Resolution # 69

RESOLUTION OF THE GOVERNING BODY OF LAKEWOOD, TENNESSEE, AUTHORIZING THE ISSUANCE, SALE, AND PAYMENT OF CAPITAL OUTLAY NOTES NOT TO EXCEED $ 500,000 PURSUANT TO THE INFORMAL BID PROCESS

WHEREAS, the Governing Body of Lakewood, Tennessee, (the "Local Government") has determined that it is necessary and desirable to issue capital outlay notes in the amount of $200,000 (the "Land Note") in order to *currently* provide funds for the following public works projects (the "Project"):

Purchase and improvement of land adjacent to City Hall

and,

WHEREAS, the Local Government has *previously* executed a loan with a financial institution (the "Outstanding Note") without obtaining approval of the State Director of Local Finance, as required by the laws of Tennessee, in the approximate amount of $300,000, of which approximately $290,000 currently remains outstanding, to finance the cost of certain public works projects including the purchase of police vehicles and street equipment and improvements to the City Park;

WHEREAS, under the provisions of Parts I, IV and VI of Title 9, Chapter 21, Tennessee Code Annotated (the "Act"), local governments in Tennessee are authorized to finance the cost of public works projects through the issuance and sale of interest-bearing capital outlay notes upon the approval of the State Director of Local Finance; and

WHEREAS, under the provisions of Part IV of the Act, the Director of Local Finance may approve loans which have been previously issued by local governments without his approval provided such loans are ratified by the local governing body; and

WHEREAS, the Governing Body of the Local Government finds that it is advantageous (a) to authorize the issuance of the Land Note to finance the cost of the Project, (b) to obtain approval from the Director of Local Finance for the Outstanding Note, and (c) to refinance the Outstanding Note at a lower interest cost:

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of Lakewood, Tennessee, as follows:

Section 1. That, (a) with regard to the Outstanding Note, the Governing Body hereby (1) affirms its approval for the previous issuance of this debt in the approximate amount of $300,000 for the purpose of providing funds to finance the cost of certain public works projects including the purchase of police vehicles and street equipment and improvements to the City Park, (2) desires to obtain the approval of the State Director of Local Finance for this debt pursuant to the provisions of Part IV of the Act and (3) desires to currently refinance the outstanding balance of approximately $290,000 at a lower interest cost; and (b) with regard to the Land Note, the Governing Body desires to issue capital outlay notes in an amount not to exceed $200,000 to finance the cost of the Project;

Section 2. That, in order to finance the cost of the Project in and for the Local Government, and to refinance the balance of the Outstanding Note, the Chief Executive Officer of the Local Government is hereby authorized in accordance with the terms of this resolution, and upon approval of the State Director of Local Finance, to issue and sell interest-bearing capital outlay notes (the "Notes") in a principal amount not to exceed Five hundred thousand Dollars ($500,000) by an informal bid process pursuant to the terms, provisions, and conditions permitted by law. The informal bid process is feasible, in the best interest of the Local Government, and the Local Government will be able to amortize these Notes together with all other outstanding obligations. The Notes shall be designated " Land and Refinancing Capital Outlay Notes, Series 2004"; shall be numbered serially from 1 upwards; shall be dated as of the date of issuance; shall be in denomination(s) as agreed upon with the

purchaser; shall be sold at not less than 99% of par value and accrued interest; and shall bear interest at a rate or rates not to exceed the legal limit provided by law.

Section 3. That, the Notes shall mature not later than ten (10) years after the date of issuance and, unless otherwise approved by the State Director of Local Finance, the Notes shall be amortized in an amount reflecting at least level debt service on the Notes. In any event, the term of the Notes shall not exceed the reasonably expected economic life of the Project which is hereby estimated to be at least 10 years.

Section 4. That, the Notes shall be subject to redemption at the option of the Local Government, in whole or in part, at any time, at the principal amount and accrued interest to the date of redemption, without a premium, or, if sold at par, with or without a premium of not exceeding one percent (1%) of the principal amount.

