

RESOLUTION 2013 - 71

The Board of Mayor and Aldermen of the City of Franklin, Tennessee, met in a regular session on November 26, 2013, at 7:00 p.m. at City Hall, Franklin, Tennessee, 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, Assistant City Administrator/Chief Financial Officer.

After the meeting was duly called to order, the following resolution was introduced by _____, seconded by _____ and after due deliberation, was adopted by the following vote:

AYE:

NAY:

RESOLUTION 2013 - 71

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED TEN MILLION DOLLARS (\$10,000,000) IN AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS (FEDERALLY TAXABLE) 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; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS; AND AMENDING THE CITY'S DEBT MANAGEMENT POLICY.

WHEREAS, the City of Franklin, Tennessee (the "Issuer") is duly incorporated pursuant to Chapter 89 of the 1903 Private Acts of the State of Tennessee, as amended; and

WHEREAS, pursuant to authority granted by Sections 9-21-101, et seq., Tennessee Code Annotated, as amended (the "Act"), the Issuer, upon satisfaction of the conditions set forth in the Act, is authorized to issue its general obligation bonds for the purpose of funding certain unfunded pension obligations of the Issuer; and

WHEREAS, the Issuer hereby finds that the conditions set forth in the Act have been met, insofar as (a) the Issuer has made publicly available its audited financial statements for the prior two fiscal years; (b) on the date hereof, there has been presented to the Board of Mayor and Aldermen (the "Governing Body") of the Issuer at a public hearing an explanation of the risk exposure associated with the bonds authorized herein, economic and demographic assumptions used in the funding assumptions, alternative funding options considered, issuance costs associated with the proposed bonds and any conflicts of interest among the professionals involved; (c) the Issuer has engaged a financial advisor, bond counsel and actuarial consultant in connection with the issuance of the bonds authorized herein; (d) the Issuer maintains a full time finance staff of greater than three people; (e) the Issuer maintains an audit committee; (f) the Issuer maintain at least one credit rating of Aa1; and (g) the Issuer administers its pension plan; and

WHEREAS, the Act does not permit the proceeds of the bonds to be used to fund current pension obligations of the Issuer and thereby defer the Issuer's current funding obligations, but rather limits the use of the proceeds of the bonds to fund a portion of an unfunded liability which has accrued in the past within a pension plan; and

WHEREAS, there has accumulated as of December 31, 2012 within the Issuer's Employees' Pension Plan and Trust (the "Plan") a "certain unfunded pension obligation" as defined in the Act, of approximately \$19,077,783, as will be certified by the Municipality's actuarial consultant; and

WHEREAS, pursuant to informal policy, the Issuer has historically contributed to the Plan an actuarially determined amount in four quarterly installments on approximately the first day of each quarter during the fiscal year based upon the previous January 1 actuarial valuation; and

WHEREAS, the issuance of the bonds will not alter the historical contribution pattern described above; and

WHEREAS, the proceeds from the issuance of the bonds will not be considered a portion of the aforementioned annual contribution but will be considered a special additional contribution to the Plan to reduce the accrued unfunded liability thereof; and

WHEREAS, in light of the foregoing, the issuance of the bonds will not serve to defer the Issuer's pension obligations but instead is expected to materially reduce the accrued unfunded liability within the Plan; and

WHEREAS, the current historically low interest-rate environment presents the Issuer with a unique opportunity to borrow monies at interest rates lower than the historical and actuarial assumed rates at which pension funds have and are assumed to be invested; and

WHEREAS, the proceeds of the bonds will be contributed by the Issuer to the Plan, strengthening the financial position of the Plan for the benefit of current and future employees of the Issuer, where it is expected that long-term investment returns will exceed the interest costs attributable to the bonds, thereby providing an economic benefit to the Issuer; and

WHEREAS, the Governing Body did adopt on September 24, 2013 an initial resolution authorizing the bonds, as required by the Act (the "Initial Resolution"); and

