

Resolution 2012-43

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWENTY-THREE MILLION DOLLARS (\$23,000,000) OF THE CITY OF FRANKLIN, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, pursuant to authority granted by Sections 12-10-101, et seq., Tennessee Code Annotated, as amended, the City of Franklin, Tennessee (the "Municipality") has delivered its outstanding Loan Agreement, by and between The Public Building Authority of the County of Montgomery, Tennessee (the "Authority") and the Municipality, dated April 8, 2009 (the "Outstanding Loan"), in an original amount of \$25,000,000 funded by the issuance of the Authority's Adjustable Rate Pooled Financing Revenue Bonds, Series 2008 (Tennessee County Loan Pool) (the "Authority Bonds") which bear interest at a variable rate; and

WHEREAS, the letter of credit providing liquidity and security for the Authority Bonds was issued by Bank of America and the short-term credit rating of Bank of America was recently downgraded by Moody's Investor's Service causing the variable interest rate on the Authority Bonds to increase; and

WHEREAS, the Bank of America letter of credit was recently extend two years by the Authority and the letter of credit fee was increased from 0.15% to 0.45%; and

WHEREAS, refinancing the Outstanding Loan by issuing refunding bonds bearing interest at a fixed rate will reduce the Municipality's exposure to variations in interest rates on the Authority Bonds and in turn, the Outstanding Loan; and

WHEREAS, municipalities in Tennessee are authorized by Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, to issue, by resolution, bonds or notes to refund, redeem or make principal and interest payments on their previously issued bonds, notes or other obligations; and

WHEREAS, a plan of refunding has been submitted to the Director of State and Local Finance (the "State Director") for review as required by Section 9-21-903, Tennessee Code Annotated, and the State Director has submitted her report thereon to the Municipality, a copy of which is attached hereto as Exhibit A; and

WHEREAS, it is the intention of the Board of Mayor and Aldermen of the Municipality to adopt this resolution for the purpose of authorizing not to exceed \$23,000,000 in aggregate principal amount of said bonds, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax under certain conditions for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 9-21-101, et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law

Section 2. Definitions. The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

- (a) "Bond Counsel" means Bass, Berry & Sims PLC, Nashville, Tennessee;
- (b) "Bonds" means not to exceed an aggregate principal amount of \$23,000,000 General Obligation Refunding Bonds of the Municipality, to be dated their date of issuance, and having such series designation or such other designation and such other dated date as shall be determined by the Mayor pursuant to Section 8 hereof;
- (c) "Bond Purchase Agreement" means the Bond Purchase Agreement between the Municipality and the Purchaser in substantially the form attached hereto as Exhibit B;
- (d) "Business Day" means any day other than (i) a Saturday or Sunday; (ii) a day on which the Purchaser, the Municipality or the Registration Agent is required or permitted by law to close; and (iii) a day on which the New York Stock Exchange is closed;
- (e) "Chief Financial Officer" means the Municipality's Assistant City Administrator and Finance & Administration/CFO;
- (f) "Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;
- (g) "Financial Advisor" means Public Financial Management, Inc.;
- (h) "Determination of Taxability" means that upon the occurrence of a determination by the Internal Revenue Service that interest on the Bonds is not excludable from gross income for federal income tax purposes, the following additional amounts shall be payable on the Bonds: (i) an additional amount equal to the difference between (A) the amount of interest paid on the Bonds during the Taxable Period and (B) the amount of interest that would have been paid on the Bonds during the Taxable Period had the Bonds borne interest at the Taxable Rate with such rate being adjusted from time to time during such period to reflect any adjustments in the Taxable Rate; plus (b) an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Purchaser as a result of the occurrence of a Determination of Taxability;
- (i) "Governing Body" means the Board of Mayor and Aldermen of the Municipality;
- (j) "Municipality" means the City of Franklin, Tennessee;
- (k) "Outstanding Loan" shall have the meaning ascribed to it in the preamble hereto;
- (l) "Purchaser" means SunTrust Equipment Finance & Leasing Corp., or its assignee, or such other financial institution selected by the Mayor, City Administrator/Recorder and Chief Financial Officer;
- (m) "Refunded Loan" means all or a portion of the Outstanding Loan, as shall be determined by the Mayor, in consultation with the Chief Financial Officer and its Financial Advisor to meet the refinancing objectives of the Municipality;

