

**RESOLUTION NO. 2010-68**

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SEVENTEEN MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$17,725,000) OF THE CITY OF FRANKLIN, TENNESSEE TO REFUND A PORTION OF ITS OUTSTANDING GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2004; TO PREPAY A PORTION OF THE CITY'S SERIES V-A-1 LOAN AGREEMENT; TO MAKE PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; TO ESTABLISH THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND TO PROVIDE 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 "PBA Act"), the City of Franklin, Tennessee (the "City") previously authorized, issued and delivered its Series VI-A-1 Loan Agreement, dated as of October 1, 2004 (the "VI-A-1 Loan Agreement") for the purpose of funding certain public improvements of the City which VI-A-1 Loan Agreement was funded by the issuance of variable rate Local Government Public Improvement Bonds, Series VI-A-1 (the "Series VI-A-1 Bonds") of The Public Building Authority of Sevier County, Tennessee (the "Authority"); and

WHEREAS, the Board of Mayor and Aldermen (the "Governing Body") finds that it is desirable to prepay the VI-A-1 Loan Agreement through refinancing with fixed rate refunding bonds of the City because fixed interest rates are currently low; and

WHEREAS, the City previously authorized and issued its General Obligation Refunding Bonds, Series 2004, dated as of August 1, 2004 in the original aggregate principal amount of \$8,000,000, having a final maturity date of March 1, 2024 (the "Series 2004 Bonds" and collectively with the VI-A-1 Loan Agreement, the "Outstanding Obligations") for the purpose of financing parks; and

WHEREAS, the Series 2004 Bonds can be refinanced at a lower interest cost, thereby effecting a cost savings to the City; and

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

WHEREAS, the Board of Mayor and Aldermen of the City hereby determines that it is necessary and advisable to authorize the issuance of general obligation refunding bonds in one or more series bearing interest at a fixed rate or rates in an aggregate principal amount not to exceed \$17,725,000 to provide funds to (i) prepay a portion of its obligations under the VI-A-1 Loan Agreement; (ii) refund all or a portion of the Series 2004 Bonds; and (iii) pay costs incurred in connection with the issuance and sale of such general obligation refunding bonds; and

WHEREAS, the plan of refunding has been submitted to the Director of State and Local Finance as required by Section 9-21-903, Tennessee Code Annotated, as amended, and receipt of the request has been acknowledged and a report thereon has been submitted to the City; and

WHEREAS, it is the intention of the Board of Mayor and Aldermen to adopt this resolution for the purpose of authorizing not to exceed \$17,725,000 in aggregate principal amount of said bonds in one or more series, provide for the issuance, sale and payment of said bonds, establish the terms thereof, and the disposition of proceeds therefrom, and provide 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) "Authority" means The Public Building Authority of Sevier County, Tennessee;

(b) "Bond Purchase Agreement" means, if the Bonds are sold at a negotiated sale, a Bond Purchase Agreement, dated as of the sale of the Bonds, entered into by and between the City and the Underwriter, in substantially the form of the document attached hereto as Exhibit A, subject to such changes as permitted by Section 8 hereof, as approved by the Mayor, City Administrator, and Assistant City Administrator/CFO of the City, consistent with the terms of this resolution;

(c) "Bonds" means not to exceed \$17,725,000 General Obligation Refunding Bonds of the City authorized hereunder, in one or more series, to be dated their date of issuance, or having such series designation and such other dated date as shall be determined by the Mayor pursuant to Section 8 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 City or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds;

(e) "City" means the City of Franklin, Tennessee;

(f) "Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(g) "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;

(h) "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;

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

- (j) "Escrow Agent" means the escrow agent appointed by the Mayor, or its successor;
- (k) "Financial Advisor" means Public Financial Management, Inc.;
- (l) "Governing Body" means the Board of Mayor and Aldermen of the City;
- (m) "Outstanding Obligations" means the Series VI-A-I Loan Agreement and the Series 2004 Bonds;
- (n) "Refunded Obligations" means, to the extent outstanding and designated to be refunded by the Mayor in accordance with Section 8 hereof, all or a portion of the outstanding Series VI-A-1 Loan Agreement and all or a portion of the Series 2004 Bonds;
- (o) "Refunding Escrow Agreement" means the Refunding Escrow Agreement, dated as of the date of the Bonds, to be entered into by and between the Municipality and the Escrow Agent, in the form of the document attached hereto and incorporated herein by this reference as Exhibit C, subject to such changes therein as shall be permitted by Section 12 hereof;
- (p) "Registration Agent" means the registration and paying agent for the Bonds appointed by the County Mayor pursuant to Section 4 hereof; "Series 2004 Bonds" means the City's outstanding General Obligation Public Improvement Bonds, Series 2004, dated as August 1, 2004;
- (q) "Series VI-A-1 Loan Agreement" means the outstanding Loan Agreement, dated as of October 1, 2004 between the City and the Authority; and
- (r) "Underwriter", if any, means the underwriter selected through a request for proposal by the Mayor, City Administrator, and Assistant City Administrator/CFO.

SECTION 3. Findings of the Governing Body.

(a) It is hereby found and determined by the Governing Body that refinancing and refunding of all or a portion of the Outstanding Obligations as set forth herein through the issuance of the Bonds is advantageous and necessary to the City by providing debt service savings and reducing exposure to variable rate interest.

