

Resolution # 32-2021  
(General Obligation Refunding Bond Resolution-Series 2021B-Duck River)

BE IT REMEMBERED that the Board of Mayor and Aldermen of the City of Manchester, Tennessee, met in regular session at 6:30 p.m. on the 6<sup>th</sup> day of July, 2021, at its regular meeting place at the Boardroom at City Hall in the City of Manchester, Tennessee.

Present were Marilyn Howard, Mayor, and the following named Aldermen:

Present: Vice Mayor Mark Messick, Alderman Ryan French, Alderman Bob Bellamy, Alderman Bill Nickels, Alderman Chris Elam

Absent: Alderwoman Roxanne Patton

Others:

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OTHER BUSINESS

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Mayor Howard, presiding, noted that a quorum was present. Alderman Ryan French moved for the adoption of the following resolution, which motion was seconded by Alderman Bob Bellamy, and after due discussion, was put to a roll call vote, the result of which was as followed:

Aldermen voting "Aye": Vice Mayor Mark Messick, Alderman Ryan French, Alderman Bob Bellamy, Alderman Bill Nickels, Alderman Chris Elam

Aldermen voting "No": none

Aldermen not voting: none

Resolution # 32-2021

(General Obligation Refunding Bond Resolution-Series 2021B-Duck River)

RESOLUTION AUTHORIZING THE SALE AND PROVIDING THE DETAILS OF  
NOT-TO-EXCEED \$4,300,000 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES 2021B, OF THE CITY OF MANCHESTER, TENNESSEE,  
AND PROVIDING FOR THE LEVY OF AD VALOREM  
TAXES IN CONNECTION THEREWITH

WHEREAS, the Board of Mayor and Aldermen (the "Governing Body") of the City of Manchester, Tennessee (the "Issuer"), at the request of the Duck River Utility Commission ("DRUC") established by interlocal agreement with the City of Tullahoma, Tennessee, has determined that it is necessary and in the best interests of the Issuer to refund certain outstanding obligations of the Issuer in order to restructure the debt service payments and reduce the annual debt service on a portion of the currently outstanding indebtedness previously issued for the benefit of DRUC; and

WHEREAS, the plan of refunding of the Refunded Obligations has been submitted to the Tennessee Comptroller of the Treasury, Division of Local Government Finance, as required by Section 9-21-903, Tennessee Code Annotated, as amended, and it has acknowledged receipt thereof to the Issuer and submitted its report thereon to the Issuer which report is attached to this Resolution as Exhibit A; and

WHEREAS, the Board, after due deliberation, has determined that it is appropriate to issue its not-to-exceed \$4,300,000 General Obligation Refunding Bonds, Series 2021B (the "Bonds"), pursuant to its authority under Sections 9-21-101 et seq. of the Tennessee Code Annotated, as amended, and other applicable provisions of law for the above purposes; and

WHEREAS, the net proceeds from the sale of the Bonds will be used to refund all or a

portion of the Issuer's outstanding General Obligation Refunding Bonds, Series 2016A, dated

July 10, 2016 (hereinafter, the “Refunded Obligations”), and to pay the costs of the issuance of the Bonds; and

WHEREAS, it is appropriate for this Board to provide certain details of the Bonds and the pledge of revenues thereto at this time; and

WHEREAS, it is appropriate for the Mayor to conduct either a competitive public sale or a private negotiated sale of the Bonds, as recommended by the Municipal Advisor, and if a competitive public sale is used to accept the best bid for the Bonds, and to sell the Bonds to the best bidder at the competitive public sale and if a private negotiated sale is used, to negotiate the terms of such sale with the bond purchaser or proposed underwriter; and

WHEREAS, in the event of a public sale of the Bonds, prior to the issuance and sale of the Bonds, the Issuer must publish a Notice of Sale and take other actions with respect to the Bonds proposed to be issued; and

WHEREAS, it is also appropriate to authorize the Mayor to determine the exact principal amount, interest rates and certain other terms of the Bonds and to finalize the sale of the Bonds to the ultimate purchaser.

