

RESOLUTION No. 2018-002

**RESOLUTION OF THE GOVERNING BODY OF
THE TOWN OF BLUFF CITY, TENNESSEE, RETROACTIVELY AUTHORIZING
THE ISSUANCE, SALE, AND PAYMENT OF
WATER AND SEWER FUND INTERFUND
CAPITAL OUTLAY EXTENSION NOTES, SERIES 2017
NOT TO EXCEED \$66,667**

WHEREAS, the Governing Body of the Town of Bluff City, Tennessee, (the Local Government) has determined that it is necessary and desirable to provide funds to extend the outstanding balance of the Water and Sewer Interfund Loan Capital Outlay Extension Notes, Series 2014 (the "Series 2014 Notes"). The Series 2014 Notes were issued in an amount of \$133,334 to extend the original interfund capital outlay notes that were issued in an amount of \$200,000 on December 3, 2011 (the "Original Notes"), to finance repairs to the Town's water system (the "Project"); and

WHEREAS, the Governing Body had determined that the Project promoted or provided a traditional governmental activity or otherwise fulfilled a public purpose; and

WHEREAS, under the provisions of Parts I, IV, and VI of Title 9, Chapter 21, Tennessee Code Annotated, local governments in Tennessee are authorized to finance the cost of the Project through the issuance and sale of interest bearing capital outlay notes with a maturity of up to three (3) years upon the approval of the Comptroller or Comptroller's Designee; and

WHEREAS, under the provisions of Tennessee Code Annotated §9-21-408, Local Governments in Tennessee are authorized to make interfund loans in accordance with procedures for the issuance of capital outlay notes set forth in Tennessee Code Annotated §9-21-604; and

WHEREAS, the Governing Body determined that it was necessary and desirable to extend the Series 2014 Notes and issued an interfund loan in the amount of \$133,334 from the General Fund to the Water and Sewer Fund on December 3, 2014, without taking the actions required for the authority to issue interfund capital outlay notes, and subsequently received retroactive approval from the Office of State and Local Finance to extend the notes for a three-year term expiring December 3, 2017; and

WHEREAS, the Governing Body recognizes that the Local Government determined that a second and final extension of the Original Notes was necessary but failed to adopt an extension resolution and gain approval from the Office of State and Local Finance to extend the notes prior to their maturity; and

WHEREAS, the Governing Body recognizes that the Local Government issued a note or promise to repay money contrary to the requirements of Parts I, IV, and VI of Title 9 Chapter 21 Tennessee Code Annotated and wishes to take action to obtain conformity with the requirements precedent to the issuance of notes as permitted by Tennessee Code Annotated § 9-21-406; and

WHEREAS, the Governing Body finds that it is advantageous to the Local Government to authorize the issuance of capital outlay extension notes to extend a second and final time the Original Notes that financed the cost of the Project in accordance with the provisions of Parts I, IV, and VI of Title 9, Chapter 21, Tennessee Code Annotated.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF BLUFF CITY, TENNESSEE:

Section 1. That, for the purpose of extending for a second and final term the Original Notes that financed the cost of the Project in and for the Local Government, 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 or Comptroller's Designee, to issue and sell interest-bearing capital outlay extension notes in a principal amount not to exceed Sixty-Six Thousand, Six Hundred Sixty-Seven Dollars (\$66,667) from the General Fund to the Water and Sewer Fund upon approval of the Comptroller or Comptroller's Designee pursuant to the terms, provisions, and conditions permitted by law. The notes shall be designated "**Water and Sewer Interfund Capital Outlay Extension Notes, Series 2017**" (the "Notes"), shall be numbered serially from 1 upwards; shall be dated as of the date of issuance, December 3, 2017; shall be in denomination (s) as agreed upon by the legislative governing body; shall be sold at not less than 99% of par value and accrued interest; and shall bear interest at a rate or rates not to exceed zero percent (0.00%) per annum, and in no event shall the rate exceed the legal limit provided by law.

Section 2. That the Notes shall mature not later than three (3) years after the date of issuance and that the term of the Notes shall not exceed the reasonably expected economic life of the Project, which is hereby certified by the Governing Body to be three years which is equal to or greater than the final maturity of these notes on December 3, 2020, provided, however, that unless otherwise approved by the Comptroller or Comptroller's Designee, each year the Notes are outstanding, one-ninth (1/9) of the principal amount of the Original Notes shall mature without renewal but subject to prior redemption.

Section 3. That 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 a premium, or, if sold at par, with or without a premium of not exceeding one percent (1%) of the principal amount.

Section 4. That 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.

The revenues of water and sewer system shall additionally secure the Notes.

Section 5. That the Notes shall be executed in the name of the Local Government and bear the manual signature of the chief executive officer of the Local Government and the manual signature of the City Recorder with the Local Government seal affixed thereon; and shall be payable as to principal and interest at the office of the City Recorder of the Local Government or the paying agent duly appointed by the Local Government. Proceeds of the Notes shall be deposited with the City Recorder of the Local Government and shall be paid out for the purpose of financing the Project pursuant to this Resolution and as required by law.

Section 6. That the Notes will be issued in fully registered form and that at all times during which any Notes remains outstanding and unpaid, the Local Government or its agent shall keep or cause to be kept at its office a 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 of transfer satisfactory to the Local Government duly executed by the registered owner of 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 of 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 7. That the Notes shall be in substantially the form authorized by the Comptroller of the Treasury or Comptroller's Designee and shall recite that the Notes are issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated which is attached to this resolution as attachment 1.

Section 8. That the Notes shall be considered to have been sold on the date of issuance of December 3, 2017 (six years from the date of the issuance of the Original Notes), after the receipt of the written approval of the Comptroller or Comptroller's Designee's written approval for the sale of the Notes.

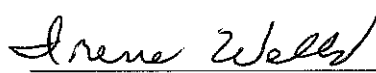
Section 9. That after the sale of the Notes, and for each year that any of the notes are outstanding, the Local Government shall prepare an annual budget and budget ordinance in a form consistent with accepted governmental standards and as approved by the Comptroller of the Treasury or Comptroller's 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 10. That, if any of the Notes shall remain unpaid at the end of three (3) years from the issue date, then the unpaid Notes shall be retired from the monies of the water and sewer fund of the Local Government or be otherwise liquidated as approved by the Comptroller of the Treasury or Comptroller's Designee.

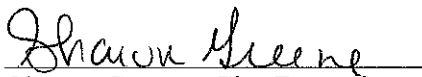
Section 11. that all orders or resolutions in conflict with this Resolution are hereby repealed insofar as such conflict exists and this Resolution shall become effective immediately upon its passage.

Duly passed and approved this 11th day of June, 2018.



Irene Wells, Mayor

ATTESTED:



Sharon Greene, City Recorder