(b) It is advantageous to the City to deposit proceeds from the sale of the Bonds and other funds of the City, if any, with the Escrow Agent pursuant to the Refunding Escrow Agreement which, together with investment income thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Obligations or shall be deposited with the paying agents for the respective Refunded Bonds.

SECTION 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to refund and refinance all or a portion of the Outstanding Obligations and to pay the costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 9 hereof, there are hereby authorized to be issued, in one or more series, general obligation refunding bonds of the City in an aggregate principal amount of not to exceed \$17,725,000. The Bonds shall be issued in fully registered, book-entry only form (except as otherwise permitted herein), or otherwise, as provided herein, without coupons, shall be known as "General Obligation

Refunding Bonds" 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 8 hereof. The rate or rates on the Bonds shall not exceed four percent (4%) per annum. Subject to the adjustments permitted pursuant to Section 8 hereof, interest on the Bonds shall be payable semi-annually on March 1 and September 1 in each year, commencing March 1, 2011. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof, and (subject to the adjustments permitted pursuant to Section 8 hereof) shall mature, either serially or through mandatory redemption, commencing on March 1, 2011 and continuing on the first day of March of each year thereafter through and including March 1, 2024 inclusive, the final maturity date (subject to the adjustments permitted pursuant to Section 8 hereof) in such amounts as shall be determined by the Mayor, City Administrator and Assistant City Administrator/CFO.

(b) Subject to the adjustments permitted pursuant to Section 8 hereof, Bonds shall be subject to redemption prior to maturity at the option of the City on March 1, 2020 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date. 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 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 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 maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as Term Bonds, the City 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 8 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 8 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 City may (i) deliver to the Registration Agent for cancellation Term 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 Term 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 Term 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 City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Term Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The City 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 City 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 City 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 City pursuant to written instructions from an authorized representative of the City (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 Mayor is hereby authorized and directed to appoint the Registration Agent for the Bonds and the Registration Agent so appointed 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 City at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the City 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 Recorder is hereby authorized to attest such written agreement between the City 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 City 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 not registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in original 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 City 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 City 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 City 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 City of such Special Record Date and, in the name and at the expense of the City, 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 City 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 its 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 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 City 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 City 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 City with the manual or facsimile signature of the Mayor 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 City 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 City 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 City 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 City shall discontinue the Book-Entry System with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City 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 certifies that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the City and the purchaser may agree to waive the use of DTC.

THE CITY 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 City 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 City, in its discretion, shall issue, and the Registration Agent, upon written direction from the City, 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 City may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the City and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the City and the Registration Agent; and the City may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the City for the expense incurred by it in the issue thereof.

SECTION 5. Security and 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 City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City 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 \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF WILLIAMSON  
CITY OF FRANKLIN  
GENERAL OBLIGATION REFUNDING BOND, SERIES [2010]

Interest Rate:                      Maturity Date:                      Date of Bond:                      CUSIP No.:

Registered Owner:      CEDE & CO.

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That the City of Franklin, Tennessee, (the "City"), 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 [March 1, 2011], 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 by check or draft at the principal corporate trust office of \_\_\_\_\_, \_\_\_\_\_, Tennessee, as registration agent and paying agent (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 City 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.

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. 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 City 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 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, 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 City 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 City 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 City may discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City 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 the issue of which this Bond is one shall be subject to redemption prior to maturity at the option of the City on March 1, 2020 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board of Mayor and Aldermen of the City 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 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.]

[Subject to the credit hereinafter provided, the City shall redeem Bonds maturing \_\_\_\_\_ and \_\_\_\_\_ on the redemption dates set forth below opposite the respective maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within such maturity shall be selected by lot or in such other

random manner as the Registration Agent in its discretion may determine. The dates of redemption and principal amount of the Bonds to be redeemed on said dates are as follows:

<u>Maturity Date</u>	<u>Redemption Date</u>	Principal Amount of Bonds to be Redeemed
_____	_____	\$ _____
	_____*	_____
	_____	_____
_____	_____	\$ _____
	_____*	_____
	_____	_____

\*maturity

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

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City 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 City 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 City pursuant to written instructions from an authorized representative of the City (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.

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 City 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 City to call such Bond for redemption].

This Bond is one of a total authorized issue aggregating \$ \_\_\_\_\_ and issued by the City for the purpose of providing funds to (i) prepay [a portion of] the City's obligations under the VI-A-1 Loan Agreement, (ii) refund the City's General Obligation Public Improvement Bonds, Series 2004, dated as of August 1, 2004, maturing March 1, \_\_\_\_ through March 1, \_\_\_\_ and (iii) to pay costs of issuance of the Bonds.

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

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

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

CITY OF FRANKLIN, TENNESSEE

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

ATTESTED:

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

Transferable and payable at the  
principal corporate trust office of: \_\_\_\_\_  
\_\_\_\_\_

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

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

\_\_\_\_\_  
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:

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

[END OF BOND FORM]

SECTION 7. Levy of Tax. The City, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the City of Franklin, Tennessee, 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 City 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 such Sales Tax Revenues and any appropriations from other funds, taxes and revenues of the City to the payment of debt service on the Bonds.

SECTION 8. Sale of Bonds.

