

**A RESOLUTION AUTHORIZING AND PROVIDING FOR THE  
ISSUANCE OF A REVENUE AND TAX DEFICIENCY BOND IN  
THE PRINCIPAL AMOUNT OF \$200,000.00 FOR THE PURPOSE  
OF EXTENDING AND IMPROVING THE WATER WORKS AND  
WATER SYSTEM OF THE TOWN OF SPRING HILL, TENNESSEE;  
PRESCRIBING THE BOND FORM, PRESCRIBING THE BOND  
ANTICIPATION NOTE FORM, THE TERMS AND  
CONDITIONS OF ISSUE AND RETIREMENT AND MAKING  
PROVISIONS FOR PAYMENT AND SECURITY THEREOF**

WHEREAS, on September 19, 1994, the Board of Mayor and Aldermen of the Town of Spring Hill (hereinafter referred to as the "Town") passed an Amended Initial Resolution authorizing the issuance of bonds in the maximum amount of \$200,000.00 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") including the construction of a water storage tank; and

WHEREAS, the resolution directed that it be published in the Daily Herald and in the Williamson County Leader, newspapers 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 twenty (20) 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, no 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, 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 Rural Economic and Community Development, 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 Government, and the Mayor and Recorder are hereby authorized to enter into such agreements and execute such documents as may be required by the Government in connection therewith.

Section 2. That pursuant to the authority contained in Sections 9-21-101 through 9-21-1017, inclusive, Tennessee Code Annotated, as amended, the Town is hereby authorized to borrow

\$200,000.00 and issue as evidence thereof a Revenue and Tax Deficiency Bond. Said bond shall be dated as of the date of delivery and bear interest at the rate of 6.125% per annum. Installments of principal and interest shall be payable in the amount of \$1,132 per month beginning on the first day of the month following the purchase of the bond by the Government and on the first day of each month 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 thirty-eight (38) years from the date of the bond. Such bond shall be issued in fully 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 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:

REGISTERED

Number: \_\_\_\_\_ Principal Amount: \$200,000.00

UNITED STATES OF AMERICA

STATE OF TENNESSEE

TOWN OF SPRING HILL, TENNESSEE

REVENUE AND TAX DEFICIENCY BOND, SERIES 1995

KNOW ALL MEN BY THESE PRESENTS: That the Town of Spring Hill (hereinafter called the "Town"), a lawfully organized and existing municipal corporation in Maury County, Tennessee, for

value received, hereby acknowledges itself indebted to and promises to pay to UNITED STATES OF AMERICA, RURAL ECONOMIC COMMUNITY DEVELOPMENT, the registered owner hereof, the principal sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00), plus interest on the unpaid balance at the rate of 6 and 1/8th percent (6.125%) per annum. Installments of principal and interest in the amount of \$1,132 shall be payable in 456 monthly payments on the 1st day of \_\_\_\_\_, 199\_, and monthly thereafter on the 1st day of each month during each year 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 on \_\_\_\_\_, 20\_\_\_. This Bond shall be registered as to principal and interest in a Bond Registration Book, such registration to be noted hereon, and no transfer shall be valid unless made on the Bond Registration Book and similarly noted hereon. Both the principal of, and interest on, this Bond shall be payable in lawful money of the United States of America to the registered owner hereof at its address appearing on the Bond Registration Book.

This Bond is issued pursuant to, and under the authority provided by, Title 9, Chapter 21, Tennessee Code Annotated, and Resolutions properly adopted on September 19, 1994, and April 17, 1995, 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 the extension and improvement of its water works and water system for the Town of Spring Hill, Tennessee. This Bond is payable, both principal and interest, from revenues from water rates, certain impact fees and, in the event of the deficiency of

such revenues, 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 Town are hereby irrevocably pledged. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to the Resolutions referred to hereinabove.

Prepayments may be made on this Bond at any time, in whole or in part, at the option of the Town without premium or penalty. Any such prepayments shall be applied to the installments last to become due under this Bond and shall not affect the obligation to pay the remaining installments as scheduled herein.

