENNESSEE
TOWN OF SPRING HILL, TENNESSEE
REVENUE AND TAX DEFICIENCY BOND

For value received, the Town of Spring Hill (hereinafter called the Borrower), a lawfully organized and existing municipal corporation in Maury County, Tennessee, hereby acknowledges itself indebted to and for value received promises to pay to the registered owner hereof the principal sum of THREE HUNDRED FIFTY THOUSAND (\$350,000) DOLLARS, plus interest on the unpaid balance at the rate of Five (5%) percent per annum. Interest only shall be payable on the first day of July, 1984, on the first day of January, 1985 and on the first day of July, 1985. Installments of principal and interest in the amount of \$10,332 shall be payable on the first day of January, 1986 and semi-annually thereafter on the first day of January, and the first day of July, until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of this bond. This bond shall be registered as to principal and interest in a Bond Registration Book, such registration to be noted on the back hereof and no transfer shall be valid unless made on the back hereof and no

transfer shall be valid unless made on the Bond Registration Book and similarly noted on the back hereof. Thereafter, both the principal and interest shall be payable in lawful money of the United States to such registered owner at his address appearing on the Bond Registration Book.

The bond is issued pursuant to and under the authority provided by Sections 7-36-101 through 7-36-133, inclusive, T.C.A. and a Resolution properly adopted on the 20th day of February, 1984, by the Board of Mayor and Aldermen of the Town of Spring Hill, Tennessee and is issued to obtain funds to defray the cost of extending and improving the water works and water system of the Town of Spring Hill, Tennessee. Both the principal of and interest on this bond are payable from and secured by a pledge of the revenues of the System after provision has first been made for the payment of the costs of operations and maintenance of such System and for the payment of principal and interest on the Waterworks System Tax Deficiency Bonds of 1963 of the Town of Spring Hill, Tennessee, in the original principal amount of One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00), bearing interest at three and three-quarters percent (3-3/4%) per annum with Ninety-One Thousand and No/100 Dollars (\$91,000.00) of said principal amount outstanding as of January 1, 1984, said bonds to mature serially on May 1 of each year, the last of which bonds shall mature on May 1, 1995. In the event of a deficiency of such revenues, this bond is payable, both principal and interest, from taxes to be levied on all taxable property within the Town of Spring Hill, Tennessee without limitation as to rate or amount; for the prompt payment of such principal and interest, the full faith, credit and resources of the Borrower are hereby irrevocably pledged.

Prepayments may be made at any time of the option of the Borrower. Any such prepayments shall be applied to the installment last to become due under this bond and shall not affect the obligation to pay the remaining installments as scheduled herein.

It is hereby recited and certified that all acts, conditions and things required to be done precedent to and in the issuance of this bond and pledge of security therefor have been done, have happened and have been performed in due and legal form as required by law.

IN WITNESS WHEREOF, the Borrower, by its Board of Mayor and Aldermen, has caused this bond to be signed by the Mayor and attested by the Recorder and its corporate seal to be imprinted hereon and delivered this 20th day of February, 1984.

TOWN OF SPRING HILL, TENNESSEE

BY RB Toone
MAYOR

ATTEST:

Jane Quirk
SECRETARY
(CORPORATE SEAL)

There shall be printed on the reverse of said bond a registration certificate in substantially the following form:

STATE OF TENNESSEE)
) ss:
COUNTY OF Maury)

I, the undersigned, Jane Quirk, Recorder within and for the Town of Spring Hill, Tennessee, do hereby certify that the within bond has been registered as to principal and interest as indicated in the registration blank below in a book provided for that purpose in my office.

Jane Quirk
Secretary

REGISTRATION

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registered Agent</u>
_____	_____	_____
_____	_____	_____

Section 4. The bond hereby authorized together with interest thereon shall be payable primarily from the income and revenue to be derived from the operation of the System, and the revenues of the System are hereby irrevocably pledged to the punctual payment of such principal and interest as the same becomes due after the payment of the reasonable and necessary cost of operating and maintaining the System.

Section 5. For the purpose of providing for the payment of the principal of and interest on the bond hereby authorized in the event of a deficiency in the revenues of the System pledged for that purpose, the Town shall annually levy a tax upon all taxable property within said Town, sufficient to pay the principal and interest on said bond as it matures, and it shall be the duty of the Town annually at the time when other annual tax levies are fixed, to determine whether or not the revenues of the System will be adequate to meet in full the requirements of this resolution and thereupon to levy such tax as may be necessary under the provisions of this section. Said taxes shall be assessed, collected and paid at the time and in the manner as the other taxes of the Town, shall be in addition to all other taxes, and shall be without limitation as to rate or amount.