WHEREAS, the Initial Resolution has been published as required by the Act and 20 days have passed from the date of such publication without a voter protest thereof, all as described by the Act; and

WHEREAS, the Act was amended to permit the issuance of bonds to fund certain unfunded pension liabilities after the adoption and implementation by the Issuer of its Debt Management Policy, and consequently the Governing Body desires to amend the Debt Management Policy to address the issuance of bonds for such purpose; and

WHEREAS, the Governing Body hereby finds that it is in the best interest of the citizens of the Issuer to finance the funding of all or a portion of its certain unfunded pension liability, together with associated bond issuance costs, through the issuance of its federally taxable general obligation bonds, and to amend its Debt Management Policy to address the issuance of bonds for such purpose.

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 words and terms as used herein, whether or not the words have initial capitals, shall have the following meanings, unless the context or use indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined:

- (a) "Act" has the meaning ascribed in the preamble.
- (b) "Bond Counsel" means Bass, Berry & Sims PLC, Nashville, Tennessee;
- (c) "Bonds" shall mean not to exceed \$10,000,000 in aggregate principal amount of General Obligation Bonds of the Municipality, to be dated their date of issuance and having such series designation or such other designation or dated date as the Mayor shall determine pursuant to Section 7 hereof.
- (d) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or

to its nominee as Registered Owner, with the certificate of bonds being held by and “immobilized” in the custody of such Depository, and under which records maintained by persons, other than the Municipality or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial “book-entry” interests in those bonds;

(e) “Chief Financial Officer” means the Municipality’s Assistant City Administrator and Finance & Administration/CFO;

(f) “City Administrator” means the Municipality’s City Administrator/Recorder;

(g) “Code” means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(h) “Debt Management Policy” means the Debt Policy approved by the Governing Body by resolution on June 23, 2009, as such Debt Management Policy is amended;

(i) “Depository” means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;

(j) “DTC” means The Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;

(k) “DTC Participant(s)” means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System;

(l) “Financial Advisor” means Public Financial Management, Inc.;

(m) “Governing Body” means the Board of Mayor and Aldermen of the Municipality;

(n) “Plan” shall have the meaning described in the preamble; and

(o) “Registration Agent” means U.S. Bank National Association, as the registration and paying agent for the Bonds or any successor designated by the Governing Body.

Section 3. Authorization and Terms of the Bonds. (a) For the purpose of providing funds to fund all or a portion of its unfunded pension liabilities and paying costs incident to the sale and issuance of the Bonds, there shall be issued pursuant to, and in accordance with, the provisions of the Act, the Initial Resolution, this Resolution and other applicable provisions of law, general obligation bonds (federally taxable) of the Issuer in one or more series in an aggregate principal amount of not to exceed \$10,000,000. The Bonds shall be issued in fully registered, book-entry form (except as otherwise provided herein), without coupons, shall be known as “General Obligation Bonds (Federally Taxable)” and shall be dated their date of issuance, having such series designation or such other dated date as shall be determined by the Mayor pursuant to Section 7 hereof. Subject to adjustments permitted pursuant to Section 7 hereof, the Bonds shall bear interest at a rate or rates not exceeding the maximum rate permitted by applicable law, payable semi-annually on March 1 and September 1 in each year, commencing September 1, 2014. Subject to adjustments permitted in Section 7 hereof, the Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the purchaser thereof, and shall mature on September 1 of each year, subject to prior optional redemption as hereinafter provided, either serially or through mandatory redemption, in the years 2015 through 2024, inclusive.

Attached hereto as Exhibit A is a preliminary debt service estimate of the amortization of the Bonds; provided, however, such amortization may be adjusted in accordance with Section 7 hereof.

