

TWELVE-YEAR CAPITAL OUTLAY NOTES—INFORMAL BID
(NOT TO EXCEED \$2,000,000)

RESOLUTION OF THE GOVERNING BODY OF
_____, TENNESSEE, AUTHORIZING THE
ISSUANCE, SALE, AND PAYMENT OF
CAPITAL OUTLAY NOTES NOT TO EXCEED \$ _____
PURSUANT TO THE INFORMAL BID PROCESS

WHEREAS, the Governing Body of _____, 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 project (the "Project"): _____

(If multiple projects are involved, attach separate sheet identifying each project, its estimated economic life, and the portion of the Notes to be applied to the cost of such project ;) and

WHEREAS, the Governing Body has determined that the Project will promote or provide a traditional governmental activity or otherwise fulfill a public purpose; 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 State Director of Local Finance; and

WHEREAS, the Governing Body finds that it is advantageous to the Local Government to authorize the issuance of Title 9 Chapter 21 Section 608 capital outlay notes to finance the cost of the Project;

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body as follows:

Section 1. That, for the purpose of providing funds to finance 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 State Director of Local Finance, to issue and sell interest-bearing capital outlay notes in a principal amount not to exceed _____ Dollars (\$ _____) (the "Notes") by an informal bid process pursuant to the terms, provisions, and conditions permitted by law. The Notes shall be designated " _____ Capital Outlay Notes, Series 20__"; 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 and accrued interest; and shall bear interest at a rate or rates not to exceed _____ per cent (%) 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 twelve (12) years after the date of issuance and, unless otherwise approved by the State Director of Local Finance, the Notes shall be amortized in an amount reflecting

at least level debt service on the Notes approximately according to the following schedule:

<u>FISCAL YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>FISCAL YEAR</u>	<u>PRINCIPAL AMOUNT</u>
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____

The Notes shall not exceed the reasonably expected economic life of the Project which is hereby estimated to be at least _____ years.

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.

If applicable, the Notes shall be further secured by

(If the revenues generated by Project are to be applied as additional security for the Notes, describe such revenues here.)

Section 5. That, the Notes shall be executed in the name of the Local Government; shall bear the manual signature of the chief executive officer of the Local Government and the manual signature of the county clerk, city recorder or other similar local government official as authorized by the governing body together with the Local Government seal affixed thereon; and shall be payable as to principal and interest at the office of the local government official as authorized by 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 county trustee, in the case of counties, or, in the case of municipalities or metropolitan governments, with the official designated by law as custodian of the funds. All proceeds 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 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 7. That, the Notes shall be in substantially the form authorized by the State Director of Local Finance and shall recite that the Notes are issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated.

Section 8. That, prior to the sale of the Notes, the Local Government shall submit a copy of this resolution authorizing the Notes to the State Director of the Local Finance for approval and a copy of the proposed disclosure statement, if any, and a statement showing the estimated annual principal and interest requirements for the Notes and a detailed statement showing the estimated cost of issuance which shall include at least the following, if applicable: (1) fiscal agent and/or financial advisor fees; (2) bond counsel fees; (3) other legal charges if any; (4) credit enhancement fees; (5) trustee fees; (6) registration fees; (7) paying agent fees; (8) rating agency fees; (9) underwriters' discount or charges; (10) remarketing agent fees; (11) printing, advertising and other expenses; (12) the number of financial institutions contacted by telephone or by letter (which should be at least three if possible) for the purpose of obtaining interest rates, and if only one institution was contacted a statement as to why only one institution was contacted.

In its request for approval, the Local Government shall state and demonstrate that the proposed sale by the informal bid process is feasible, in the best interest of the Local Government, and that the Local Government should be able to amortize the proposed indebtedness together with all the obligations then outstanding.

Section 9. The Notes shall not be sold until receipt of the State Director of Local Finance's written approval for the sale of the Notes.

Section 10. That, the notes are hereby designated as qualified tax-exempt obligations for purpose of Section 265(b) (3) of the Internal Revenue Code of 1986.

Section 11. 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 in a form consistent with accepted governmental standards and as approved by the State Director of Local Finance (the "Director".) The budget shall be kept balanced during the life of the notes. The annual budget shall be submitted to the Director immediately upon its adoption; however, it shall not become the official budget for the fiscal year until such budget is approved by the Director in accordance with Title 9, Chapter 21, Tennessee Code Annotated (the "Statutes".) If the Director 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 Director.

Section 12. That, if any of the Notes shall remain unpaid at the end of twelve (12) years from the issue date, then the unpaid Notes shall be retired from the funds of the Local Government or be converted into bonds pursuant to Chapter 11 of Title 9 of the Tennessee Code Annotated, or any other law, or be otherwise liquidated as approval by the State Director of Local Finance.

Section 13. 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 _____ day of _____, 20__.

(Local Government Chief Executive)

ATTESTED:

(City Recorder/County Clerk)

ATTACHMENT FOR \$ _____ (amount)
_____ (description)
INFORMAL BID CAPITAL OUTLAY NOTES

As required by Title 9, Chapter 21, Part 609, Tennessee Code Annotated, this information is being submitted to the State Director of Local Finance to request approval to issue these notes by the informal bid process:

1. The informal bid process is feasible.
2. The informal bid process is in the best interest of the Local Government.
3. The Local Government will be able to amortize these notes together with all other outstanding obligations.
4. Interest rate proposals have been obtained by telephone or in writing from the following financial institutions (at least three should be contacted, if possible):
 - a. _____
 - b. _____
 - c. _____
 - d. _____
 - e. _____
 - f. _____

Interest rate proposals will be or have been submitted by telephone or in writing to the following financial institutions (at least three should be contacted, if possible):

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____

If only one financial institution is contacted for interest rates, a separate statement must be submitted explaining why. If “only one local bank” is the explanation, the informal bid process will not be approved.

5. _____ There are no issuance costs associated with the sale of these notes.
6. There are issuance costs, and they are itemized as follows:
 - Financial advisor fees: _____
 - Legal counsel fees: _____
 - Credit enhancement fees: _____
 - Registration fees: _____
 - Paying agent fees: _____
 - Rating agency fees: _____
 - Underwriter’s fees: _____
 - Remarketing agent fees: _____
 - Printing and advertising: _____
 - Other expenses: _____

Signed: _____

Title: _____