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

SECTION 1. In order to refund all or a portion of the Refunded Obligations, the Issuer shall borrow the amount of not-to-exceed \$4,300,000 and General Obligation Refunding Bonds, Series 2021B, of the Issuer in the principal amount borrowed shall be issued pursuant to Sections 9-21-101 et seq. of the Tennessee Code Annotated, as amended, and other applicable provisions of law.

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

(a) “Bond Fund” shall mean the fund used to pay principal and interest on the Bonds as they become due.

(b) “Bonds” shall mean the General Obligation Refunding Bonds, Series 2021B of the Issuer in an aggregate principal amount of not-to-exceed \$4,300,000 authorized to be issued by this resolution.

(c) “Registration Agent” shall mean the registration and paying agent for the Bonds appointed by the Issuer pursuant to Section 9, or any successor as from time to time designated by the Governing Body.

(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 Issuer or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds.

(e) “Code” shall mean the Internal Revenue Code of 1986, as amended and regulations promulgated thereunder.

(f) “Debt Management Policy” shall mean the Debt Management Policy adopted by the Governing Body on November 15, 2011, as amended on November 7, 2017.

(g) “Depository” shall mean 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) “DRUC” shall mean the Duck River Utility Commission established by interlocal agreement with the City of Tullahoma, Tennessee.

(i) “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.

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

(k) “Duck River Water Projects” shall mean the construction and equipping of extensions and improvements to the water treatment and transmission facilities operated by the Duck River Utility Commission established by interlocal agreement with the City of Tullahoma, Tennessee, the acquisition of all property, real and personal, appurtenant thereto, the payment of legal, fiscal, administrative, architectural and engineering costs incident thereto, the payment of capitalized interest during construction and for up to six months thereafter, and the refinancing of obligations issued for such purposes.

(l) “Duck River Water System” shall mean the water treatment and transmission facilities operated by the Duck River Utility Commission established by interlocal agreement with the City of Tullahoma, Tennessee.

(m) “Fiscal Year” shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year.

(n) “Governing Body” shall mean the Board of Mayor and Aldermen of the Issuer.

(o) “Issuer” shall mean the City of Manchester, Tennessee.

(p) “Mayor” shall mean the duly elected Mayor of the Issuer from time to time.

(q) “Municipal Advisor” shall mean Cumberland Securities Company, Inc., Knoxville, Tennessee.

(r) “Refunded Obligations” shall mean all or a portion of the Issuer’s outstanding General Obligation Refunding Bonds, Series 2016A, dated July 10, 2016.

SECTION 3. Findings of the Governing Body. It is hereby found and determined by the Governing Body as follows:

(a) The refunding of the Refunded Obligations as set forth herein through the issuance of the Bonds will restructure the debt service payments and will reduce the annual debt service on the Refunded Obligations;

(b) The Issuer will be able to amortize the Bonds, together with all other bonds, notes and other financial obligations now outstanding and all additional obligations proposed to be issued by the Issuer;

(c) The proposed bond sale being authorized by this Resolution is feasible, advantageous and in the best interests of the Issuer; and

(d) The issuance of the Bonds <sup>will</sup><sub>-5-</sub> be in compliance with the Issuer’s Debt Management Policy.

SECTION 4. The Mayor is hereby authorized and directed to determine the principal amount of the Bonds not to exceed the principal amount specified in Section 1 to be actually issued (which may be in one or more emissions) and to effect adjustments in the maturity schedule and optional redemption dates set forth herein as authorized in Section 7. The determinations made by the Mayor, as described above, and the finalization of the details of the Bonds and sale of the Bonds by the Mayor shall be binding on the Issuer and no further action

by the Governing Body with respect thereto shall be required. The Mayor shall cause, if advantageous to the Issuer, all or a portion of the Bonds to be insured by one or more bond insurance policies issued by one or more nationally recognized bond insurance companies so long as it is demonstrated to the Mayor's satisfaction either (i) that such insurance is necessary to sell the Bonds, or the portion thereof to be insured, or (ii) the present value of the projected savings in interest costs to the Issuer as a result of obtaining such bond insurance exceeds the premium cost to the Issuer for such bond insurance.

The Mayor, in consultation with the Municipal Advisor, is authorized to sell the Bonds at a competitive public sale or through a private negotiated sale at a price of not less than 98.0% of the par value of the Bonds actually issued, plus accrued interest.