Section 5. That, the Notes shall be direct general obligations of the Local Government, for which the punctual payment of the principal and interest on the notes, the full faith and credit of the Local Government is irrevocably pledged and the Local Government hereby pledges its taxing power as to all taxable property in the Local Government for the purpose of providing funds for the payment of principal of and interest on the Notes. The Governing Body of the Local Government hereby authorizes the levy and collection of a special tax on all taxable property of the Local Government over and above all other taxes authorized by the Local Government to create a sinking fund to retire the Notes with interest as they mature in an amount necessary for that purpose.

Section 6. That, the Notes shall be executed in the name of the Local Government; shall bear the manual signature of the chief executive officer of the Local Government and the manual signature of the county clerk, city recorder or other similar local government official as authorized by the governing body together with the Local Government seal affixed thereon; and shall be payable as to principal and interest at the office of the local government official as authorized by the Local Government or at the office of the paying agent duly appointed by the Local Government. Proceeds of the Notes shall be deposited with the county trustee, in the case of counties, or, in the case of municipalities or metropolitan governments, with the official designated by law as custodian of the funds. All proceeds shall be paid out for the purpose of financing the Project pursuant to this Resolution and as required by law.

Section 7. That, the Notes will be issued in fully registered form and that at all times during which any Note remains outstanding and unpaid, the Local Government or its agent shall keep or cause to be kept at its office a note register for the registration, exchange or transfer of the Notes. The note register, if held by an agent of the Local Government, shall at all times be open for inspection by the Local Government or any duly authorized officer of the Local Government. Each Note shall have the qualities and incidents of a negotiable instrument and shall be transferable only upon the note register kept by the Local Government or its agent, by the registered owner of the Note in person or by the registered owner's attorney duly authorized in writing, upon presentation and surrender to the Local Government or its agent together with a written instrument or transfer satisfactory to the Local Government duly executed by the registered owner or the registered owner's duly authorized attorney. Upon the transfer of any such Note, the Local Government shall issue in the name of the transferee a new registered note or notes of the same aggregate principal amount and maturity as the surrendered Notes. The Local Government shall not be obligated to make any such Note transfer during the fifteen (15) days next preceding an interest payment date on the Notes or, in the case of any redemption of the Notes, during the forty-five (45) days next preceding the date of redemption.

Section 8. That, the Notes shall be in substantially the form authorized by the State Director of Local Finance and shall recite that the Notes are issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated.

Section 9. That, the estimated costs of issuance of the Notes, including any financial advisor fees, legal fees, registration fees, trustee/paying agent fees, rating agency fees; underwriters' discount, printing and advertising fees and other expenses involved in the issuance of the notes will not exceed one thousand dollars ($1,000.)

Section 10. The Notes shall not be sold until receipt of the State Director of Local Finance's written approval for the sale of the Notes.

Section 11. That, the notes are hereby designated as qualified tax-exempt obligations for purpose of Section 265(b) (3) of the Internal Revenue Code of 1986.

Section 12. That, after the sale of the Notes, and for each year that any of the notes are outstanding, the Local Government shall prepare an annual budget in a form consistent with accepted governmental standards and as approved by the State Director of Local Finance (the "Director".) The budget shall be kept balanced during the life of the notes. The annual budget shall be submitted to the Director immediately upon its adoption; however, it shall not become the official budget for the fiscal year until such budget is approved by the Director in accordance with Title 9, Chapter 21, Tennessee Code Annotated (the "Statutes".) If the Director determines that the budget does not comply with the Statutes, the Governing Body shall adjust its estimates or make additional tax levies sufficient to comply with the Statutes, or as directed by the Director.

Section 13. That, if any of the Notes shall remain unpaid at the end of twelve (12) years from the issue date, then the unpaid Notes shall be retired from the funds of the Local Government or be converted into bonds pursuant to Chapter 11 of Title 9 of the Tennessee Code Annotated, or any other law, or be otherwise liquidated as approval by the State Director of Local Finance.

Section 14. That, all orders or resolutions in conflict with this Resolution are hereby repealed insofar as such conflict exists; and this Resolution shall become effective immediately upon its passage.

Duly passed and approved this 25th day of August, 2004.

Charles K Donohue

(Local Government Chief Executive)

ATTESTED:

Virginia Moss

(City Recorder/County Clerk)