Section 6. The proceeds of the bond hereby authorized, any grant funds and any funds contributed by the Town shall be deposited

in the Construction Account which shall be established as a supervised bank account and such proceeds shall be withdrawn only on checks signed by the Treasurer of the Town and countersigned by the County Supervisor of the Farmers Home Administration. Proceeds shall be withdrawn on the order of the Town of Spring Hill, Tennessee only for the purpose or purposes for which said bond was issued and specified in the estimate of costs. The Town's share of any liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the project. When the construction of the System has been completed or all construction costs have been paid in full, any balance of loan funds remaining in the Construction Account shall be applied as an extra payment on the bond. Any excess FHA grant funds shall be returned to the FHA Finance Office. The amount of any excess loan and grant funds will be in direct proportion to the amounts obligated from each source.

Section 7. The Town covenants and agrees that so long as the bond hereby authorized remains unpaid:

(1) It will comply with applicable State laws and regulations and continually operate and maintain the System in good condition.

(2) It will impose a water rate schedule for service rendered by the System such that gross revenues will be sufficient at all times to provide for the payment of the operation and maintenance expenses thereof, and for debt service on all outstanding bonds, and that no customers of the System, individual, corporate, or municipal shall receive free water or water service or any water or water service without being charged the full rates prescribed in the rules and regulations of the Town.

(3) It will maintain complete books and records relating to the operation of the System and its financial affairs and will cause

such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and will furnish Farmers Home Administration, without request, a copy of each annual audit report and, without request, a copy of the annual statement. At all reasonable times, the Farmers Home Administration shall have the right to inspect the System and the records, accounts and data of the Town relating thereto.

(4) It will maintain such insurance coverage as may be required by Farmers Home Administration.

(5) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements other than the maintenance of the System, or making any extensions or enlargements of the System or permit others to do so, or issue other bonds or obligations of any kind payable from or having a lien on the revenues of the System without obtaining the prior written consent of the Farmers Home Administration.

(6) It will not cause or permit any voluntary dissolution of its organization, dispose of or transfer its title to the System or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrance, without obtaining the prior written consent of the Farmers Home Administration.

Section 8. The holder 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 Town by the provisions of this resolution, including the making and collecting of sufficient rates and the proper application of the income and revenues of the system.

That if any default be made in the payment of principal of or interest on any of the bonds, then upon the filing of suit by any

holder of said bond, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Town with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of operating expenses, and to apply the income and revenues thereof in conformity with the provisions of this resolution.

Section 9. The Town has issued and outstanding Waterworks System Tax Deficiency Bonds of 1963, dated May 1, 1963, in the original principal amount of One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00) bearing interest at three and three-quarters percent (3-3/4%) per annum with Ninety-One Thousand and No/100 Dollars (\$91,000.00) of said principal amount outstanding as of January 1, 1984, said bonds to mature serially on May 1 of each year, the last of which bonds shall mature on May 1, 1995. To secure payment of said bonds, the holders thereof shall have a lien on the revenues of the system which lien shall have priority over the bonds herein authorized with respect to the payment of principal or interest out of the revenues of the system. Other than said Waterworks System Tax Deficiency Bonds, the Town will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the system having priority over the bond herein authorized. So long as the Government is the holder of the bond herein authorized, the municipality shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the bond herein authorized without immediately prepaying the bond.

Additional bonds may hereafter be issued on a parity with the bond herein authorized under the following conditions but not otherwise.

(a) The bond herein authorized or any part thereof may be refunded with the consent of the holder thereof and the refunding

bonds so issued shall enjoy complete equality of lien with the portion of the bond which is not refunded, if any there be, and the refunding bonds shall continue to enjoy whatever priority of lien over subsequent issues that may have been enjoyed by the bond, provided, however, that if only a portion of the bond shall be so refunded and if such portion shall be refunded in such manner that the interest rate on the refunded portion shall be increased or that any refunding bond shall mature at a date earlier than the maturity date of the corresponding portion of the bond refunded thereby, then such portion may not be refunded without the consent of the holder of the bond issued hereunder.