In the event of a competitive public sale of the Bonds, the Mayor is authorized to sell the Bonds at a public sale at a price of not less than 98.0% of the par value of the Bonds actually issued, plus accrued interest. The Mayor is hereby authorized and directed to publish a Notice of Sale for the Bonds and, if appropriate, for any other bonds of the Issuer which are being competitively sold at the same time, in either a financial newspaper having national circulation, or via an electronic communication system that is generally available to the financial community, and the date of publication shall be selected by the Mayor as he may deem appropriate for the purpose of conducting the sale of the Bonds at public sale at the earliest possible date after complying with the requirements of Tennessee Code Annotated, Section 9-21-203 that the Bonds must be advertised for sale for not less than 5 days prior to the sale of the Bonds. If the principal amount of bonds to be sold is not greater than \$5,000,000, then the notice of sale may be published as set forth above or in a newspaper having general circulation in the Issuer. The Notice of Sale shall be in such form, meeting the requirements of Tennessee Code Annotated Section 9-21-202, as shall be approved by the Mayor and the Municipal Advisor. The Bonds shall be sold by physical delivery of bids or by electronic bidding means of an internet bidding service as shall be determined by the Mayor, in consultation with the Municipal Advisor.

In the event of a private negotiated sale, the Mayor is authorized to enter into a Bond Purchase Agreement and/or other agreements as required by the Purchaser or the proposed underwriter of the Bonds detailing the terms of the sale in forms recommended by the

Municipal Advisor and approved by Bond Counsel. In addition, the Purchaser may choose for the Bonds to be issued as a single bond and without using DTC or CUSIP numbers if it so desires.

The Governing Body hereby grants and confirms the authority of the Mayor to enter into a contract with the Municipal Advisor for the provision of Municipal Advisory services in connection with the issuance of the Bonds. The Governing Body hereby grants and confirms the authority of the Mayor to enter into a contract with bond counsel for the provision of legal services in connection with the issuance of the Bonds.

SECTION 5. The Mayor and Finance Director/Recorder of the Issuer (the “City Recorder”), working with the Municipal Advisor, 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 and/or the City Recorder 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 and City Recorder shall arrange for the delivery of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been sold to the successful bidder, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder, and/or members its bidding group initially sell the Bonds. Notwithstanding the foregoing, in the event of a private negotiated sale, the Issuer may forego the preparation of a Preliminary Official Statement and an Official Statement conditioned upon the Purchaser’s execution of an Investment Letter satisfactory to the Mayor, Municipal Advisor and Bond Counsel.

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

the Issuer except for the omission in the Preliminary Official Statement of such pricing and other information.

SECTION 6. Subject to the adjustments permitted pursuant to Section 7, the Bonds shall be designated "General Obligation Refunding Bonds, Series 2021B," shall be dated as of their date of issuance, shall be numbered from R-1 upward, shall be issued in fully registered, book-entry only form, without coupons in the denomination of \$5,000 (or integral multiples thereof), and shall be subject to prior redemption as set forth below. Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. Until exchanged for definitive Bonds, the temporary Bonds shall be entitled to the same benefits as definitive Bonds authenticated and delivered hereunder. Notwithstanding the foregoing, in the event of a private negotiated sale, the Bonds may be issued as a single bond to the Purchaser in the aggregate principal amount of the bonds to be issued and other appropriate changes to the bond form may be made to conform to the bond purchase agreement or other requirements of the Purchaser.

SECTION 7. The Bonds shall bear interest, not exceeding 2.00%, as designated by the Mayor, payable semiannually on February 1 and August 1 of each year commencing February 1, 2022, and shall mature August 1, in the years and in the estimated amounts as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2022	\$ 465,000
2023	\$ 465,000
2024	\$ 470,000
2025	\$ 475,000
2026	\$ 475,000
2027	\$ 480,000
2028	\$ 485,000
2029	\$ 490,000
2030	\$ <u>495,000</u>