(n) "Registration Agent" means: (i) the Chief Financial Officer and, (ii) any successor designated by the Governing Body;

(o) "Federal Reserve H.15 Statistical Release" means the United States Federal Reserve Statistical Release H.15, a weekly publication (with daily updates) of the Federal Reserve System of selected market interest rates;

(p) "Taxable Rate" means The United States Prime Rate as listed in the eastern print edition of the Wall Street Journal or such other similar prime rate agreed to by the Municipality and the Purchaser; and

(q) "Taxable Period" means, with respect to the Bonds, the period which elapses from the date on which the interest on the Bonds is includable in the gross income of the Purchaser thereof as a result of a Determination of Taxability.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy. It is hereby found and determined by the Governing Body as follows:

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the Municipality has heretofore adopted its Debt Management Policy. The Governing Body hereby finds that the issuance and sale of the Bonds, as proposed herein, is consistent with the Municipality's Debt Management Policy.

(b) The Governing Body hereby finds that the issuance of the Bonds authorized by this resolution is advisable because it may result in the reduction in debt service payable by the Municipality over the term of the Refunded Loan thereby effecting a cost savings to the public and will reduce the Municipality's exposure to the variations in interest rates.

(c) The Municipality's Debt Management Policy contemplates that the Municipality may issue refunding bonds for restructuring for economic purposes, including mitigating irregular debt service payments which may result from variable interest rate fluctuations which could be exacerbated by the downgrading of Bank of America, the letter of credit provider for the Authority Bonds.

(d) The Municipality's Debt Management Policy contemplates that the Municipality will, as a general rule, structure the term of any refunding bonds within the original term of the Refunded Loan. The Bonds authorized herein will be structured with a term shorter than the original term of the Refunded Loan.

(e) The Municipality requested proposals from purchasers and conferred with its Financial Advisor and finds that the private placement of the Bonds with the Purchaser results in a cost savings to the Municipality relative to other methods of debt issuance as required by the Debt Management Policy.

Section 4. Authorization and Terms of the Bonds. (a) For the purpose of providing funds to (i) prepay the Refunded Loan; and (ii) pay costs incident to the issuance and sale of the Bonds, there is hereby authorized to be issued bonds of the Municipality in the aggregate principal amount of not to exceed \$23,000,000. The Bonds shall be issued in one or more emissions, in fully registered form, without coupons, and subject to the adjustments permitted under Section 8, shall be known as "General Obligation Refunding Bonds", shall be dated their date of issuance, have such series designation or such other designation and such other dated date as shall be determined by the Mayor pursuant to Section 8 hereof. Subject to the changes permitted in Section 8 hereof, the Bonds, or any emission thereof, shall bear interest at a rate or rates not to exceed two and one-half percent (2.50%) per annum, or upon a

Determination of Taxability, at the Taxable Rate, but only to the extent the Taxable Rate does not exceed the maximum rate permitted under Tennessee law. Subject to the adjustments permitted pursuant to Section 8 hereof, interest shall be payable semi-annually on the first day of May and October, commencing May 1, 2013. The Bonds shall be issued initially in \$100,000 denominations or integral multiples of \$5,000 in excess thereof, as shall be requested by the Purchaser. Subject to the adjustments permitted pursuant to Section 8 hereof, each emission of Bonds shall mature, either serially or through mandatory redemption, commencing on May 1, 2013, and continuing on the first day of May of each year thereafter through and including May 1, 2027, in such estimated principal amounts as are set forth on Exhibit C attached hereto and as shall be finally established in the Bond Purchase Agreement.

