

**Resolution No.** \_\_\_\_\_

RESOLUTION OF THE GOVERNING BODY OF  
\_\_\_\_\_, TENNESSEE, AUTHORIZING  
THE ISSUANCE, SALE, AND PAYMENT OF  
\_\_\_\_\_  
CAPITAL OUTLAY NOTES  
NOT TO EXCEED \$ \_\_\_\_\_

WHEREAS, the Governing Body of \_\_\_\_\_, Tennessee (the Local Government) has determined that it is necessary and desirable 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 Comptroller of the Treasury or Comptroller's Designee; and

WHEREAS, 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;

NOW THEREFORE, BE IT RESOLVED, by the Governing Body of \_\_\_\_\_, Tennessee, 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 to issue and sell interest-bearing capital outlay notes in a principal amount not to exceed \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Notes") at a competitive public sale upon approval of the Comptroller of the Treasury or Comptroller's Designee 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 \_\_\_\_\_ percent (\_\_\_\_\_% ) 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 \_\_\_\_\_ (\_\_) years after the date of issuance and that the Notes shall be amortized in an amount reflecting at least level debt service on the Notes with

an assumed interest rate of \_\_\_\_\_%, according to the following schedule:

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

The Notes shall not exceed the reasonably expected economic life of the Project, which is hereby certified by the Governing Body 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 and bear the manual signature of the chief executive officer of the Local Government and the manual signature of the \_\_\_\_\_ with the Local Government seal affixed thereon; and shall be payable as to principal and interest at the office of the \_\_\_\_\_ of the Local Government or the paying agent duly appointed by the Local Government. Proceeds of the Notes shall be deposited with the \_\_\_\_\_ 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 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, the Local Government shall publish a notice of sale (the "Notice") at least five (5) days prior to the date on which the Notes are to be sold in both a newspaper having a general circulation in the Local Government and in a financial newspaper published in New York, New York, having national circulation. The Notice shall set forth the date, time and place of sale, the maximum amount of Notes to be sold, the maximum interest rate, the maximum discount, if any, in dollars or as a percentage of par value that will be permitted, and the basis upon which the Notes will be awarded. Provided, however, that publishing a Notice in a financial newspaper published in New York, New York, having national circulation shall not be required in any sale where the total amount of Notes to be sold is not greater than five million dollars (\$5,000,000).

Section 9. That, the Notes shall be sold only after the receipt of the written approval of the Comptroller of the Treasury or Comptroller's Designee for the sale of the Notes.

Section 10. That, if so determined in the opinion of bond counsel, the Notes may be designated as qualified tax-exempt obligations for the 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 Comptroller of the Treasury or Comptroller's Designee (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, 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)

**CAPITAL OUTLAY NOTE FORM**

Registered  
Note #: \_\_\_\_\_

City of \_\_\_\_\_  
Of the  
State of Tennessee  
Capital Outlay Note, Series 20\_\_\_\_\_

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

DATED

INTEREST RATE

MATURITY DATE

\_\_\_\_\_, 20\_\_

\_\_\_\_\_

%

\_\_\_\_\_, 20\_\_

Registered Owner: \_\_\_\_\_

Principal Sum: \$ \_\_\_\_\_

The \_\_\_\_\_ (Governing Body) of \_\_\_\_\_, 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 \_\_\_\_\_ and thereafter on \_\_\_\_\_ of each year 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.

This note is subject to redemption prior to its stated maturity in whole or in part at any time at the option of the Local Government upon payment of the principal amount of the note together with the interest accrued thereon to the date of redemption with a premium of \_\_\_\_\_ % of par value.

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 in session on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (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.

Title 9, Chapter 21, Section 117, Tennessee Code Annotated provides that this note and interest thereon are exempt from taxation by the State of Tennessee or by any county, municipality or taxing district of the State, 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 manual signature of the \_\_\_\_\_, and countersigned and attested by the manual signature of the \_\_\_\_\_ with the Seal of the Local Government affixed hereto or imprinted hereon, and this note to be dated as of the \_\_\_\_\_ day of 20\_\_\_\_.

\_\_\_\_\_  
(Mayor)

ATTESTED: \_\_\_\_\_  
(City Recorder)

SEAL