(a) Each series of Bonds shall be sold, in the discretion of the Mayor, at competitive public sale or at negotiated sale to the Underwriter, in one or more series, as required by law at a price of not less than ninety-nine percent (99.00%) of par, exclusive of original issue discount, and accrued interest, if any, as a whole or in part, from time to time, as shall be determined by the Mayor in consultation with the City Administrator, Assistant City Administrator/CFO and Financial Advisor. The Mayor is authorized to sell each series of Bonds at competitive public sale or if at a negotiated sale, to the Underwriter pursuant to a Bond Purchase Agreement in substantially the form attached hereto as Exhibit A and the City Administrator/City Recorder is authorized to attest such execution. The sale of each series of Bonds by the Mayor shall be binding on the City, and no further action of the Governing Body with respect thereto shall be required.

(b) With respect to each emission of Bonds, the Mayor is authorized:

- (1) to change the dated date of the Bonds, or any series thereof;
- (2) to establish a series designation and/or other designation of the Bonds;
- (3) to change the first interest payment due on the Bonds or any series thereof to a date other than March 1, 2011, but in no event later than 12 months after the issuance of such emission of Bonds;

- (4) to facilitate the sale of the Bonds in a manner that is in the best interest of the City, to refinance all, less than all or any portion of the Series VI-A-1 Loan Agreement and the Series 2004 Bonds, and to adjust the total amount authorized to be issued herein so long as the total amount of the Bonds does not exceed such principal amount of Bonds authorized herein and so long as the Bonds are sold at a rate or rates not exceeding four percent (4%) per annum;
- (5) to adjust the principal and interest payment dates and establish maturity amounts of the Bonds or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein, as shall be adjusted pursuant to paragraph (4) above, (B) the first maturity date of the Bonds or any series of Bonds is a date not later than March 1, 2013, and (C) the final maturity date of each series of Bonds shall not exceed March 1, 2025;
- (6) to provide that any series of Bonds may be non-callable or to adjust the optional redemption terms and dates of the Bonds, provided that the premium amount to be paid on the Bonds or any series thereof does not exceed two percent (2%) of the principal amount thereof; and
- (7) to sell the Bonds, or any series thereof, or any maturities thereof as serial Bonds or Term Bonds with mandatory redemption requirements as determined by the Mayor, as he shall deem most advantageous to the City.

(c) The Mayor is authorized to sell the Bonds, or any series of the Bonds, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The Mayor is further authorized to sell the Bonds, or any series of the Bonds, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as she shall deem to be advantageous to the City and in doing so, the Mayor is authorized to change the designation of the Bonds to a designation other than "General Obligation Refunding Bonds", provided, however, that the total aggregate principal amount of combined bonds and notes to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds and notes authorized by any other resolution or resolutions adopted by the Governing Body.

(d) The Mayor and the City Administrator/City Recorder, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the Underwriter or the purchaser and to execute, publish, and deliver all certificates and documents, including an award certificate, an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. 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.

(f) If sold at negotiated sale, the Mayor is authorized to execute and the City Administrator/City Recorder to attest the Bond Purchase Agreement, providing for the purchase and sale of the Bonds, or any series of the Bonds. The Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A, in accordance with the provisions of this resolution, and is not inconsistent with the terms hereof, as such terms may be modified as set forth in this Section 8. If the Underwriter does not intend to reoffer the Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. 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.

SECTION 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be applied by the City as follows:

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

(b) an amount, which together with investment earnings thereon and legally available funds of the City, if any, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Obligations (subject to adjustments permitted by Section 8 above) shall be deposited with the Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein or, at the option of the Mayor, deposited with the respective paying agents for the Refunded Obligations; and

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

SECTION 10. Official Statement. The Mayor, the City Administrator and the Assistant City Administrator/CFO, or any of them, working with the Underwriter or the purchaser of the Bonds if sold at a competitive sale, are hereby authorized and directed to provide for the preparation and distribution, electronic or otherwise, of a Preliminary Official Statement describing the Bonds and any other bonds or notes which in the discretion of the Mayor are sold at the same time as the Bonds. After the Bonds have been sold, the Mayor, the City Administrator and the Assistant City Administrator/CFO, 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 Assistant City Administrator/CFO, or any of them, shall arrange for the delivery to the Underwriter or successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been sold to the Underwriter or the successful bidder, to each potential investor requesting a copy of the Official Statement and to each person to whom such members of its selling group initially sell the Bonds.

The Mayor, the City Administrator and the Assistant City Administrator/CFO, or any of them, are authorized, on behalf of the City, 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 City except for the omission in the Preliminary Official Statement of such pricing and other information.

Notwithstanding the foregoing, no Official Statement is required to be prepared if the purchaser of the Bonds certifies that such purchaser intends to hold the Bonds for its own account and has no present intention to reoffer the Bonds.

SECTION 11. Prepayment. The Mayor, the City Administrator and the Assistant City Administrator/CFO, or any of them, are hereby authorized and directed to take all steps necessary to prepay the VI-A-1 Loan Agreement, or any portions thereof, in accordance with the terms thereof,



including, but not limited to, the execution and delivery of a prepayment notice for the VI-A-1 Loan Agreement in the form attached hereto as Exhibit B.

SECTION 12. Refunding Escrow Agreement. Unless proceeds of the Bonds are otherwise deposited with the paying agent for the Refunded Obligations, the Mayor is hereby authorized and directed to execute and the City Recorder to attest on behalf of the Municipality the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148 (a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit A is hereby in all respects approved and the Mayor and the City Administrator/City Recorder are hereby authorized and directed to execute and deliver same on behalf of the Municipality in substantially the form thereof presented to this meeting, or with such changes as may be approved by the Mayor and the City Administrator/City Recorder, their execution thereof to constitute conclusive evidence of their approval of all such changes, including modifications to the Refunding Escrow Agreement. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of, premium, if any, and interest on the Refunded Obligations and to exercise such duties as set forth in the Refunding Escrow Agreement.