(b) Subject to the adjustments permitted under Section 8 hereof, the Bonds shall be subject to redemption prior to maturity at the option of the Municipality on or after May 1, 2022 and on any date thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date. Notwithstanding the foregoing, in consideration of payment of a lower interest rate on the Bonds, the Municipality and the Purchaser may agree to a redemption price equal to the present value of the difference between (1) the amount that would have been realized by the Purchaser on the redeemed amount for the remaining term of the Bonds at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps for a term corresponding to the term of the Bonds, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to the issuance date of the Bonds and (2) the amount that would be realized by the Purchaser by reinvesting such prepaid funds for the remaining term of the Bonds at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps, interpolated to the nearest month, that was in effect three Business Days prior to the redemption date; both discounted at the same interest rate utilized in determining the applicable amount in (2). Should the present value have no value or a negative value, the Municipality may redeem the Bonds at par plus accrued interest to the redemption date. Should the Federal Reserve no longer release rates for fixed-rate payers in interest rate swaps, the Purchaser and the Municipality may agree to substitute the Federal Reserve H.15 Statistical Release with another similar index.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected a by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine. Notwithstanding the foregoing, if the Bonds are issued as one Term Bond with a single maturity, the Municipality may designate the annual mandatory redemption requirement being refunded.

(c) Pursuant to Section 8 hereof, the Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the amounts set forth in the Bond Purchase Agreement. In the event any or all the Bonds are sold as Term Bonds, the Municipality shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth in the Bond Purchase Agreement, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 10 hereof for each redemption date, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking

fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Municipality not less than ten (10) nor more than thirty (30) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which notice was given. If the Registration Agent is not the Chief Financial Officer, the Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

(e) The Governing Body hereby authorizes and directs the Registration Agent to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The Mayor is hereby authorized to execute and the City Administrator/Recorder is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent, unless the Registration Agent is the Chief Financial Officer. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest

specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. If requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$100,000 denominations, or \$5,000 integral multiples in excess thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the Municipality to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the

registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

(i) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Municipality with the manual or facsimile signature of the Mayor and with the official seal, or a facsimile thereof, of the Municipality impressed or imprinted thereon and attested by the manual or facsimile signature of the City Administrator/Recorder. The Bonds shall be registered in the name of the Purchaser.

(j) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

(k) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be about to mature, instead of issuing a substituted Bond the Municipality may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Bonds are prepared and delivered:

(Form of Face of Bond)

REGISTERED Number _____	UNITED STATES OF AMERICA STATE OF TENNESSEE COUNTY OF WILLIAMSON CITY OF FRANKLIN GENERAL OBLIGATION REFUNDING BOND, SERIES _____	REGISTERED \$ _____	
Interest Rate:	Maturity Date:	Date of Bond:	CUSIP No.:
Registered Owner:			
Principal Amount:			

KNOW ALL MEN BY THESE PRESENTS: That the City of Franklin, Tennessee, a municipal corporation lawfully organized and existing in Williamson County, Tennessee (the "Municipality"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date [or redemption date], said interest being payable on [\_\_\_\_\_, 2013], and \_\_\_\_\_ semi-annually thereafter until this Bond matures or is redeemed. Provided, however, if there is a Determination of Taxability as defined in the resolution adopted on August 28, 2012 (the "Resolution"), the Bond shall bear interest at the Taxable Rate as defined in the Resolution to the extent such Taxable Rate does not exceed the maximum rate permitted by Tennessee law. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal office of the Chief Financial Officer of the Municipality in Franklin, Tennessee (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any,] on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