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Total	\$ 4,300,000
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The Mayor is authorized to increase or decrease the amount of each maturity, to change the dated date of the Bonds to a date other than their date of issuance, to sell the Bonds in one or more emissions, to change the name and/or series designation of the Bonds, to adjust the principal and interest payment dates of the Bonds, to change or extend the maturity dates of the Bonds, and to change the optional redemption dates and provide for a premium not to exceed

two percent (2%) of the par amount to be redeemed, to combine the issuance of the Bonds with the issuance of bonds pursuant to other authorizing resolutions of the Issuer and to make appropriate changes in the name of the Bonds and other adjustments to recognize such combined issuance, such adjustments to be made as the Mayor in his sole discretion shall deem most advantageous to the Issuer, provided that the aggregate amount of Bonds issued pursuant to this resolution shall not exceed the principal amount set forth in Section 1. The Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as term bonds, the Issuer shall redeem term bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to this Section 7 for each redemption date, as such maturity amounts may be adjusted pursuant to this Section 7, 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 Section 8.

SECTION 8. Subject to the adjustments permitted pursuant to Section 7 hereof, the Bonds maturing June 1, 2022 through June 1, 2028 shall mature without option of prior redemption. Bonds maturing on or after June 1, 2029 shall be subject to redemption on June 1, 2028 and at any time thereafter at a redemption price of par plus interest accrued 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 Bonds within the maturity to be redeemed shall be selected as follows:

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(a) 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

(b) 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.

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

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Issuer not less than twenty (20) (not less than five (5) in the event of a private negotiated sale) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Issuer nor the Registration Agent

shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Issuer pursuant to written instructions from an authorized representative of the Issuer (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

SECTION 9. In the event of a competitive sale, the Issuer hereby appoints Regions Bank, Nashville, Tennessee as the initial paying agent and Registration Agent (the "Registration Agent") with respect to the Bonds and authorizes and directs the Registration Agent to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, and to make all payments of principal and interest with respect to the Bonds as provided herein, and to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange, transfer or cancellation and to furnish the Issuer with a certificate of destruction. The Registration Agent shall maintain registration books for the registration and registration of transfer of the Bonds, which books shall be kept in a manner that complies with the requirements of Section 149 of the Internal Revenue Code of 1986, as amended, and Regulations thereunder (or under corresponding provisions of prior law, if applicable) for recordkeeping relating to "registration-required bonds" and in accordance with the Tennessee Public Obligations Registration Act (T.C.A. §9-19-101 et seq., as amended). In the event of a private negotiated sale, the Mayor may appoint the Finance Director/Recorder as the Registration Agent.

SECTION 10. The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at designated corporate trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds 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 such payment in the United States mail, postage prepaid, addressed to such owners at such owners' addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000.00 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof (or attached thereto) 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 Bonds to the assignee(s) in such authorized denominations, as requested by the registered owner requesting transfer. 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 owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Registration Agent shall be affected by any notice to the contrary, including, but not limited to, any previous transfer request not accompanied by acceptable documentation.

The Bonds shall be signed by the Mayor with his manual or facsimile signature, shall be attested by the City Recorder by his or her manual or facsimile signature, and shall have imprinted or impressed thereon the official seal of the Issuer (or a facsimile thereof).

The Registration Agent is hereby authorized to authenticate and deliver the Bonds from time to time to the original purchasers thereof or as it or they may designate upon receipt by the Issuer of the proceeds of the sale thereof, together with any necessary documentation, 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.

In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Issuer, in its discretion, shall issue, and the Registration Agent 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 substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be about to mature, instead of issuing a substituted Bond the Issuer may pay or authorize payment of such Bond without surrender thereof. In every case, the applicant shall furnish evidence satisfactory to the Issuer and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the Issuer and the Registration Agent, and the Issuer may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Issuer for the expense incurred by it in the issue thereof.

Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Issuer to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Issuer shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Issuer shall deposit with

the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Issuer to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

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 Issuer to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration

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

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

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

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Bonds from the Issuer and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments

thereafter shall be paid by DTC Participants to the Beneficial Owners. The Issuer and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Issuer determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, or (3) the Beneficial Owners of all Bonds shall request that such Bonds no longer be held under The Book-Entry-Only System and shall agree to hold the Bonds for investment and not to reoffer the Bonds, the Issuer shall discontinue the Book-Entry System with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

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

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.