The Town has designated this Bond as a qualified tax-exempt obligation for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond and the income herefrom are exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except that such income may not be exempt from Tennessee corporate excise tax and the privilege tax imposed on savings and loan associations.

Tennessee Code Annotated, Section 67-5-205, as amended, provides that neither the principal nor the interest of any bonds or notes issued by any incorporated town or city or any agency thereof, shall be taxed by the State of Tennessee or by any county or municipality of said State, and such shall be so stated on the face of said bonds or notes when issued. Other provisions of said

Code indicate, however, that such exemption from taxation is not available with respect to inheritance, transfer and estate taxes and with respect to certain corporate privilege and excise taxes.

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 the pledge of the full faith and credit of the Town therefor have been done, have happened and have been performed in due and legal time, form and manner as required by law.

TOWN CERTIFIES:

(a) That prior to the beginning of each Fiscal Year, the Governing Body of the Town will prepare, or cause to be prepared, and adopt a budget of estimated Gross Earnings, Current Expenses and capital expenditures for its Water System for the ensuing Fiscal Year, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to the owner of the Bond upon request. Town covenants that current expenses and capital expenditures incurred in any Fiscal Year will not exceed the reasonable and necessary amounts therefor and that the Town will not expend any amount or incur obligations therefor in excess of the amounts provided for current expenses and capital expenditures in the budget except upon resolution by its Governing Body. It is further covenanted that if the estimated Gross Earnings for the succeeding Fiscal Year shall be insufficient to make all payments and transfers and satisfy all the obligations provided herein, then

the Town will promptly revise rates charged to users of the System to provide Gross Earnings sufficient for such purpose;

(b) That each officer of Town or person other than banks or other financial institutions having custody of funds of the Water System shall be under fidelity bond coverage at all times in such amount as may be required by state law and by the holder of the Bond.

IN WITNESS WHEREOF, the Town of Spring Hill, Tennessee, by its Board of Mayor and Aldermen, has caused this Bond to be signed by its Mayor and attested by its Recorder and its corporate seal to be imprinted hereon and delivered this 17<sup>th</sup> day of April, 1995.

TOWN OF SPRING HILL, TENNESSEE

By: Ron Hanson  
Mayor

Attest:

Jan Quirk  
Recorder  
(CORPORATE SEAL)

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto \_\_\_\_\_ the within bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney, to transfer the same bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_  
Signature Guaranteed:

NOTICE: Signatures must be Guaranteed by a member firm of the New York Stock Exchange or a Commercial bank or trust company.

Notice: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

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 this 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 bank account and such proceeds shall be withdrawn only on checks signed by the Treasurer of the Town. 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 a pre-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 the 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 Government, without request, a copy of each annual audit report and, without request, a copy of the annual statement. At all reasonable times, the Government 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 the Government.

(5) 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 Government.

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 and 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 outstanding Waterworks System Tax Deficiency Bonds of 1985, dated April 17, 1985, in the original principal amount of Three Hundred Fifty Thousand Dollars (\$350,000.00) bearing interest at five percent (5%) per annum, said bonds to mature serially on July 1 of each year, the last of which bonds shall mature on July 1, 2025. 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 Town 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-fifth times the average 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 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 the interim certificate 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 seven percent (7%) per annum.

The bond anticipation note shall be signed by the Mayor and Recorder and be in substantially the following form:

STATE OF TENNESSEE  
COUNTY OF MAURY  
TOWN OF SPRING HILL  
BOND ANTICIPATION NOTE  
SERIES 1995

\$ \_\_\_\_\_

No. \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the Town of Spring Hill, a municipal corporation lawfully organized and existing in Maury County, Tennessee, (the "Town"), hereby acknowledges itself to owe and for value received hereby promises to pay to the registered owner hereof, or its registered assigns, the sum of \$ \_\_\_\_\_ on or before \_\_\_\_\_, 1997, together with interest at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum until paid, such interest being payable on the Maturity Date. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft mailed to the registered owner at the address shown on the registration book, and such payments shall discharge the obligation of the issuer hereof to the extent of the payments so made. Upon final payment this Note shall be submitted to the Registrar for cancellation.