The Bonds shall be subject to redemption prior to maturity at the option of the Municipality, [on or after May 1, 2022 and on any date thereafter as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date] [as a whole or in part at any time at the redemption price equal to the present value of the difference between (1) the amount that would have been realized by the Purchaser on the redeemed amount for the remaining term of the Bonds at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps for a term corresponding to the term of the Bonds, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to the issuance date of the Bonds and (2) the amount that would be realized by the Purchaser by reinvesting such prepaid funds for the remaining term of the Bonds at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps, interpolated to the nearest month, that was in effect three Business Days prior to the redemption date; both discounted at the same interest rate utilized in determining the applicable amount in (2). Should the present value have no value or a negative value, the Municipality may redeem the Bonds at par plus accrued interest to the redemption date. Should the Federal Reserve no longer release rates for fixed-rate payers in interest rate swaps, the Purchaser and the Municipality may agree to substitute the Federal Reserve H.15 Statistical Release with another similar index.]

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected a by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall



determine. Notwithstanding the foregoing, if the Bonds are issued as one Term Bond with a single maturity, the Municipality may designate the annual mandatory redemption requirement being refunded.

[Subject to the credit hereinafter provided, the Municipality shall redeem Bonds maturing \_\_\_\_\_ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. Notwithstanding the foregoing, if the Bonds are issued as one Term Bond with a single maturity, the Municipality may designate the annual mandatory redemption requirement being refunded. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
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\*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent not less than ten (10) nor more than thirty (30) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. From and after any redemption date, all Bonds called for redemption shall cease to bear

interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Municipality to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$\_\_\_\_\_ and issued by the Municipality for the purpose of providing funds to (i) prepay the Municipality's outstanding Loan Agreement, in the original aggregate principal amount of \$\_\_\_\_\_ by and between The Public Building Authority of the County of Montgomery, Tennessee (the "Authority") and the Municipality, dated April 8, 2009 and the Municipality; and (ii) payment of costs incident to the issuance and sale of the Bonds of which this Bond is one, pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, and pursuant to the Resolution.

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of [premium, if any,] and interest on the Bond, the full faith and credit of the Municipality are 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 said Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in 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 Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the Municipality, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor with his manual or facsimile signature and attested by its City Administrator/ Recorder with his manual or [facsimile] signature under an [impression or] [facsimile] of the corporate seal of the Municipality, all as of the date hereinabove set forth.

CITY OF FRANKLIN

BY: \_\_\_\_\_  
Mayor

(SEAL)

ATTESTED:

\_\_\_\_\_  
City Administrator/Recorder

Transferable and payable at the principal office of:

Chief Financial Officer of the City of Franklin, Tennessee  
Franklin, Tennessee

Date of Registration: \_\_\_\_\_

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Chief Financial Officer of the City of Franklin, Tennessee  
Registration Agent

By: \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, whose address is \_\_\_\_\_ (Please insert Federal Identification or Social Security Number of Assignee \_\_\_\_\_), the within Bond of the City of Franklin, Tennessee, and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

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

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 7. Levy of Tax. The Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the corporate limits of the Municipality, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal of, premium, if any, and interest coming due on the Bonds in said year. Principal, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any appropriations from other funds, taxes and revenues of the Municipality to the payment of debt service on the Bonds.

Section 8. Sale of Bonds. (a) The Bonds shall be sold at negotiated sale to the Purchaser pursuant to the Bond Purchase Agreement in substantially the form attached hereto as Exhibit B with such changes that are consistent with this resolution as may be approved by the Mayor and the City Administrator/Recorder as evidenced by their execution thereof. The Bonds may be sold in one or more series or emissions, by the Mayor, in consultation with the Chief Financial Officer and the Financial Advisor, at a price of not less than ninety-nine percent (99%) of par, plus accrued interest, as a whole or in part, from time to time, as shall be determined by the Mayor in consultation with the Chief Financial Officer and the Financial Advisor. No Bonds shall be sold at an interest rate exceeding the rate described in Section 4 hereof.