SECTION 11. The Bonds shall be in substantially the following form:

(Form of Bond)

REGISTERED

REGISTERED

Number R-

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF COFFEE

CITY OF MANCHESTER, TENNESEE

GENERAL OBLIGATION REFUNDING BOND,  
SERIES 2021B

Interest Rate:	Maturity Date:	Date of Bond:	CUSIP No.:
_____	August 1, 20_____	_____, 2021	[562400 ____]

Registered Owner: CEDE & CO.

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That the City of Manchester in the State of Tennessee (the "Issuer"), 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 February 1, 2022, and semi-annually thereafter on the first day of February and August 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 corporate trust office of Regions Bank, Nashville, 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 Issuer to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [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 or a custodian of DTC. The Registration Agent is a custodian and agent for DTC and the Bonds will be immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Issuer and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal, 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, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Issuer nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Issuer determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Issuer may discontinue the book-entry system with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the Issuer nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

Bonds of the issue of which this Bond is one maturing June 1, 2022 through June 1, 2028 shall mature without option of prior redemption. Bonds of the issue of which this Bond is one maturing on or after June 1, 2029 shall be subject to redemption at the option of the Issuer, in whole or in part on June 1, 2028 and at any time thereafter at a price of par plus interest accrued to the redemption date.

If Term Bonds are issued, the following provisions shall be included:

[The Issuer shall redeem Bonds maturing June 1, \_\_\_\_\_ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

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

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

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

with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of call for redemption shall be given by the Registration Agent not less than twenty (20) [five (5) in the event of a private negotiated sale] 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 the redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Issuer nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined.

This Bond is transferable by the registered owner hereof in person or by such owner's legal representative duly authorized in writing at the designated corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination

or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Issuer to call such Bond for redemption.

This Bond is one of a series of Bonds, all of like tenor and effect, except as to date, number, rate of interest and principal amount, in an aggregate principal amount of \$\_\_\_\_\_ issued for the purpose of (i) refunding all or a portion of the Issuer's General Obligation Refunding Bonds, Series 2016A, dated July 20, 2016 (the "Outstanding Bonds"), and (iii) paying costs of issuance of the Bonds, and is issued under and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including Tennessee Code Annotated Section 9-21-101 et seq., pursuant to a resolution (the "Resolution") duly adopted by the Board of Mayor and Aldermen of the Issuer on July 6, 2021. Both the principal of and interest on this Bond are primarily payable from taxes to be levied upon all taxable property in said Issuer without limitation as to rate or amount. For the prompt payment of both principal and interest on this Bond, the full faith, credit and resources of the Issuer are hereby irrevocably pledged. The Bonds are allocable to extensions and improvements to water treatment and transmission facilities operated by the Duck River Utility Commission established by interlocal agreement with the City of Tullahoma, Tennessee ("Duck River Water Projects"). The Bonds are additionally payable from, but not secured by, certain net revenues of the Duck River Water System operated by the Duck River Utility Commission, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring such system and to a prior pledge of such revenues in favor of outstanding obligations, if any, allocable to the Duck River Utility Commission. Reference is made to the Resolution for a more complete statement of the revenues from which and the conditions under which this Bond is payable and the general covenants and provisions pursuant to which this Bond is issued.

It is hereby certified, recited and declared that all acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond, in order to make the same a legal, valid and binding obligation of the City of Manchester, Tennessee, have

happened, do exist and have been performed in regular and due time, form and manner as required by law; that due provision has been made for the levy and collection of a direct annual tax, as from time to time may be found necessary, upon all taxable property within the City of Manchester sufficient to pay the principal and interest hereon as the same become due and payable; and that this Bond and the issue of which it forms a part, together with all other indebtedness of the City of Manchester, Tennessee, do not exceed any applicable Constitutional or statutory debt limit.

This Bond and the income herefrom are exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except Tennessee franchise, excise and corporate privilege taxes applicable to certain holders.

If applicable, the following shall be included:

[This Bond is a “qualified tax-exempt obligation” designated (or deemed designated) by the Issuer for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.]

IN WITNESS WHEREOF, the City of Manchester, Tennessee, through its Board of Mayor and Aldermen, has caused this Bond to be signed by its Mayor by his or her manual or facsimile signature and countersigned by the manual or facsimile signature of its Finance Director/Recorder under the impressed or imprinted seal (or a facsimile thereof) of the Issuer all as of the \_\_\_\_ day of \_\_\_\_\_, 2021.