(b) The Bonds may be subject to prior redemption at a redemption price not to exceed 102% of par plus accrued interest, or at make-whole prices, or notwithstanding the foregoing, the Bonds may be designated as not subject to prior redemption, as determined in accordance with Section 7 hereof. If adjustments to the redemption provisions are made pursuant to Section 7 hereto to allow the Bonds to be redeemed prior to maturity and if less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Governing Body. 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 as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 7 hereof, the Mayor of the Issuer is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as Term Bonds, the Issuer shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 7 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 7 hereof, 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 Issuer 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 Issuer 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 Issuer 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 Issuer not less than thirty (30) nor more than sixty (60) 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 proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Issuer nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Issuer pursuant to written instructions from an authorized representative of the Issuer (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 Registration Agent is hereby authorized and directed 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 Issuer at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the Issuer 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 Clerk is hereby authorized to attest such written agreement between the Issuer and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. 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 Issuer 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. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, 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 Issuer 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 Issuer 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 Issuer 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 Issuer of such Special Record Date and, in the name and at the expense of the Issuer, 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 Issuer 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 \$5,000 denominations, or integral multiples 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 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 Issuer 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 Issuer 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 Issuer with the manual or facsimile signature of the Mayor and with the official seal, or a facsimile thereof, of the Issuer impressed or imprinted thereon and attested by the manual or facsimile signature of the City Recorder.

(j) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under

the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Bonds from the Issuer and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Issuer and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Issuer determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Issuer shall discontinue the Book-Entry System with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. If the purchaser of the Bonds, or any emission thereof, does not intend to reoffer the Bonds to the public, then the Mayor and the purchaser may agree that the Bonds be issued in the form of fully-registered certificated Bonds and not utilize the Book-Entry System.

THE ISSUER AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

(k) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the Issuer 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.

(m) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Issuer, in its discretion, shall issue, and the Registration Agent, upon written direction from the Issuer, 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 Issuer may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Issuer and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the Issuer and the Registration Agent; and the Issuer may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Issuer for the expense incurred by it in the issue thereof.

Section 4. 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 Issuer. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Issuer are hereby irrevocably pledged.

Section 5 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 _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF WILLIAMSON
CITY OF FRANKLIN
GENERAL OBLIGATION BOND, SERIES 2013_ (FEDERALLY TAXABLE)

Interest Rate: _____ Maturity Date: _____ Date of Bond: _____, 2013 CUSIP No.: _____

Registered Owner: CEDE & CO.

Principal Amount:

FOR VALUE RECEIVED, the City of Franklin, a municipal corporation lawfully organized and existing in Williamson County, Tennessee (the "Issuer") 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 [September 1, 2014], and semi-annually thereafter on the first day of [March and September] in each year until this Bond matures [or is redeemed]. Both principal hereof and interest hereon are payable in lawful money of the United States of America at the designated corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date 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 Issuer 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 this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Registration Agent is a custodian and agent for DTC, and the Bonds will be immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures

established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Issuer and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal and maturity amounts of [, premium, if any,] and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal[, and] interest, [and redemption premium, if any,] with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Issuer nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Issuer determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Issuer may discontinue the book-entry system with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the Issuer nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[Bonds of this issue are not subject to optional redemption prior to maturity.]

[Bonds of the issue of which this Bond is one maturing _____ 1, 201__ through _____ 1, 20__, inclusive, shall mature without option of prior redemption and Bonds maturing _____ 1, 20__ and thereafter, shall be subject to redemption prior to maturity at the option of the Issuer on _____ 1, 20__ and thereafter, as a whole or in part, at any time at the redemption price of par plus accrued interest to the redemption date.]

[The Bonds are subject to optional redemption by the Municipality, in whole or in part (in increments of \$5,000 or any whole multiple of \$5,000), prior to their respective maturities on any business day, at the Make-Whole Redemption Price. The "Make-Whole Redemption Price" is the greater of:

- (1) 100% of the principal amount of the Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date fixed for the redemption of the Bonds, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a rate equal to the Treasury Rate (as defined below), plus 10 basis points; plus, in each case, accrued and unpaid interest on such Bonds to be redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date for any particular Bond, the greater of:

- (i) the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to maturity; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used; all as will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Municipality at the Municipality's expense and such determination shall be conclusive and binding on the owners of the Bonds, or
- (ii) the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker (defined below).