(b) Additional bonds may also be issued on a parity with the bond herein authorized if all of the following conditions are met:

(i) The net revenues of the system for the fiscal year next preceding the issuance of such additional bonds, as certified by an independent public accountant, must have been equal to at least one and one-half times the average annual requirements for principal and interest on all obligations then outstanding payable from the revenues of the system; and the estimated average annual net revenues of the system, plus the estimated average annual net revenues to be derived from the improvements to be financed by such additional bonds, all as forecast over a period not exceeding ten years from the date of such additional bonds, estimated in writing by an independent consulting engineer and approved by the Board of Mayor and Aldermen of the Town must be equal to at least one and one-half times the average annual requirements for principal and interest, and one and one-fifth times the highest future annual requirements for principal and interest on all obligations then outstanding payable from the revenues of the system and the bonds so proposed to be issued;

(ii) The additional bonds must be payable as to principal on January 1 and July 1 of each year in which principal

falls due; provided, that the limitations of this subsection (b) may be waived or modified by the written consent of bondholders representing not less than seventy-five percent (75%) of the then outstanding principal bond indebtedness authorized by this resolution.

(c) Additional bonds may also be issued on a parity with the bond herein authorized without regard to the requirements of subsection (b) of this section, but solely for the purpose of completing the system improvements.

(d) If parity bonds issued hereunder are subject to redemption prior to maturity, and if the Town undertakes to prepay or redeem the bond or any parity bonds in advance of maturity, the bond and parity bonds will be prepaid or called for redemption on a pro rata basis; i.e., in proportion to the principal amount of the bond and parity bonds outstanding at the time of call. However, the Town shall have the right, subject to the call provisions of the respective bond series, to prepay or redeem any portion or all of the outstanding and or parity bonds which may be prepaid or called at par prior to calling any parity bonds which are callable at a premium.

Section 10. If at any time it shall appear to the Government that the Town is able to refund the amount of the bond then outstanding, in whole or in part, by obtaining a loan for such purpose from responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the Town will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 11. Pending delivery of the bond, interim certificates of indebtedness ("interim certificates") or bond anticipation notes ("bond anticipation notes") may be issued for the purpose of providing funds in anticipation of the issuance of the bond. Interim

certificates may be issued to the original purchaser to evidence receipt of partial advances of the purchase price of the bond, and bond anticipation notes may be issued to evidence funds obtained on an interim basis from sources other than the original purchaser. The interim certificates and bond anticipation notes shall be payable within two (2) years from their date of issuance, shall be executed by the officials authorized to execute the bond, and shall be in such form as said officials shall approve, their execution thereof being conclusive evidence of their approval. The interim certificates shall bear interest from their date at the bond rate, and the bond anticipation notes shall bear interest at such rate or rates as may be negotiated with the purchaser thereof, not to exceed 5 % per annum.

The combined principal amount of interim certificates and bond anticipation notes authorized hereby shall be an amount equal to the principal amount of the bond authorized by this resolution.

The purchase price paid by the Government 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 the Government to the Town at the time of delivery of the bond.

The proceeds of the sale of interim certificates or bond anticipation notes shall be deposited in the Construction Fund hereinafter created.

Section 12. The Mayor and Recorder be and they are hereby authorized and directed to execute for and on behalf of the Town Form FHA 400-1 entitled "Equal Opportunity Agreement" to be incorporated in or attached as a rider to each construction contract involving \$10,000 or more, and Form FHA 400-4, entitled "Assurance Agreement".

Section 13. This resolution shall take effect and be in force immediately upon its passage.

Section 14. That the provisions of this resolution shall constitute a contract between the Town and the holder of the bond herein authorized to be issued, and that after the issuance of any such bond, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the bond herein authorized and interest due thereon has been paid in full.

ADOPTED AND APPROVED this 20 day of February, 1984

RB Toome
Mayor

ATTEST:

Jane Quirk
Recorder

There being no further business to come before the Board, the meeting was adjourned on motion duly made, seconded and unanimously adopted.

RB Toome
MAYOR

ATTEST:

Jane Quirk
RECORDER

C E R T I F I C A T E

I, June Quirk, do hereby certify that the foregoing is a true copy of the Minutes of the Regular session of the Board of Mayor and Aldermen of the Town of Spring Hill, Tennessee, held at 7:00 P.M. on February 20, 1984.



JUNE QUIRK