SECTION 13. Notice of Refunding. Prior to the issuance of the Bonds, notice of the City's intention to refund the Series 2004 Bonds shall be given by the respective registration agent for the Series 2004 to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such respective registration agents of said Series 2004. The Mayor, the City Administrator and the Assistant City Administrator/CFO, or any of them, is hereby authorized and directed to authorize the respective registration agent of said Series 2004 to give such notice on behalf of the City in accordance with this Section.

SECTION 14. Notice of Redemption. Notices shall be given by the Escrow Agent to the registration agent for the Series 2004 Bonds instructing the registration agent to mail notices of redemption, by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent. The Mayor, the City Administrator and the Assistant City Administrator/CFO, or any of them, is hereby authorized and directed to authorize the Escrow Agent and/or the registration agents of said Series 2004 Bonds to give such notices on behalf of the City in accordance with this Section.

SECTION 15. Federal Tax Matters. The City recognizes that the purchasers and owners 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 City agrees that it shall take no action or omit to take any 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 City 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 and the Assistant City Administrator/CFO, 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 City.

SECTION 16. Discharge and Satisfaction of Bonds. If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

(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 Defeasance 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 City shall also pay or cause to be paid all other sums payable hereunder by the City 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 City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City 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 Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance 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 Defeasance 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 City 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 Defeasance 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 City, as received by the Registration Agent. For the purposes of this Section, Defeasance 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 17. Continuing Disclosure. The City hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds and, at the option of the Mayor, to a purchaser of the Bonds that certifies that such purchaser has no present intent to reoffer the Bonds. The Mayor is 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 material event notices to be provided and its obligations relating thereto. Failure of the City 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 City to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

SECTION 18. Resolution a Contract. The provisions of this resolution shall constitute a contract between the City 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 19. Qualified Tax-Exempt Obligations. The Governing Body hereby designates the Bonds as "qualified tax-exempt obligations," within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended, if and to the extent any series of the Bonds may be so designated and to the extent not "deemed designated".

SECTION 20. 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 21. Repeal of Conflicting Resolutions. 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.

SECTION 22. Effective Date. That this resolution shall take effect from and after its passage, the general welfare of the City of Franklin, Tennessee, requiring it.

Adopted and approved on this 14th day of September, 2010.

\_\_\_\_\_  
Mayor

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

STATE OF TENNESSEE        )  
COUNTY OF WILLIAMSON    )

I, Eric Stuckey, certify that I am the duly qualified and acting City Administrator/City Recorder of the City of Franklin, Tennessee ("City"), and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of September 14, 2010 of the governing body of the City; 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 the approximate aggregate principal amount of \$17,725,000 General Obligation Refunding Bonds of said City.

WITNESS my official signature and seal of said City this \_\_\_\_ day of \_\_\_\_\_, 2010.

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

(SEAL)

EXHIBIT A

FORM OF BOND PURCHASE AGREEMENT

[FORM OF BOND PURCHASE AGREEMENT]

CITY OF FRANKLIN, TENNESSEE  
\$ \_\_\_\_\_ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010

BOND PURCHASE AGREEMENT

\_\_\_\_\_, 2010

Board of Mayor and Aldermen of  
the City of Franklin, Tennessee  
Franklin, Tennessee

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Underwriter"), offers to enter into the following agreement with the City of Franklin, Tennessee (the "City"), which, upon the City's acceptance and approval hereof, will be binding upon the City and upon the Underwriter. This offer is made subject to acceptance by the City, by execution of this Bond Purchase Agreement (the "Purchase Agreement") and its delivery to the Underwriter, on or before 11:59 p.m., central time, on \_\_\_\_\_, 2010.

Capitalized terms used herein and not defined herein shall have the meanings given them in the Resolution (as hereinafter defined).

1. Purchase and Sale of the Bonds.

(a) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the City for offering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the City's \$ \_\_\_\_\_ General Obligation Refunding Bonds, Series \_\_\_\_ (the "Bonds"), dated \_\_\_\_\_, 2010 in [book-entry only form,] at the purchase price of \$ \_\_\_\_\_, representing the face amount of the Bonds, [plus original issue premium] [less original issue discount] of \$ \_\_\_\_\_, less Underwriter's discount of \$ \_\_\_\_\_. The Bonds shall bear interest, shall mature, shall be redeemable and shall otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) The Bonds shall be issued and secured under the provisions of a resolution, adopted on \_\_\_\_\_, 2010 (the "Resolution") by the Board of Mayor and Aldermen of the City (the "Governing Body"), providing for the issuance of the Bonds pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended and other applicable provisions of law, for the purpose of \_\_\_\_\_, and paying costs associated with the sale and issuance of the Bonds.

(c) After acceptance of this offer by the City, the Underwriter agrees to make a bona fide public offering of all the Bonds at prices not in excess of the initial public offering prices (which may be expressed in terms of yield) set forth on the cover page of the Official Statement, dated the date hereof (the "Official Statement"). The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such initial public offering prices in the sole discretion of the Underwriter. Subsequent to such initial

public offering, the Underwriter reserves the right to change the public offering prices as it may deem necessary in connection with the marketing of the Bonds.