(b) The Mayor, upon consultation with the Chief Financial Officer and the Financial Advisor, is further authorized with respect to each emission of Bonds to:

- (1) change the dated date of the Bonds, or any emission thereof, to a date other than the date of issuance and to designate the series of the Bonds, or any emission thereof, and to change the designation of the Bonds or any emission thereof to a designation or series designation other than "General Obligation Refunding Bonds";
- (2) change the first interest payment due on the Bonds or any emission thereof to a date other than April 1, 2013; provided that such date is not later than twelve months from the dated date of the Bonds or any emission thereof;
- (3) decrease the total amount authorized to be issued herein in an amount necessary to maximize the objectives of refunding the Refunded Loan and provide funds sufficient to pay principal and interest on the Refunded Loan and the costs of issuance of each emission of the Bonds;
- (4) adjust the principal and interest payment dates and maturity amounts of the Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Bonds does not exceed the total amount of Bonds authorized herein, as shall be adjusted pursuant to paragraph (3) above, and (B) the final

maturity date of each emission shall not exceed twelve months later than the final maturity date of the related Refunded Loan;

- (5) adjust or remove the Municipality's optional redemption provisions of the Bonds, provided that the premium amount to be paid on the Bonds or any emission thereof does not exceed the amount described herein;
- (6) refund less than all of the Outstanding Loan thereof to maximize the objectives of the Municipality; and
- (7) sell the Bonds or any emission thereof or any maturities thereof as serial Bonds or Term Bonds with mandatory redemption requirements corresponding to the maturity dates set forth herein or as otherwise determined by the Mayor, as he shall deem most advantageous to the Municipality.

(c) The sale of the Bonds by the Mayor pursuant to the Bond Purchase Agreement to the Purchaser shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required. The form of the Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 8 hereof.

(d) The Mayor, the City Administrator/Recorder, and the Chief Financial Officer, or any of them, are authorized to cause the Bonds, in registered form (except as otherwise permitted herein), to be authenticated and delivered by the Registration Agent to the Purchaser and to execute, publish and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds.

(e) The Mayor and the City Administrator/Recorder and/or the Chief Financial Officer, or any of them, are authorized to enter into an agreement with the Registration Agent for providing paying agent services.

(f) The Mayor is hereby authorized to enter into a contract with Bond Counsel to serve as bond counsel in connection with the Bonds in substantially the form as set for in Exhibit D attached hereto.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) all accrued interest, if any, shall be deposited to the appropriate fund of the Municipality to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(b) an amount, together with other legally available funds of the Municipality, if any, sufficient to prepay the Refunded Loan (subject to adjustments permitted by Section 8 above) shall be deposited with the assignee of the Authority for the Refunded Loan; and

(c) the remainder of the proceeds of the sale of the Bonds shall be used to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

Section 10. Prepayment of the Refunded Loan. The Mayor, the City Administrator/Recorder, and the Chief Financial Officer, or any of them, are hereby authorized and

directed to take all steps necessary to prepay the Refunded Loan, or any portion thereof, in accordance with its terms.

Section 11. Tax Matters. The Municipality recognizes that the Purchaser of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. In this connection, the Municipality agrees that it shall take no action which may cause the interest on any of said Bonds to be included in gross income for federal income taxation. It is the reasonable expectation of the Governing Body of the Municipality that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming taxable. The Mayor, the City Administrator/Recorder, and the Chief Financial Officer, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality. Following the issuance of the Bonds, the Chief Financial Officer is directed to administer the Municipality's Federal Tax Compliance Policies and Procedures with respect to the Bonds.

Section 12. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Federal Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent. For the purposes of this Section, Federal Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 13. Covenants. The Municipality hereby covenants and agrees that it will provide its annual audited financial statements within thirty (30) days of the date of such annual audited financial statements.

Section 14. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Bonds, and after the issuance of the Bonds, 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 Bonds and interest due thereon shall have been paid in full.

Section 15. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 16. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this twenty-eighth day of August, 2012.