This Note is one of a series in an authorized aggregate principal amount of up to \$200,000.00 issued by said Town for the purpose of providing funds to finance the construction of waterworks system improvements and extensions in and for the Town, and is in all respects in compliance with and under the authority of Sections 9-21-101, et seq., Tennessee Code Annotated, and under authority of proceedings duly adopted by the Governing Body of the Town, on the 19th day of September, 1994 in anticipation of the

proceeds of a Waterworks Revenue Bond, Series 1995 (the "Bond") to be issued by the Town under authority of Sections 9-21-101, et seq., Tennessee Code Annotated, and other applicable provisions of Tennessee law, which proceeds shall be applied to the repayment hereof.

This Note is a special obligation of the Town, payable from the Net Revenues of the waterworks system of the Town, subject to a prior pledge of such revenues in favor of the Town's outstanding Waterworks Revenue Bond, Series 1985, which revenues and proceeds are hereby irrevocably pledged to the payment of this Note, and the series of which it is a part. This Note is also payable from unlimited ad valorem taxes to be levied on all taxable property within the Town in the event of any deficiency in the revenues so pledged. The full faith and credit of the Town are hereby irrevocably pledged for the prompt payment of principal and interest on this Note.

The Town has designated the Note as a qualified tax exempt obligation for the purpose of Section 265 of the Internal Revenue Code of 1986, as amended.

This Note is transferable by the registered owner hereof, or by its attorney duly authorized in writing, on the registration books of the Town at the office of the Recorder of the Town, as Registrar, and the notation of such transfer and registration by the Registrar on the registration books. All assignees shall take this Note subject to such condition. The Town may treat the registered owner as the absolute owner hereof for all purposes, and shall not be affected by any notice to the contrary whether or not any payments due on this Note shall be overdue.

It is hereby certified and recited that all acts, conditions and things required by the constitution and by the laws of the State of Tennessee to exist, or to be done precedent to and in the issuance of this obligation, do exist, and have been properly done, happened, and been performed in regular and due form and time as required by law; and that provision has been made to pay the principal and interest thereon as same falls due.

This Bond and the income herefrom are exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except that such income may not be exempt from Tennessee corporate excise tax and the privilege tax imposed on savings and loan associations.

This Note is subject to prepayment prior to maturity at the option of the Town, in whole or in part, at any time at the principal amount thereof and accrued interest to the date of prepayment.

IN WITNESS WHEREOF, the Town of Spring Hill through its Board of Mayor and Aldermen has caused this Note to be signed by its Mayor and attested by its Recorder under the seal of the Town on this 17<sup>th</sup> day of April, 1995.

Ron Hankins  
Ron Hankins, Mayor

(SEAL)

ATTESTED:

June Quirk  
June Quirk, Recorder

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_ the within Note of the City of Spring Hill, Tennessee and does hereby irrevocably appoint \_\_\_\_\_ attorney to transfer the said Note on the books of the Recorder of the City of Spring Hill, Tennessee, as Registrar, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed  
\_\_\_\_\_

Notice: the signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the note in every particular, without alteration or enlargement or any change whatsoever.

Please insert social security or other identifying number of assignee.  
\_\_\_\_\_

**REGISTRATION**

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

The State Director of Local Finance shall have approved the term of the sale of such bond anticipation notes as required by Section 9-21-505, Tennessee Code Annotated before the issuance of any such note.

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 Account provided in Section 6 hereof.

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 17<sup>th</sup> day of April, 1995.

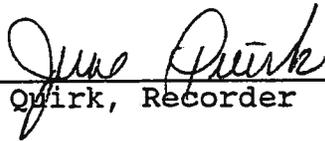
Ron Hankins  
Ron Hankins, Mayor

ATTEST:

June Quirk  
June 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 a resolution duly adopted at a regular session of the Board of Mayor and Aldermen of the Town of Spring Hill, Tennessee, held at 7:00 p.m. on April 17, 1995.

  
\_\_\_\_\_  
June Quirk, Recorder