

RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF AN INTEREST RATE AGREEMENT IN CONNECTION WITH A LOAN IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$7,236,000 FROM THE PUBLIC BUILDING AUTHORITY OF THE CITY OF CLARKSVILLE, TENNESSEE, TO THE TOWN OF SIGNAL MOUNTAIN, TENNESSEE

WHEREAS, the Town Council (the "Council") of the Town of Signal Mountain, Tennessee (the "Municipality"), desires to enter into a Loan Agreement (the "Loan Agreement"), in the original principal amount of not to exceed \$7,236,000, between The Public Building Authority of the City of Clarksville, Tennessee and the Municipality, for the purpose of financing a portion of the costs of the acquisition, construction, and equipping of a new high school/middle school in the Town of Signal Mountain, and to pay legal, fiscal, administrative, and engineering costs, and to pay costs incident to the financing thereof;

WHEREAS, the rate of interest payable under such Loan Agreement will be a variable rate;

WHEREAS, the Council has determined that in order to reduce the Municipality's exposure to changes in interest rates, it is necessary and desirable to enter into an Interest Rate Cap Agreement (the "Cap Agreement"), with respect to such Loan Agreement;

WHEREAS, Section 12-10-116, Tennessee Code Annotated, as amended, provides that the Municipality may enter into the Cap Agreement, subject to the compliance with those certain Guidelines for Interest Rate and Forward Purchase Agreements (the "Guidelines");

WHEREAS, the Municipality has submitted a request for a report from the Comptroller of the State of Tennessee, as required by the Guidelines; and,

WHEREAS, the Municipality received a report from the Comptroller of the Treasury, Division of Local Finance, dated February 12, 2007.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SIGNAL MOUNTAIN, TENNESSEE:

Section 1. Approval of the Cap Agreement. The Municipality hereby authorizes and approves the execution and delivery of the Cap Agreement in connection with the Loan Agreement, such Cap Agreement to be in substantially the form of the International Swaps and Derivatives Association, Inc. Standard Documentation, the form of which is presented to this meeting, with a financial institution whose debt is rated "A" or better by Standard & Poor's or Moody's Investors Service, in a notional amount which in the aggregate does not exceed the principal amount outstanding under the Loan Agreement declining in accordance with the amortization schedule attached to the Loan Agreement, having a term not longer than the final maturity of the principal payable under the Loan Agreement, and providing for a fixed rate of interest on the Loan Agreement of not to exceed six percent (6%) (the rate shall be the rate, as determined by the Mayor executing the Loan Agreement, which shall provide the most cost effective interest rate cap).

The Council hereby authorizes the Mayor of the Municipality to execute and deliver the Cap Agreement and any related documents necessary to the consummation of the transactions contemplated by the Cap Agreement. The Mayor on behalf of the Council of the Municipality is hereby authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Cap Agreement.

Section 2. Fulfillment of Obligations. The Council of the Municipality is authorized and directed to fulfill all obligations under the terms of the Cap Agreement.

Section 3. Miscellaneous Acts. The Mayor, the Recorder, the Town Manager, the Town Attorney, and all other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, in connection with the execution of the Cap Agreement, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution; or any of the documents herein authorized and approved.

Section 4. Ratification of Prior Actions. The Council of the Municipality hereby ratifies and confirms all prior actions taken and all resolutions heretofore adopted by the Council, including but not limited to, that certain Resolution No. R2006-31, authorizing the execution and delivery of the Loan Agreement and the incurrence of the indebtedness evidenced by such Loan Agreement.

Section 5. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit, or describe the scope or intent of any provision hereof.

Section 6. Severability. Should any provision or provisions of this Resolution be declared invalid or unenforceable in any respect by final decree of any court of competent jurisdiction, the invalidity or unenforceability of such section, paragraph, ordinance, or provisions shall not affect the remaining provisions of such Resolution.

Section 7. Repeal of Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 8. Effective Date. This Resolution shall take effect upon its adoption, the welfare of the Municipality requiring it.

Adopted this 12 day of February, 2007.

  
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 MAYOR

(SEAL)

Attest:

  
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 TOWN RECORDER