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Mayor

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City Administrator/Recorder

STATE OF TENNESSEE )

COUNTY OF WILLIAMSON )

I, Eric Stuckey, certify that I am the duly qualified and acting City Administrator/Recorder of the City of Franklin, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular rescheduled meeting of August 28, 2012 of the governing body of the Municipality; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to approximately \$23,000,000 General Obligation Refunding Bonds of said Municipality.

WITNESS my official signature and seal of said Municipality this \_\_\_\_\_ day of August, 2012.

\_\_\_\_\_  
City Administrator/Recorder

(SEAL)



EXHIBIT A

Report on Plan of Refunding

EXHIBIT B

Form of Bond Purchase Agreement

The City of Franklin, Tennessee  
General Obligation Refunding Bonds, Series 2012

This Bond Purchase Agreement is dated as of \_\_\_\_\_, 2012, by and among The City of Franklin, Tennessee (the "City"), and SunTrust Equipment Finance & Leasing Corp. [or its assignee] (the "Purchaser"). Terms not defined herein shall have the meanings ascribed to such terms in the Resolution, as defined below.

1. Background. The Issuer shall issue its General Obligation Refunding Bonds, Series 2012 in the amount of \$ \_\_\_\_\_ (the "Bonds"), under a Resolution adopted by the Board of Mayor and Aldermen of the City on August 28, 2012 (the "Resolution").

2. Purchase, Sale and Closing. On the terms and conditions set forth herein and upon the issuance of the Bonds, the Purchaser will purchase all the Bonds from the City, and the City will sell the Bonds to the Purchaser. The Bonds shall be dated as of \_\_\_\_\_, 2012 (or such other date as agreed upon) and shall mature and shall bear interest and be subject to redemption as set forth on Exhibit A attached hereto and in the Bonds. The City is obligated to sell and the Purchaser is obligated to purchase all the Bonds. The purchase price for the Bonds shall be the principal amount of \$ \_\_\_\_\_, less a discount of \$ \_\_\_\_\_ plus interest accrued (if any) to the day of the Closing, and shall be payable in immediately available funds. The Closing (the "Closing" or the "Closing Date") will be held on \_\_\_\_\_, 2012 or such other date or time as may be agreed on by the parties hereto. The Bonds will be delivered in fully registered form as Bond Number R-1 in one denomination of \$ \_\_\_\_\_ registered in the name of the Purchaser.

3. City's Representations. The City makes the following representations, all of which will survive the purchase and sale of the Bonds:

(a) The City is a municipality authorized by the provisions of Section 9-21-101, et seq., of Tennessee Code Annotated, as amended (the "Act"): (i) to issue general obligation bonds such as the Bonds, and (ii) to secure such Bonds in the manner contemplated by the Resolution.

(b) The City has full legal right, power and authority: (i) to adopt the Resolution, (ii) to enter into this Bond Purchase Agreement, (iii) to deliver the Bonds to the Purchaser as provided herein, and (iv) to carry out and consummate all other transactions contemplated by the aforesaid documents.

(c) The City has duly authorized: (i) the execution, delivery and due performance of this Bond Purchase Agreement, the Bonds and the Resolution, and (ii) the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated by such instruments.

(d) When delivered to and paid for by the Purchaser at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute legal, valid and binding obligations of the City in conformity with the provisions of the Act.

(e) Neither the execution and delivery of this Bond Purchase Agreement nor the consummation of the transactions contemplated therein will conflict with, or constitute a violation of, or a breach of or default under the City's organizational documents, or any other resolution, agreement or instrument to which it is a party, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over it.

(f) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, or which, to the best of the City's knowledge, is pending or threatened, against or affecting it, its legal existence or capacity, or the actions taken or contemplated to be taken by it, nor, to the best of its knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Bond Purchase Agreement or which would adversely affect the validity or enforceability of the Bonds or the Resolution.