COUNTERSIGNED:

CITY OF MANCHESTER, TENNESSEE

(SEAL)

\_\_\_\_\_  
Finance Director/Recorder

\_\_\_\_\_  
Mayor

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Transferable and payable at the corporate trust office of Regions Bank, Nashville, Tennessee

Date of Registration: \_\_\_\_\_, 2021

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

Regions Bank, as Registration Agent

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

(Form of Assignment)

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ whose address is \_\_\_\_\_  
[\_\_\_\_\_ (please insert social security number or tax identification number)], the within mentioned Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_, or its successor as Registration Agent, to transfer the same on the books kept for registration thereof, with full power of substitution in the premises.

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

\_\_\_\_\_  
Registered Owner

Signature Guaranteed:

\_\_\_\_\_

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

Notice: The signature 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.

SECTION 12. Both the principal of an interest on the Bonds are payable from taxes to be levied on all taxable property in said Issuer without limitation as to rate and amount. For the prompt payment of such principal and interest, the full faith, credit and resources of the City of Manchester, Tennessee are hereby irrevocably pledged, and in order to provide for the payment of the Bonds and the interest thereon, there shall be and there is hereby directed to be levied and collected, at the same time and in the same manner as other taxes of the City of Manchester, Tennessee are levied and collected, a direct tax upon all taxable property within the boundaries of the City of Manchester, Tennessee, in such amount as may be found necessary each year to provide for the payment of the principal of the Bonds and the interest thereon, as the same mature and become due.

The Bonds are allocable to the refinancing of the Outstanding Bonds allocable to extensions and improvements to water treatment and transmission facilities operated by the Duck River Utility Commission established by interlocal agreement with the City of Tullahoma, Tennessee (“Duck River Water Projects”).

The shall be additionally payable from, but not secured by, revenue derived from the operation of the Duck River Water System, including all improvements, extensions or additions thereto, subject only the reasonable and necessary costs of operating, maintaining, repairing and insuring the Duck River Water System and to a prior pledge of such revenues in favor of

outstanding water obligations payable from the operation of the Duck River Water System, if any.

It shall be the duty of the tax-levying and collecting authorities of the City of Manchester, Tennessee, in each year while any of the Bonds issued hereunder shall remain outstanding and unpaid, without any further direction or authority to levy and collect the taxes herein provided for, and the rate of taxation to be levied in each year shall be sufficient, to provide the sums required in each year for the payment of the principal of and interest on the Bonds. Should there be a failure in any year to comply with the requirements of this Section, such failure shall not impair the right of the holders of any of the Bonds in any subsequent year to have adequate taxes levied and collected to meet the obligations of the Bonds herein authorized to be issued, both as to principal and interest. Principal and interest falling due at any time when there are insufficient funds on hand shall be paid from the current funds of the Issuer 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 direct appropriations from the general funds or other funds, taxes and revenues of the Issuer to the payment of debt service on the Bonds.

SECTION 13. Remedies of Bondholders. Except as herein expressly limited, the registered owners of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Tennessee and of the United States of America for the enforcement of payment of such Bonds and the interest thereon and of the pledge of the revenues made hereunder and of the covenants of the Issuer hereunder,

including all the benefits and rights granted by Sections 9-21-101 et seq. of the Tennessee Code Annotated.

SECTION 14. The proceeds of the sale of the Bonds shall be applied by the Issuer as follows:

(a) all accrued interest shall be deposited into the Bond Fund of the Issuer and used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(b) a portion of the proceeds, which, together with other legally available funds of the Issuer and earnings on said proceeds and funds, will be sufficient to pay principal, accrued interest and redemption premium, as appropriate, on the Refunded Obligations on the first date after the date of issuance that the same may be redeemed at the option of the Issuer (the “Call Date”) and at the applicable redemption prices, shall be immediately paid over to the Registration and Paying Agent for the Outstanding Bonds to be held and applied, together with any investment proceeds thereof, on the Call Date for the payment and retirement of the Refunded Obligations; and shall be immediately applied for such purpose; and