(d) At the time of the City's acceptance hereof (or as soon as reasonably practicable thereafter, but no later than the Closing (as hereinafter defined)), the City shall have delivered, or caused to be delivered, to the Underwriter: (i) a certified copy of the Resolution; and (ii) a copy of the Official Statement, manually signed on behalf of the City by the Mayor and the City Recorder.

(e) The City authorizes the Underwriter to use copies of the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds and agrees not to supplement or amend, or cause to be supplemented or amended, the Official Statement, at any time prior to the Closing, without the consent of the Underwriter. The City ratifies and confirms the use by the Underwriter, prior to the date hereof in connection with the public offering of the Bonds, of the Preliminary Official Statement of the City relating to the Bonds, dated \_\_\_\_\_, 2010, which with any and all appendices, exhibits, maps, reports and summaries included therein is hereinafter called the "Preliminary Official Statement".

(f) As of its date, the Preliminary Official Statement has been "deemed final" (except for permitted omissions) by the City for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The City will deliver, or cause to be delivered, to the Underwriter, promptly after the acceptance hereof, but in any event within seven (7) days of the date hereof, copies of the Official Statement, sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12 of the Securities Exchange Commission (and the related rules of the Municipal Securities Rulemaking Board).

2. Liquidated Damages. If the City accepts this offer and if the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the City at the Closing as herein provided, the parties hereby agree that the damages to the City shall be fixed at one percent (1%) of the aggregate principal amount of the Bonds and, upon such failure of the Underwriter to accept and pay for the Bonds, the Underwriter shall be obligated to pay to the City such amount as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter. Upon such payment the Underwriter shall be fully released and discharged of all claims, rights and damages for such failure and for any and all such defaults. In no event shall the City be entitled to damages of any nature other than the liquidated damages herein specified.

3. Closing. At 10:30 a.m., Eastern Time, on \_\_\_\_\_, 2010, or at such other time or date as shall be agreed to by the City and the Underwriter, the City will deliver, or cause to be delivered, to the Underwriter, or such agent as it shall designate, the Bonds, in definitive form, duly executed on the City's behalf, together with the other documents hereinafter mentioned, and the Underwriter will accept, or cause to be accepted, such delivery and pay to the City the purchase price of the Bonds in the amount set forth in Section 1 hereof by wire transfer payable in immediately available funds or such other medium of payment as shall be acceptable to the City. Payment for the Bonds as aforesaid shall be made at such place designated by the City and delivery of the Bonds shall be made through Depository Trust Company, New York, New York, or at such other location mutually acceptable to the parties. Such payment and delivery is herein called the "Closing" and the date of the Closing is herein called the "Closing Date." The Bonds shall be delivered as fully registered Bonds, book-entry only form, in denominations of \$5,000 each or any integral multiple thereof as the Underwriter shall request, shall bear CUSIP numbers, shall be registered in such names and in such denominations as shall be designated in writing by the Underwriter to the City or to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as the registration and paying agent for the Bonds (the "Registration Agent"), and shall be

duly authenticated by the Registration Agent. The Underwriter hereby instructs that the Bonds be delivered at Closing through The Depository Trust Company's "FAST Program".

4. Conditions of Closing. The obligations of the Underwriter hereunder shall be subject to the performance by the City of its obligations to be performed hereunder at or prior to the Closing, to the accuracy of and compliance with the representations, warranties and covenants of the City herein, in each case as of the time of delivery of this Purchase Agreement and as of the Closing, and, in the discretion of the Underwriter, to the following:

(a) at the Closing, (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and the City shall have executed and there shall be in full force and effect such additional agreements, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel ("Bond Counsel"), be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly authorized, executed and delivered as provided herein, (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and (iv) the City shall perform or have performed all of its obligations under or specified in this Bond Purchase Agreement to be performed at or prior to the Closing;

(b) At or prior to the Closing Date, the Underwriter shall have received the following:

(i) The unqualified approving opinion, dated the Closing Date, of Bond Counsel, in substantially the form attached as an Appendix to the Official Statement, addressed to the City and the Underwriter;

(ii) A certificate, dated the Closing Date, signed by the Mayor and City Recorder of the City, in which such officers, to the best of their knowledge, information and belief, shall state that

(A) There is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or to our knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment, collection or application of income of the City or the pledge thereof to the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Purchase Agreement; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution or the Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the City or the title of its present officers to their respective offices; or contesting the powers of the City or its authority with respect to the Bonds, the Resolution, the Purchase Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them.

(B) The Resolution is, as of the Closing Date, in full force and effect and has not been amended, modified or supplemented, except as provided herein.



(C) The execution and delivery of the Purchase Agreement and the Bonds, the adoption of the Resolution, and the compliance by the City with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the order of incorporation of the City or similar incorporating or governing documents of the City or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other agreement or instrument to which the City is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the City or its properties are subject.

(D) The City has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(E) The descriptions and statements contained in the Official Statement were at the time of its publication and distribution, and are on the Closing Date, true and correct in all material respects, and the Official Statement did not at the time of its publication and distribution, and does not on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(F) Subsequent to \_\_\_\_\_, 20\_\_\_\_, there has been no material adverse change in the financial position or results of operations of the City except as set forth in or contemplated by the Official Statement;

(iii) Evidence satisfactory in form and substance to the Underwriter that the credit rating assigned to the Bonds by the rating agency or rating agencies is as set forth on the cover page of the Official Statement; and

(iv) An opinion of counsel to the City in form and substance satisfactory to Bond Counsel; and

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under any further obligation hereunder, except as provided in Section 2 hereof.