4. Purchaser's Representations. The Purchaser makes the following representations:

(a) No offering statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the City or the Bonds is being issued. With due diligence, the Purchaser has made its own inquiry and analysis with respect to the City, the Bonds, and other material factors affecting the security and payment of the Bonds.

(b) The Bonds (i) are not being registered under the United States Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (ii) will not be listed on any stock or other securities exchange, (iii) will carry no rating from any rating service, and (iv) are not likely to be readily marketable.

(c) The Purchaser is purchasing the Bonds for its own account, and not with a view to or in connection with any distribution, and the Purchaser does not intend to resell the Bonds or any portion thereof the Bonds, except as permitted by law and subject to applicable securities laws and regulations thereunder.

5. Conditions Precedent to Purchase. The obligation of the Purchaser to purchase the Bonds pursuant to this Bond Purchase Agreement, shall be subject to its prior receipt of the following:

(a) The approving opinion of Bond Counsel in a form acceptable to the Purchaser;

(b) A certified copy of the Resolution of the City authorizing the issuance of the Bonds;

(c) The original executed Bond as authenticated by the Registration Agent;

(d) Payment of all fees and expenses of the Bank due in connection with the purchase of the Bonds;

(e) Such additional legal opinions, certificates, proceedings, instruments and other documents as Purchaser may reasonably request to evidence compliance by the City with the legal requirements, the representations of the City herein contained and the due performance or satisfaction by the City of all agreements then required to be performed and all conditions then required to be satisfied by the City for the valid issuance of the Bonds.

6. Payment of Expenses. The City shall pay all reasonable costs and expenses incident to the performance of its obligations under this Bond Purchase Agreement and to the sale and delivery of the Bonds to the City, including but not limited to the fees and expenses of Bond Counsel and Purchaser's counsel.

7. Applicable Law. This Bond Purchase Agreement shall be governed by the laws of the State of Tennessee.

8. Execution of Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SUNTRUST FINANCE EQUIPMENT & LEASING  
CORP. [ASSIGNEE]

By: \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF FRANKLIN, TENNESSE

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT A

The \$\_\_\_\_\_ General Obligation Refunding Bonds, Series 2012 (the "Bonds"), dated \_\_\_\_\_, 2012, have a final maturity of \_\_\_\_\_1, 20\_\_\_\_, with interest payable on the [first] \_\_\_\_\_ day of each month, commencing \_\_\_\_\_, 2013. The Bonds [shall mature] and shall bear interest at the rate of \_\_\_\_% per annum computed on the basis of a 360-day year of twelve 30-day months,[ subject to mandatory sinking fund redemption] as set forth below.

Redemption  
Date

Principal Amount of  
Bonds Redeemed

\*Final Maturity

*Optional Redemption.*

EXHIBIT C

ESTIMATED AMORTIZATION AND ESTIMATED COST OF ISSUANCE

EXHIBIT D

PROPOSED FORM OF  
ENGAGEMENT LETTER OF BOND COUNSEL

Proposed Form of Engagement Letter of Bond Counsel

August \_\_, 2012

City of Franklin, Tennessee  
Attn: The Honorable Ken Moore  
City Hall  
Franklin, Tennessee 37064

**Re: Issuance of General Obligation Refunding Bonds (the "Bonds")**

Dear Mayor Moore:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the City of Franklin, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing funds for (a) refinancing the Issuer's outstanding loan under a Loan Agreement, dated April 8, 2009, by and between The Public Building Authority of the County of Montgomery, Tennessee and the Municipality, in an original amount of \$25,000,000; and (b) payment of costs incident to the issuance and sale of the Bonds. We further understand that the Bonds will be sold in one or more series at a negotiated sale to SunTrust Equipment Finance & Leasing Corp., or its assignee.