(c) the balance of the proceeds from the sale of the Bonds Issuer shall be used to pay all costs of issuance of the Bonds, including, but not limited to, necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premiums, bond rating fees, Registration Agent fees, administrative and clerical costs, and other necessary miscellaneous expenses incurred in connection with the authorization, issuance and sale and delivery of the Bonds;

SECTION 15. (Omitted)

SECTION 16. If the Bonds are issued as tax-exempt obligations, the Issuer recognizes that the purchasers and holders of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is exempt from federal income taxation under laws in force on the date of delivery of the Bonds. In this connection, the Issuer agrees that it shall take no action which may render the interest on any of said Bonds subject to federal income taxation and agrees to take all action as may be necessary to comply with the provisions of the Code and the regulations thereunder in order to maintain or assure the tax-exempt status of the Bonds. It is the reasonable expectation of the Governing Body of the Issuer 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, including any lawful regulations promulgated or proposed thereunder (or under corresponding provisions of prior law, if applicable), 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 of the Issuer 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 Section 148(f) and will take such other actions as shall be necessary or permitted to prevent interest on the Bonds from becoming taxable. The Mayor and the City Recorder or any of them, are authorized and directed to make such certifications in this regard and as is otherwise customary or appropriate in connection with the sale of the Bonds as they shall deem appropriate, and such certifications shall constitute the representations and certifications of the Issuer.

SECTION 17. The Issuer hereby authorizes the Mayor to designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code to the extent the Issuer may legally do so and hereby authorizes the Mayor to make the final determination and designation as to such matters on behalf of the Issuer at the time the Bonds are sold.

SECTION 18. If the Issuer shall pay and discharge the indebtedness evidenced by any series 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) and if the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the Registration Agent for further

payment to the registered owners for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due; or

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

If the Issuer shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in 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 18, neither the 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 Issuer as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later

date, shall, to the extent practicable, be reinvested in 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 Issuer, as received by the Registration Agent.

For the purposes of this Section 18, Defeasance Obligations shall mean (i) direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, and (ii) obligations of any agency or instrumentality of the United States, 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 19. Continuing Disclosure. The Issuer 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. The Mayor is authorized to execute a continuing disclosure 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 the Issuer's obligations relating thereto. Failure of the Issuer to comply with the undertaking herein described and to be detailed in such continuing disclosure agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Issuer to comply with its undertaking as set forth herein and in such continuing disclosure agreement, including the remedies of mandamus and specific performance.

SECTION 20. All other actions of officers of the Issuer in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds are hereby approved and confirmed. The officers of the Issuer are hereby authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds.

SECTION 21. The provisions of this Resolution shall constitute a contract between the Issuer and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full except such changes as shall be required or may be appropriate to assure the validity and/or tax exempt status of the Bonds.

SECTION 22. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall remain in full force and effect, it being expressly hereby found and declared that the remainder of the Resolution would have been adopted by this Governing Body despite the invalidity of such section, paragraph, clause or provision.

SECTION 23. All orders or resolutions in conflict herewith be and the same are hereby repealed insofar as such conflict exists.

SECTION 24. This resolution shall take effect from and after its approval, the general welfare of the City of Manchester requiring it.

Passed and approved July 6, 2021.

(SEAL)

ATTEST:

\_\_\_\_\_  
Finance Director/Recorder

\_\_\_\_\_  
Mayor

EXHIBIT A

REFUNDING LETTER AND REPORT OF THE STATE

STATE OF TENNESSEE

COUNTY OF COFFEE

I, Bridget Anderson, hereby certify that I am the duly elected and qualified Finance Director/Recorder of the City of Manchester, Tennessee, and as such official I further certify that attached hereto is a true and correct copy of excerpts from the minutes of the meeting of the Board of Mayor and Aldermen of the City of Manchester held on Tuesday, July 6, 2021, insofar as same pertains to the proceedings in connection with the issuance of not-to-exceed \$4,300,000 General Obligation Refunding Bonds, Series 2021B of the City of Manchester, Tennessee.

WITNESS my signature and official seal this the \_\_ day of July, 2021.

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Bridget Anderson,  
Finance Director/Recorder  
City of Manchester, Tennessee

(SEAL)