5. Termination of Agreement. The Underwriter may terminate this Purchase Agreement, without liability therefor, by notification to the City, if at any time subsequent to the date of this Purchase Agreement and at or prior to the Closing:

(a) legislation shall be enacted by the Congress of the United States or a bill introduced (by amendment or otherwise) or favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or fiscal action shall be issued or proposed by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency with respect to or having the purpose or effect of including within gross income for federal income tax purposes interest received on bonds of the general character of the Bonds, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(b) any legislation, rule or regulation shall be introduced in, or be enacted by the General Assembly or any department or agency in the State of Tennessee, or a decision by any court of competent jurisdiction within the State of Tennessee shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(c) any amendment to the Official Statement is proposed by the City or deemed necessary by Bond Counsel pursuant to Section 4(e) hereof which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(d) any fact shall exist or any event shall have occurred which, in the reasonable opinion of the Underwriter, makes the Official Statement, in the form as originally approved by the City, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, financial or otherwise, including a general suspension of trading on any national securities exchange, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(f) legislation shall be enacted or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which, in the reasonable opinion of the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Closing; or

(g) a general banking moratorium shall have been declared by United States, New York or Tennessee authorities, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(h) any national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(i) the ratings of the Bonds shall have been downgraded from the ratings set forth on the cover page of the Official Statement by the rating agency or rating agencies or withdrawn by such rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by them; or trading in any securities of the City shall have been suspended on any national securities exchange; or any proceeding shall be pending or threatened by the Securities and Exchange Commission against the City.

6. Expenses.

(a) Other than the expenses identified in Section 5(b), the City agrees to pay all expenses incident to the issuance and sale of the Bonds, including but not limited to the cost of insuring the Bonds.

(b) The Underwriter shall pay the cost of delivering the Bonds from the place of Closing to the purchasers and all expenses of the Underwriter incurred in connection with the preparation, sale and closing of the Bonds.

(c) In the event that either the City or the Underwriter shall have paid obligations of the other as set forth in this Section, adjustment shall be made.

7. Miscellaneous.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telegraphed or delivered to:

The Underwriter:

The City:

City of Franklin, Tennessee  
P.O. Box 305, City Hall  
Franklin, TN 37064  
Attn: Mayor City Administrator and Assistant City  
Administrator/CFO

(b) This Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms "successors" and "assigns" shall not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

(c) Section headings have been inserted in this Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Agreement and will not be used in the interpretation of any provisions of this Purchase Agreement.

(d) If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any

other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, in operative or unenforceable to any extent whatever.

(e) This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(f) This Purchase Agreement shall be governed by, and construed in accordance with, the law of the State of Tennessee.

(g) This Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

(h) The Underwriter may waive compliance by the City with any of the conditions, requirements, covenants, warranties or representations set forth herein, but waiver by the Underwriter of any such compliance shall not be deemed a waiver of compliance with any other of the conditions, requirements, covenants, warranties or representations set forth herein.

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

Accepted as of the date first  
above written:

CITY OF FRANKLIN, TENNESSEE

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

Attest:

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

**EXHIBIT A**  
**\$ \_\_\_\_\_ GENERAL OBLIGATION REFUNDING BONDS, SERIES \_\_\_\_\_**

The Bonds shall mature on \_\_\_\_\_ in the years, in the aggregate principal amounts and shall bear interest payable on March 1 and September 1 of each year, commencing [March 1, 2011], as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>RATE</u>
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**[Optional Redemption:]**

**[Mandatory Redemption:]**

EXHIBIT B

FORM OF PREPAYMENT NOTICE

(attached)

(City's Letterhead)

\_\_\_\_\_, 2010

**VIA REGISTERED OR CERTIFIED MAIL**

Caroline Oakes (**and via fax 615-770-4350**)  
Regions Bank, as Trustee  
Corporate Trust Services  
315 Deaderick Street, 4th Floor  
Nashville TN 37237

Depfa Bank

Joe Ayres (**and via fax 865-777-5836**)  
TN-LOANS Program Administrators, Inc.  
11400 Parkside Drive  
Suite 110  
Knoxville, TN 37934

The Public Building Authority of Sevier County,  
Tennessee

Re: Notice of Prepayment:

Series VI-A-1 Loan Agreement, dated as of October 1, 2004 (the "Outstanding Loan Agreement"), between the City of Franklin, Tennessee (the "City") and The Public Building Authority of Sevier County, Tennessee (the "Authority");

Ladies and Gentlemen:

Pursuant to Article 6.03 of the Outstanding Loan Agreement, the City hereby gives the following notice of its intent to prepay [in full] its:

**Series VI-A-1 Loan Agreement**

Prepayment Date: On or before \_\_\_\_\_, 20\_\_

Principal Amount of Prepayment: \$ \_\_\_\_\_

Related Bonds: Local Government Public Improvement Bonds, Series VI-A-1, dated October \_\_, 2004, of The Public Building Authority of Sevier County, Tennessee

Bond Redemption Date: \_\_\_\_\_, 2010

The City hereby directs the Administrator to instruct the Trustee as to the investment of the funds to be deposited and the amount of the Optional Prepayment Price required to be paid by the Borrower.

All questions should be directed to Russell Truell, Assistant City Administrator/CFO, P.O. Box 305, City Hall, Franklin, Tennessee 37064, telephone number (615) 791-1457.