**SCOPE OF ENGAGEMENT**

In this engagement, we expect to perform the following duties:

1. Subject to the completion of proceedings to our satisfaction, render our legal opinion (the Bond Opinion) regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes.
2. Prepare and review documents necessary or appropriate for the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.
3. Assist the Issuer in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance, and delivery of the Bonds, except that we will not be responsible for any required blue-sky filings.
4. Review legal issues relating to the structure of the Bond issue.
5. Draft the continuing disclosure undertaking of the Issuer, if required.

Our Bond Opinion will be addressed to the Issuer and will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing").



The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the Issuer to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include:

- a. Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- b. Preparing blue sky or investment surveys with respect to the Bonds.
- c. Drafting state constitutional or legislative amendments.
- d. Pursuing test cases or other litigation, (such as contested validation proceedings) except as set forth above.
- e. Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- f. Except as described in paragraph 5 above, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- g. Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- h. After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- j. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

#### **ATTORNEY-CLIENT RELATIONSHIP**

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the Issuer will not affect, however, our

responsibility to render an objective Bond Opinion. Please note that, in our representation of the Issuer, we will not act as a "municipal advisor", as such term is defined in the Securities Exchange Act of 1934, as amended.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Forms 8038-G, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Bonds as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Our firm represents SunTrust Bank in matters unrelated to the Bonds. We believe this representation fits within the foregoing description. Execution of this letter will signify the Issuer's consent to such representation of the Purchaser and to our representation of others consistent with the circumstances described in this paragraph.

#### **FEES**

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds in an aggregate principal amount not to exceed \$23,000,000; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financings; and (iv) the responsibilities we will assume in connection therewith, our fee is estimated to be \$25,000. The fees quoted above include all out-of-pocket expenses advanced for your benefit, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses.

If, for any reason, the financing represented by the Bonds as described in the paragraph above is completed without the delivery of our Bond Opinion as bond counsel or our services are otherwise terminated, we will expect to be compensated at our normal rates for the time actually spent on your behalf plus client charges as described above unless we have failed to meet our responsibilities under this engagement, but in no event will the amount we are paid exceed \$25,000.

#### **RECORDS**

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. All goods, documents, records, and other work product and property produced during the performance of this Contract are deemed to be Issuer's property. Our own files, including lawyer work product, pertaining to the transaction will be retained by us for a period of three (3) years and be subject to inspection by Issuer upon reasonable notice.

#### **OTHER MATTERS**

We agree to provide services consistent with the "City of Franklin Law Department – Policy and Procedures for Outside Legal Counsel" on file with the City Attorney's office.

We have not retained any persons to solicit or secure this engagement from the Issuer upon an agreement or understanding for a contingent commission, percentage, or brokerage fee. We have not offered any employee of the Issuer a gratuity or an offer of employment in connection with this engagement and no employee has requested or agreed to accept a gratuity or offer of employment in connection with this engagement.

Any modification or amendment to this Engagement Letter must be in writing, executed by us and contain the signatures of the Issuer. The validity, construction and effect of this Engagement Letter and any and all extensions and/or modifications thereof shall be governed by the laws of the State of Tennessee.

#### CONCLUSION

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

**CITY OF FRANKLIN, TENNESSEE**

**BASS, BERRY & SIMS PLC:**

By: \_\_\_\_\_  
Ken Moore, Mayor

By: \_\_\_\_\_  
Karen S. Neal, Member

11025910.1

RESOLUTION 2012-43

The Board of Mayor and Aldermen of the City of Franklin, Tennessee, met in regular session at the City Hall, Franklin, Tennessee, at 7:00 o'clock, p.m., on August 28, 2012, with the Honorable Ken Moore, Mayor, presiding.

The following Aldermen were present:

The following Aldermen were absent:

There were also present Eric Stuckey, City Administrator/Recorder and Russell Truell, Chief Financial Officer.

It was announced that public notice of the time, place and purpose of the meeting had been given and accordingly, the meeting was called to order.

The following resolution was introduced by \_\_\_\_\_, seconded by \_\_\_\_\_ and after due deliberation, were adopted by the following vote:

AYE:

NAY: