

Capital Outlay Note Resolution

Resolution No. 2024- ____

RESOLUTION OF THE GOVERNING BODY OF
SIGNAL MOUNTAIN, TENNESSEE,
AUTHORIZING THE ISSUANCE, SALE, AND PAYMENT OF
TOWN OF SIGNAL MOUNTAIN STATE STREET AID RETROACTIVE CAPITAL OUTLAY NOTE
NOT TO EXCEED \$419,495.00, AFTER STATE STREET AID PAYS \$420,000 OF THEIR DEBT TO
GENERAL FUND.

WHEREAS, the Governing Body of the Town of Signal Mountain, 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: FY 2022 Street Paving Project and FY 2023 Street Paving Project (the "Project"); and

WHEREAS, the Governing Body has determined that the Project is a public works project within the meaning of the Act (as defined below); 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 has determined that the local government issued capital outlay notes contrary to Tenn. Code Ann. Title 9, Chapter 21, Parts 4 and 6 and wishes to take action to obtain conformity with the requirements precedent to the issuance of notes as permitted by Tenn. Code Ann. § 9-21-406; 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 Signal Mountain, Tennessee, as follows:

Section 1. For the purpose of providing funds to finance the cost of the Project, 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 of the Treasury or Comptroller's designee, to issue and sell interest-bearing capital outlay notes in a principal amount not to exceed Four Hundred Nineteen Thousand, Four Hundred Ninety-Five Dollars and zero cents (\$419,495) (the "Note"). The Note shall be designated "State Street Aid Capital Outlay Note, Series 2023"; 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

plus accrued interest if any; and shall bear interest at a rate or rates not to exceed zero per cent (0%) per annum, and in no event shall the rate exceed the legal limit provided by law.

Section 2. The Note shall mature Two (2) fiscal years after the fiscal year of issuance and, unless otherwise approved by the Comptroller of the Treasury or Comptroller's designee, the Note shall be amortized through mandatory redemption in amounts reflecting level debt service on the Note or an equal amount of principal paid in each fiscal year as is agreed upon by the chief executive officer and he Purchaser. The principal amount paid in each fiscal year shall be set forth in the form of the Note. The weighted average maturity of the Note shall not exceed the reasonably expected weighted average life of the Project which is hereby estimated to be 15 years.

Section 3. The Note 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 as determined with the purchaser.

Section 4. The Note shall be direct general obligations of the Local Government, for which the punctual payment of the principal and interest on the Note, 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 Note. The Governing Body of the Local Government hereby expects the repayment to be made from State Gas Tax Revenue.

Section 5. The Note shall be executed in the name of the Local Government; shall bear the signature of the chief executive officer of the Local Government and the signature of the recording officer of the Local Government and shall be payable as to principal and interest at the office of recording officer of the Local Government or at the office of the paying agent duly appointed by the Local Government. Proceeds of the Note shall be deposited with the official designated by law as custodian of the funds of the Local Government. All proceeds shall be paid out for financing the Project pursuant to this Resolution and as required by law.

Section 6. The Note 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 Note. 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 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 Note or, in the case of any redemption of the Note, during the forty-five (45) days next preceding the date of redemption.

Section 7. The Note shall be in substantially the form attached as Attachment 1 with only changes as are necessary or appropriate to comply with the requirements of the purchaser thereof as determined by the chief executive officer.

Section 8. [The Note shall be sold at competitive sale in accordance with the Act.] or [The Notes shall be sold by negotiated sale in accordance with the Act.] or [The Notes shall be sold through the informal bid process provided in Tenn. Code Ann. Section 9-21-609.]

Section 9. The Note shall not be sold until receipt of the Comptroller of the Treasury or Comptroller's Designee's written approval for the sale of the Notes.

Section 10. The chief executive officer is authorized to designate the Note as qualified tax-exempt obligations for the purpose of Section 265(b) (3) of the Internal Revenue Code of 1986 if so eligible to be designated.

Section 11. After the sale of the Note, and for each year that the Note is 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 Note 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 12. 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:

(Recording Officer)

Attachment 1
CAPITAL OUTLAY NOTE FORM

Registered Note No. 1

Registered \$ 419,495.00

Town of Signal Mountain

(Name of Local Government)

of the State of Tennessee

Capital Outlay Notes, Series 2023

DATED: December 22, 2023

INTEREST RATE: 0%

MATURITY DATE: August 2025

Registered Owner: Town of Signal Mountain, General Fund

Principal Sum: Four Hundred Nineteen Thousand and Four Hundred Ninety-Five Dollars and Zero Cents.

Signal Mountain, Tennessee State Street Aid Fund (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 zero interest on the Principal Sum, by check, draft, or warrant mailed to the Registered Owner at the address of the Registered Owner as it appears on the twentieth (20th) calendar day of the month next preceding the applicable payment date in the note register maintained by or on behalf of the Town of Signal Mountain 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.

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 on

the 22nd day of December, 2023, (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 Note or, in the case of any redemption of the Notes, during the forty-five (45) days next preceding the date of redemption.

Pursuant to Tenn. Code Ann. Section 9-21-117, this note and interest thereon are exempt from all state, county, and municipal taxation 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 signature of the Mayor and attested by the signature of the Town Recorder with the Seal of the Local Government affixed hereto or imprinted hereon, and this note to be dated as of the 22nd day of December 2023.

(Local Government Mayor)

ATTESTED:

(Recording Officer)