Very truly yours,

\_\_\_\_\_

City of Franklin, Tennessee

EXHIBIT C

FORM OF REFUNDING ESCROW AGREEMENT

(attached)



FORM OF  
REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_ (the "Municipality"), and \_\_\_\_\_, \_\_\_\_\_, Tennessee (the "Agent").

WITNESSETH:

WHEREAS, the Municipality has previously authorized and issued its outstanding

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (the "Outstanding Bonds"); and

WHEREAS, the Municipality has determined to provide for payment of the debt service requirements of the Outstanding Bonds by depositing in escrow with the Agent funds that, with the investment income therefrom, will be sufficient to pay the principal of, premium, if any, and interest on the Outstanding Bonds as set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Bonds, the Municipality has authorized and issued its General Obligation Refunding Bonds, Series 200\_, dated \_\_\_\_\_ (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited in escrow with the Agent hereunder, and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest on the Outstanding Bonds as set forth on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and the application thereof, and to provide for the payment of the Outstanding Bonds, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, the Municipality, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Outstanding Bonds according to their tenor and effect, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the Municipality in and to \$\_\_\_\_\_, [consisting of \$\_\_\_\_\_ derived from the proceeds of the sale of the Refunding Bonds and \$\_\_\_\_\_ other legally available funds of the Municipality.]

DIVISION II

All right, title and interest of the Municipality in and to the Government Securities purchased with the funds described in Division I hereof and more particularly described in Exhibit B, attached hereto, and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the Municipality or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the Municipality or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Bonds; but if the principal of and interest on the Outstanding Bonds shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agent" means \_\_\_\_\_, \_\_\_\_\_, Tennessee, and its successors and assigns;

"Agreement" means this Refunding Escrow Agreement, dated as of the date of the Refunding Bonds, between the Municipality and the Agent;

"Bond Resolution" means the resolution adopted by the Board of Mayor and Aldermen on \_\_\_\_\_, 20\_\_ authorizing the Refunding Bonds;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Municipality" means the City of Franklin, Tennessee;

"Escrow Fund" shall have the meaning ascribed to it in Section 2.01 hereof;

"Escrow Property", "escrow property" or "escrowed property" means the property, rights and interest of the Municipality that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Outstanding Bonds" means the \_\_\_\_\_;

"Refunding Bonds" means the Municipality's General Obligation Refunding Bonds, Series 200\_, dated \_\_\_\_\_; and

"Written Request" shall mean a request in writing signed by the Mayor or by any other officer or official of the Municipality duly authorized by the Municipality to act in his place.

SECTION 1.02. Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

## ARTICLE II

### ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.01. Creation of Escrow; Deposit of Funds. The Municipality hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$\_\_\_\_\_ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.02. Investment of Funds. The monies described in Section 2.01 hereof shall be held or invested as follows:

(a) the amount of \$\_\_\_\_\_ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(b) the amount of \$\_\_\_\_\_ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.04 and 2.06 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

SECTION 2.03. Disposition of Escrow Funds. The Agent shall without further authorization or direction from the Municipality collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent or agents, or their successors, for the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Outstanding Bonds are set forth on Exhibits A-1 through A-. Payment on the dates and to the paying agent in accordance with

Exhibits A-1 and A- shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The Municipality represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the Municipality agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the Municipality and this Agreement shall terminate.

SECTION 2.04. Excess Funds. Except as provided in Section 2.06 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the Municipality.

SECTION 2.05. Reports. The Escrow Agent shall deliver to the City Recorder of the Municipality a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of August of each year shall deliver to the City Recorder report current as of March 30 of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the Municipality and which also shall set forth all assets in the Escrow Fund as of March 30 and set forth opening and closing balances thereof for that fiscal year. The Escrow Agent shall deliver to the City Recorder of the Municipality a report summarizing all transactions relating to the Escrow Fund not later than \_\_\_\_\_, \_\_\_\_\_.

SECTION 2.06. Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the Municipality shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.06 shall be applied first to the payment of principal of and interest on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibits A-1 through A-3 and any excess shall be paid to the Municipality to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.07. Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.01 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and

distinct from all other funds of the Municipality and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.08. Redemption of Outstanding Bonds. The Agent is hereby directed to give notice to the respective paying agents for the [Outstanding Bonds] as set forth in Exhibits C-1 through C- attached hereto. [Notice of redemption has already been given by the paying agent of the \_\_\_\_\_ Bonds and no further action is required by the Agent in respect to said notice.]

### ARTICLE III

#### CONCERNING THE AGENT

SECTION 3.01. Appointment of Agent. The Municipality hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.02. Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.03. Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Municipality or any paying agent of its obligations, or to protect any of the Municipality's rights under any bond proceedings or any of the Municipality's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the Municipality. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Bonds. So long as the Agent applies any monies, the Government Securities and the interest earnings therefrom to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the Municipality in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.04. Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.05. Exculpation of Funds of Agent. Except as set forth in Section 3.03, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

[SECTION 3.06. Payment of Deficiency by Municipality. A Verification Report, dated \_\_\_\_\_, 200\_ (the "Verification Report"), has been delivered by \_\_\_\_\_, stating that the funds deposited to the Escrow Fund in the amount set forth in Section 2.01 and the receipts from the investment of such funds pursuant to Exhibit B hereof will be sufficient to pay to and at redemption on [\_\_\_\_\_ the principal of and interest on the \_\_\_\_\_ Bonds], on \_\_\_\_\_, 20\_\_\_. In the event the Verification Report calculations as to the sufficiency of the Escrow Fund monies and Government Securities and the earnings thereon are inaccurate, then the Municipality agrees that it will promptly and without delay remit or cause to be remitted to the Agent within ten (10) days after receipt of the Agent's written request, such additional sum or sums of money as may be necessary in excess thereof to assure the payment when due of the principal of and interest on the [Outstanding Bonds]. The Municipality shall not be liable for failure of performance of the Agent or the Government Securities.]

SECTION 3.07. No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Bonds, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Outstanding Bonds except as provided in Section 2.08 hereof.

SECTION 3.08. Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, located in the State of Tennessee, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.09. Resignation of Agent. The Agent may at any time resign by giving direct written notice to the Municipality and by giving the holders of the Outstanding Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, the Municipality shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Williamson County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.08. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.10. Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.08 hereof and shall fail to resign after written request therefor by the Municipality or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Municipality may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the Municipality designated in Section 4.02 hereof for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.08. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the Municipality and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

SECTION 3.11. Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the Municipality and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the Municipality or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the Municipality shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.08 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.08 hereof.

SECTION 3.12. Payment to Agent. The Municipality agrees to pay the Agent, as reasonable and proper compensation under this Agreement, a fee of [\$ \_\_\_\_\_ payable at closing.] The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the Municipality agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Bonds; provided, however, that, to the extent

permitted by applicable law, the Municipality agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the Municipality and shall not give rise to any claim against the Escrow Fund.

#### ARTICLE IV

#### MISCELLANEOUS

SECTION 4.01. Amendments to this Agreement. This Agreement is made for the benefit of the Municipality, the holders from time to time for the Outstanding Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the Municipality; provided, however, that the Municipality and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Outstanding Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The Municipality hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding



Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the Municipality.

SECTION 4.02. Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.03. Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

(a) Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the Municipality:

City of Franklin, Tennessee  
P.O. box 305, City Hall  
Franklin, Tennessee 37605  
Attention: Assistant City Administrator/CFO

To the Agent:

The Municipality and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.05. Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.06. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.07. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

*(signature page follows)*

IN WITNESS WHEREOF, the Municipality has caused this Agreement to be signed in its name by its Mayor and attested by its City Recorder and the official seal of the Municipality to be impressed hereon, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officers, all as of the day and date first above written.

CITY OF FRANKLIN, TENNESSEE

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

(SEAL)

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

\_\_\_\_\_  
as Escrow Agent

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

EXHIBIT A-1

Debt Service Schedule of [ \_\_\_\_\_ ], to the Redemption Date,  
With Name of the Paying Agent and Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Paying Agent:

\_\_\_\_\_

EXHIBIT A-2

Debt Service \_\_\_\_\_, to the  
Redemption Date, With Name of the Paying Agent and Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Paying Agent:

EXHIBIT B

Government Securities  
Certificate of Indebtedness  
U.S. State and Local Government Series

Amount                      Interest Rate                      Maturity Date                      Issue Date

Treasury Notes

U.S. State and Local Government Series

Amount                      Interest Rate                      Maturity Date                      Issue Date                      First Interest  
Payment Date

Total Cost of Securities:                      \$ \_\_\_\_\_  
Initial Cash Deposit:                      \$ \_\_\_\_\_

EXHIBIT [C-1]

The Board of Mayor and Aldermen of the City of Franklin, Tennessee, met in regular session on September 14, 2010, at 7:00 p.m. at the City Hall, Franklin, Tennessee, with the Honorable John Schroer, 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 and Finance & Administration/CFO.

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:



HISTORIC  
FRANKLIN  
TENNESSEE

# MEMORANDUM

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September 2, 2010

**TO:** Board of Mayor and Aldermen  
**FROM:** Eric S. Stuckey, City Administrator  
Russ Truell, Assistant City Administrator/CFO  
**SUBJECT:** Resolution Authorizing the Issuance of General Obligation Refunding Bonds

## **Purpose**

The purpose of this memorandum is to present for consideration a resolution authorizing the issuance of \$16.4 million in fixed-rate tax-exempt bonds to refund two existing issues.

## **Background**

The City of Franklin has an opportunity to save debt service costs by current and advance refunding certain maturities of its outstanding tax-exempt, fixed-rate General Obligation Public Improvement Bonds, Series 2004 (Harlinsdale bonds) and tax-exempt, variable-rate Local Government Public Improvement Bonds, VI-B-1 (2005 Road Improvement Bonds). The fixed rate bonds have coupons that range from 3.50% to 4.50%. The variable rate bonds currently have an interest rate of 0.66%, but are subject to changes in the market for short-term securities. Historically, the interest rate on the variable rate bonds has averaged between 3.0% and 4.0%.

The preliminary plan of finance includes refunding all of the remaining maturities (2011 – 2024) in both issues, which will generate significant debt service savings to the City and remove variable rate exposure. The refunding bonds will also extend through 2024 and will have estimated yields that range from 0.45% to 2.88%.

## **Financial Impact**

The estimated savings is \$1,442,555 million in net present value, or 8.5% of the outstanding debt service.

## **Recommendation**

Staff recommends approval of the resolution authorizing the Mayor and City Administrator to conduct the sale of bonds and execute the documents required to refund the bonds. In order to take advantage of the unusually advantageous market conditions, we would like to adopt the bond resolution at the September 14 meeting.