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Bond, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Bond, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by the Municipality

"Reference Treasury Dealer" means each of the four firms, specified by the Municipality from time to time, that are primary United States government securities dealers in the City of New York (each a 'Primary Treasury Dealer'); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Municipality will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the third business day preceding such redemption date.

The redemption price of such Bonds to be redeemed will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Municipality to calculate such redemption price. The Municipality may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.]

[If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of Mayor and Aldermen of the Issuer. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.]

[Subject to the credit hereinafter provided, the Issuer 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. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, 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. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

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

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Issuer 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 Issuer 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 Issuer 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 thirty (30) nor more than sixty (60) 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 such 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. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Issuer nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. 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 Issuer 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 Issuer to call such Bond for redemption].

This Bond is one of a total authorized issue aggregating \$_____ and issued by the Issuer for the purpose of providing monies to fund a portion of its unfunded pension liabilities and pay costs of sale and issuance of the Bonds, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to a resolution (the "Resolution") duly adopted by the Board of Mayor and Aldermen of the Issuer on November 26, 2013.

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Issuer. For the prompt payment of principal of and interest on this Bond, the full faith and credit of the Issuer 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.

Interest on this Bond is not excluded from federal income taxation.

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 Issuer, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Issuer 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 Issuer, all as of the date hereinabove set forth.

CITY OF FRANKLIN, TENNESSEE

BY: _____
Mayor

(SEAL)

ATTESTED:

City Administrator/Recorder

Transferable and payable at the
designated corporate trust office of:

U.S. Bank National Association
Nashville, Tennessee

Date of Registration: _____

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

U.S.BANK NATIONAL ASOCIATION
Registration Agent

By: _____
Authorized Representative

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____ (Please insert Social Security or Federal Tax Identification Number _____) 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:

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

[End of Bond Form]

Section 6. Levy of Tax. The Issuer, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the Issuer, in addition to all other taxes authorized by law, sufficient to pay principal of 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 and premium, if any, and interest coming due on the Bonds in said year; provided, however, that the tax so levied in any year may be proportionately reduced to the extent of any appropriations from other funds, taxes and revenues of the Issuer to the payment of debt service on the Bonds.

Section 7. Sale of Bonds. (a) The Bonds shall be offered for public sale, in one or more emissions, as required by law at a price of not less than ninety-eight percent (98%) of par exclusive of original issue discount, and 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, City Administrator and Financial Advisor. The Bonds shall be sold at public sale by physical delivery of bids or by electronic bidding by means of an internet bidding service as shall be determined by the Mayor, the Chief Financial Officer and City Administrator in consultation with the Financial Advisor. The Mayor is authorized to award the Bonds to the bidder whose bid results in the lowest true interest cost to the Issuer, provided the rate or rates on none of the Bonds exceeds the maximum rate permitted by applicable law at the time of the sale of the Bonds or any emission thereof. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Issuer, and no further action of the Governing Body with respect thereto shall be required.

(b) The Mayor, in consultation with the Chief Financial Officer, City Administrator and the Financial Advisor, is authorized:

(1) to adjust the dated date of the Bonds or any emission thereof, to a date other than the date of issuance;

(2) in order to facilitate the sale of the Bonds in a manner that is in the best interest of the Issuer and reflects an amount necessary to fund the unfunded liability for the Issuer, to cause to be sold less than the principal amount authorized herein;

(4) to adjust the principal and interest payment dates and maturity amounts of the Bonds or any emission thereof, provided (i) the total principal amount of all emissions of the Bonds does not exceed the total amount of Bonds authorized herein, and (ii) the first maturity date of the Bonds or any emission thereof does not exceed two (2) years from the dated date of such emission of the Bonds,

(5) to provide the Issuer the right of optional redemption of the Bonds, or any emission thereof, provided the redemption premium, if any, shall not exceed two percent (2%) of the par amount of the Bonds called for redemption; to provide for a redemption at a make-whole price, or to designate the Bonds as non-callable, as shall be determined to be most advantageous to the Municipality; and

(6) to sell the Bonds or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the Mayor, as he shall deem most advantageous to the Issuer.

(c) The Mayor and the City Administrator, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the successful bidder 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.

(d) The form of the Bond set forth in Section 5 hereof shall be conformed to reflect any changes made pursuant to this Section 7 hereof.

Section 8. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

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

(b) an amount designated by the Chief Financial Officer, in consultation with the Financial Advisor, shall be used to pay the costs of issuance and sale of the Bonds including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

(c) the remaining proceeds of the sale of the Bonds shall be contributed to the Plan to be held, invested and applied in the same manner as all other Plan assets.

Section 9. Official Statement. The Mayor, the City Administrator and the Chief Financial Officer, or any of them, working with the Financial Advisor, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the Mayor, the City Administrator and the Chief Financial Officer, or any of them, shall make

such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor, the City Administrator and the Chief Financial Officer, or any of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

The Mayor, the City Administrator and the Chief Financial Officer, or any of them, are authorized, on behalf of the Issuer, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Issuer except for the omission in the Preliminary Official Statement of such pricing and other information.

If the Bonds are sold to a purchaser that does not intend to reoffer the Bonds to the public as evidenced by a certificate executed by the purchaser, then an Official Statement is authorized, but not required, as shall be determined by the Mayor.

Section 10. Discharge and Satisfaction of Bonds. If the Issuer 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 Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such 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 Issuer to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Issuer 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, premium, if any, 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 Issuer 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, premium, if any, 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 Issuer, 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 11. Continuing Disclosure. The Issuer hereby covenants and agrees that it will provide annual financial information and event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor, the City Administrator and the Chief Financial Officer, or any of them, are authorized to execute at the closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and event notices to be provided and its obligations relating thereto. Failure of the Issuer to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Issuer to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 12. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Issuer 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 13. 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 14. Amendment and Compliance with Debt Management Policy. The Issuer has adopted a Debt Management Policy, as required by the State Funding Board of the State of Tennessee. The Debt Management Policy is hereby amended, effective immediately by adding the following sentence as the last sentence of Section VII.1: "The City may also issue General Obligation bonds to obtain funding for certain unfunded pension liabilities, subject to TCA 9-21-105(4) and 9-21-127".

The Governing Body hereby finds that the issuance and sale of the Bonds, as proposed herein, is consistent with the Issuer's Debt Management Policy, as amended.

Section 15. Approval of Bond Counsel Engagement and Cost Disclosures. The Governing Body is hereby provided with an engagement letter (the "Engagement Letter"), attached hereto as Exhibit

B, by Bass, Berry & Sims PLC, as Bond Counsel (“Bond Counsel”), for its services in connection with the issuance of the Bonds. The Engagement Letter details the attorney-client relationship to be entered into and the services to be provided by Bond Counsel in connection with the Bonds and provides an estimate of Bond Counsel's fees. The Governing Body hereby approves and authorizes the Mayor to execute the Engagement Letter. Also presented to the Governing Body, and attached hereto as Exhibit A, is an estimated amortization schedule for the Bonds and an estimate of all costs of issuance for the Bonds, as prepared by the Financial Advisor, subject to adjustment as provided in Section 7 hereof. The Governing Body hereby acknowledges receipt of such estimated schedules.

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.

[signature page follows]

Adopted and approved this 26th day of November, 2013.

Mayor

ATTEST:

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 meeting of the governing body of the Issuer held on November 26, 2013, 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 general obligation pension funding bonds (federally taxable) and amendment of the debt management policy of said Issuer.

WITNESS my official signature and seal of said Issuer this _____ day of _____, 2013.

(SEAL)

City Administrator/Recorder

EXHIBIT A

ESTIMATED AMORTIZATION SCHEDULE AND COSTS OF ISSUANCE

City of Franklin, Tennessee
General Obligation Bonds Series 2013B (Federally Taxable)
Preliminary - Subject to Change

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2014			194,956.30	194,956.30	
03/01/2015	860,000	0.840%	139,254.50	999,254.50	1,194,210.80
09/01/2015			135,642.50	135,642.50	
03/01/2016	920,000	1.330%	135,642.50	1,055,642.50	1,191,285.00
09/01/2016			129,524.50	129,524.50	
03/01/2017	935,000	1.970%	129,524.50	1,064,524.50	1,194,049.00
09/01/2017			120,314.75	120,314.75	
03/01/2018	955,000	2.320%	120,314.75	1,075,314.75	1,195,629.50
09/01/2018			109,236.75	109,236.75	
03/01/2019	975,000	2.810%	109,236.75	1,084,236.75	1,193,473.50
09/01/2019			95,538.00	95,538.00	
03/01/2020	1,005,000	3.120%	95,538.00	1,100,538.00	1,196,076.00
09/01/2020			79,860.00	79,860.00	
03/01/2021	1,035,000	3.200%	79,860.00	1,114,860.00	1,194,720.00
09/01/2021			63,300.00	63,300.00	
03/01/2022	1,065,000	3.550%	63,300.00	1,128,300.00	1,191,600.00
09/01/2022			44,396.25	44,396.25	
03/01/2023	1,105,000	3.870%	44,396.25	1,149,396.25	1,193,792.50
09/01/2023			23,014.50	23,014.50	
03/01/2024	1,145,000	4.020%	23,014.50	1,168,014.50	1,191,029.00
	10,000,000		1,935,865.30	11,935,865.30	11,935,865.30

COST OF ISSUANCE

City of Franklin, Tennessee
General Obligation Bonds, Series 2013B

Financial Advisor Fee – Estimate	\$20,000.00
Bond Counsel Fee – Estimate	20,000.00
Moody's Fee – Estimate	8,857.14
S&P's Fee – Estimate	8,571.43
iPreo	857.14
Printing Fee – Estimate	571.43
Miscellaneous	571.43
Paying Agent Fee	300.00
Underwriter's Discount	50,000.00
	<u>\$109,728.57</u>

EXHIBIT B

ENGAGEMENT LETTER

_____, 2013

City of Franklin, Tennessee
Franklin, Tennessee
Attention: Honorable Ken Moore

Re: Issuance of Not to Exceed \$10,000,000 in Aggregate Principal Amount of General Obligation Bonds, Series 2013 (Federally Taxable).

Dear Mayor:

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 purposes of providing funds necessary to fund certain unfunded pension obligations of the Issuer and to pay the costs incident to the sale and issuance of the Bonds. It is anticipated that the Bonds will be sold at competitive sale.

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 inclusion of interest on the Bonds in 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 Bonds; and
- (5) Prepare those sections of the official statement to be disseminated in connection with the sale of the Bonds involving the description of (i) federal law pertinent to the validity of the Bonds and the tax law treatment thereon, (ii) the terms of the Bonds and (iii) our Bond Opinion.

Our Bond Opinion will be addressed to the Issuer and the purchaser of the Bonds and will be delivered by us on the date the Bonds are exchanged for its 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.
 - 1) Assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds other than as described in (5) above, or
 - 2) Performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document, or
 - 3) Rendering advice that the official statement or other disclosure documents
 - i) Do not contain any untrue statement of a material fact or
 - ii) Do not omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- b. Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- c. Preparing blue sky or investment surveys with respect to the Bonds.
- d. Drafting state constitutional or legislative amendments.
- e. Pursuing test cases or other litigation, (such as contested validation proceedings) except as set forth above.
- f. Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- g. Except for defending our Bond Opinion, 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).
- i. 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.

- 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. 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 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. We currently represent a client who is adverse to the City and we have previously obtained a waiver from the City for such representation. 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.

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, our fee will be \$20,000.

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 the amounts provided above.

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 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 signature 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

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