



HISTORIC
FRANKLIN
TENNESSEE

ITEM #11
WRKS 06/08/2010

MEMORANDUM

June 2, 2010

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Russ Truell, Assistant City Administrator/CFO

SUBJECT: Final Bond Resolution

Purpose

The purpose of this item is to adopt the final, detailed resolution to issue the “Super” Build America Bonds provided in the allocation from the State of Tennessee. The final bond resolution spells out the type of bonds, sales method, date of sale, paying agent, repayment maturities and other important details. A final resolution is required that outlines the many details necessary to sell and issue the bonds.

Background

The Board of Mayor and Aldermen (BOMA) approved an initial resolution on March 23, 2010 providing for issuance of bonds in an amount not to exceed \$10 million.

In the fall of last year, the Board approved \$48 million in Build America Bonds. In November, we withheld \$4 million of that authorization to save for the Recovery Zone projects. While we waited to find whether the County had awarded the allocation, an initial resolution (2010-5) was passed to account for the \$5.729 million allocation. When the allocation was granted, we went forward with an amended “detailed” resolution (2010-20) to cover the \$5.7 million.

While waiting to hear about the Williamson County allocation, we learned that additional allocations could be requested through the Tennessee Economic and Community Development Department (ECD). In order to cover a larger portion of the cost of the Hillsboro Road project, a request was made for an additional \$10 million in Build America Bond allocation. The Board passed an initial resolution (2010-21) to account for the \$10 million of additional allocation in order to be ready to move forward in the event the allocation was awarded. ECD awarded the allocation, which has a June 30, 2010 deadline, and our bond attorneys have prepared the attached resolution to finalize the issuance.

Financial Impact

There is no additional financial impact. The bonds have already been authorized.

Recommendation

Approval of the final bond resolution as drafted is recommended.

RESOLUTION 2010-45

A RESOLUTION FURTHER AMENDING THAT CERTAIN RESOLUTION ADOPTED ON NOVEMBER 10, 2009 AND AMENDED ON MARCH 23, 2010 AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS OF THE CITY OF FRANKLIN, TENNESSEE AS FEDERALLY TAXABLE DIRECT SUBSIDY BONDS OR AS FEDERALLY TAX-EXEMPT BONDS IN ONE OR MORE SERIES

WHEREAS, on September 22, 2009, the Board of Mayor and Aldermen (the "Board") of the City of Franklin, Tennessee (the "Municipality") adopted a resolution (the "Original Initial Resolution") authorizing the issuance of not to exceed \$48,000,000 in general obligation bonds for various public improvement projects as described in the Original Initial Resolution; and

WHEREAS, on November 10, 2009, the Board adopted a detailed bond resolution (the "Original Bond Resolution") authorizing the issuance of not to exceed \$48,000,000 General Obligation Public Improvement Bonds as Federally Taxable Direct Subsidy Bonds, as defined in the Original Bond Resolution or as Federally Tax-Exempt Bonds, as defined in the Original Bond Resolution; and

WHEREAS, on December 29, 2009, the Municipality issued \$44,000,000 of the authorized bonds consisting of \$13,375,000 General Obligation Public Improvement Bonds, Series 2009A and \$30,625,000 General Obligation Public Improvement Bonds, Series 2009B (Federally Taxable – Build America Bonds-Direct Payment); and

WHEREAS, thereafter Williamson County, Tennessee allocated \$5,179,000 of its "national recovery zone economic development bond limitation" to the Municipality; and

WHEREAS, on January 12, 2010 the Board adopted an Initial Resolution (the "2010A Initial Resolution") rescinding the remaining \$4,000,000 in general obligation bonds authorized under the Original Initial Resolution and adopted a replacement initial resolution authorizing the issuance of not to exceed \$5,729,000 in general obligation bonds; and

WHEREAS, on March 23, 2010, the Municipality adopted a resolution amending the Original Bond Resolution (the "First Amending Resolution") to increase the amount of general obligation bonds authorized to be issued to include the 2010A Initial Resolution; and

WHEREAS, the Tennessee Department of Economic and Community Development solicited applications for "unused recovery zone economic development bond limitation" and the Municipality submitted a request for an additional \$10,000,000 which has now been allocated to the Municipality; and

WHEREAS, on March 23, 2010, the Board adopted an Initial Resolution (the "2010B Initial Resolution") proposing the issuance of not to exceed \$10,000,000 in the aggregate principal amount of general obligation bonds, the proceeds of which shall be used for the purpose of financing the (i) design, construction and improvements to streets and roads, and acquisition of rights-of-way in connection therewith, and including, but not limited to, sidewalks, associated signalization, street lighting and other infrastructure improvements; (ii) design, construction and improvements to water, sewer and drainage

facilities; (iii) acquisition of all property real and personal, appurtenant thereto, or connected with any of the foregoing; (iv) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing (the "2010B Projects" and collectively with the 2010A Projects, the "Recovery Zone Project"); (v) reimbursement to the appropriate fund of the Municipality for prior expenditures for the foregoing costs, if any; and (vi) payment of costs incident to such bonds; and

WHEREAS, the 2010B Initial Resolution was published as required by law, and no protest petition was filed; and

WHEREAS, it is the intention of the Board of Mayor and Aldermen of the Municipality to adopt this resolution for the purpose of further amending the Original Bond Resolution to provide for the issuance of an additional \$10,000,000 of general obligation bonds as Federally Taxable Direct Subsidy Bonds or as Federally Tax-Exempt Bonds for the Recovery Zone Project and associated costs.

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

Section 1. The Original Bond Resolution, as amended by the First Amending Resolution, is hereby amended by changing all references to "\$49,729,000" each place it appears and replacing it with "\$59,729,000".

Section 2. Section 15(a) of the Original Bond Resolution, as amended by the First Amending Resolution, is hereby amended by deleting it and by substituting instead the following new subsection (a):

(a) The Municipality has received an allocation of \$5,179,000 from Williamson County, Tennessee (the "County") of "national recovery zone economic development bond limitation" of Section 1400U-1(a)(4)(A) of the Code allocated to the County pursuant to Section 1400U-1 of the Internal Revenue Code, and an allocation from the Tennessee Department of Economic and Community Development of an additional \$10,000,000 of "national recovery zone economic development bond limitation". The Governing Body hereby authorizes the issuance of up to \$15,179,000 aggregate principal amount of the Bonds as Federally Taxable Recovery Zone Economic Development Bonds and directs that the proceeds of any such Federally Taxable Recovery Zone Economic Development Bonds be used solely to finance costs of the Recovery Zone Project and costs of issuance of such Federally Taxable Recovery Zone Economic Development Bonds, subject, however, to the provisions of Section 7 hereof permitting such Bonds to also be issued as Federally Tax-Exempt Bonds or as Federally Taxable Build America Bonds.

Section 3. Section 7(c)(6) is hereby amended to add the following phrase to the end of such subsection: "and adjust the method of selection of Bonds for redemption to comply with procedures of DTC".

Section 4. Exhibit 2 to the Original Bond Resolution is hereby amended by deleting it in its entirety and by substituting instead the following:

The (i) design, construction and improvements to streets and roads, and acquisition of rights-of-way in connection therewith, and including, but not limited to, sidewalks, associated signalization, street lighting and other infrastructure improvements; (ii) design, construction and improvements to water, sewer and drainage facilities; (iii) design, construction and improvement to parks and recreational facilities; (iv) acquisition of all property, real and personal, appurtenant thereto, or connected with any of the foregoing; and (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing all within the Recovery Zone.

Section 5. 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 6. 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 eighth day of June, 2010.

Mayor

City Administrator/Recorder