

RESOLUTION NO. 32076

A SECOND SUPPLEMENTAL RESOLUTION SUPPLEMENTING AND AMENDING RESOLUTION NO. 31331 FOR THE PURPOSE OF PROVIDING FOR AND AFFIRMING THE ISSUANCE OF, PURSUANT TO RESOLUTION NO. 31331, AS SUPPLEMENTED AND AMENDED, THAT CERTAIN STATE REVOLVING FUND PROJECT LOAN AGREEMENT (SRF 2023-478), BY AND AMONG THE CITY, THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION AND THE TENNESSEE LOCAL DEVELOPMENT AUTHORITY, AND MAKING CERTAIN REPRESENTATIONS AND CERTIFICATIONS IN CONNECTION THEREWITH.

WHEREAS, pursuant to the Act and the Charter (as such terms are hereafter defined), the City of Chattanooga, Tennessee (the "City") owns or leases and operates a sewer system (as more particularly described in the hereinafter defined Sewer Bond Resolution, the "System");

WHEREAS, the City is authorized under the Act and the Charter to incur indebtedness payable from System revenues ("System Indebtedness") for the purposes of funding capital improvements to the System; and

WHEREAS, the City Council of the City (the "City Council"), on October 18, 2022, adopted Resolution No. 31331 (as thereafter supplemented and amended, the "Sewer Bond Resolution"), authorizing the issuance from time to time of System Indebtedness upon the adoption by the City Council of a supplemental resolution, providing for the terms of such System Indebtedness; and

WHEREAS, the City has previously authorized and issued its Sewer Revenue Bond, Series 2022 (WIFIA ID – N21106TN) (the "WIFIA Loan") pursuant to the Sewer Bond Resolution, as supplemented and amended by Resolution No. 31333, adopted by the City Council on October 18, 2022 (the "First Supplemental Resolution"), for the purpose of financing System improvements; and

WHEREAS, the City has also previously authorized, issued, executed and delivered that certain State Revolving Fund Project Loan Agreement (SRF 2023-478), dated October 10, 2023, by and among the City, the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority (the "SRF 2023-478 Loan" and attached hereto as Exhibit A), pursuant to Resolution No. 31771, adopted by the City Council on September 12, 2023, for the purpose of financing System improvements; and

WHEREAS, the SRF 2023-478 Loan is secured by and payable from those revenues and funds, including System revenues, as provided therein; and

WHEREAS, upon its issuance, execution and delivery, the SRF 2023-478 Loan was secured by a pledge of and lien on System revenues on a basis subordinate to the pledge of and lien on System revenues in favor of both Senior Bonds and Junior Bonds (as defined in the Sewer Bond Resolution); and

WHEREAS, the Sewer Bond Resolution contemplates that State Revolving Fund Loans be issued as Junior Bonds under the Sewer Bond Resolution secured by a pledge of lien on the Trust Estate on parity and equality of lien with each other and all other Junior Bonds issued by the City, including the WIFIA Loan, all in the manner provided by and described in the Sewer Bond Resolution (all terms used but not defined herein having such meanings ascribed in the Sewer Bond Resolution); and

WHEREAS, the City desires to provide for and affirm the issuance, execution and delivery of the SRF 2023-478 Loan pursuant to the terms of the Sewer Bond Resolution and provide for and affirm the issuance and delivery of the SRF 2023-478 Loan as a Junior Bond thereunder; and

WHEREAS, to modify the lien position of the SRF 2023-478 Loan and provide that such SRF 2023-478 Loan is a Junior Bond under the Sewer Bond Resolution, the City must request of and get approval from the Tennessee Local Development Authority or other applicable agency of the State of Tennessee (the "State Administration"); and

WHEREAS, the City desires to request the State Administration to modify the lien position of the SRF 2023-478 Loan so that it is secured by a pledge of lien on the Trust Estate on a parity and equality of lien with Junior Bonds in the manner provided in the Sewer Bond Resolution; and

WHEREAS, the City hereby determines to supplement and amend the Sewer Bond Resolution by the adoption of this Second Supplemental Resolution for the purpose of providing for and affirming the issuance of that certain SRF 2023-478 Loan pursuant to the Sewer Bond Resolution as a Junior Bond thereunder, upon approval by the State Administration, and making certain representations and certifications in connection therewith; and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE AS FOLLOWS:

ARTICLE I.
AUTHORITY; FINDINGS; DEFINITIONS

Section 1.1. Resolution Supplemental to the Sewer Bond Resolution. This Second Supplemental Resolution is a Supplemental Resolution, as defined in the Sewer Bond Resolution, providing for the issuance of a series of Bonds thereunder.

Section 1.2. Findings. The City Council hereby ratifies and affirms that the financing provided by the SRF 2023-478 Loan is permitted by and in accordance with the Debt Management Policy.

Section 1.3. Definition of Terms. Capitalized terms not otherwise defined herein shall have the meaning ascribed in the Sewer Bond Resolution. The following words and terms as used herein, whether or not capitalized, shall have the following meanings, unless the context or use indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined:

Act means Tennessee Code Annotated Sections 7-34-101 et seq. and 9-21-101 et seq., as amended.

Charter means the Charter of the City, as amended.

Debt Management Policy means the debt management policy of the City adopted by the City Council on the date hereof, as may be hereafter amended.

First Supplemental Resolution has the meaning ascribed in the preamble.

Second Supplemental Resolution means this Supplemental Resolution, which is the second resolution supplemental to the Sewer Bond Resolution.

Sewer Bond Resolution has the meaning ascribed in the preamble.

SRF 2023-478 Loan has the meaning ascribed in the preamble.

WIFIA Loan has the meaning ascribed in the preamble.

ARTICLE II.
TERMS OF LOAN AND PLEDGE OF TRUST ESTATE

Section 2.1. **Terms of SRF Loan.** The City has previously authorized, executed, issued and delivered its SRF 2023-478 Loan for the purposes of financing System improvements upon the terms therein. The City hereby provides for and affirms, as applicable, the execution, issuance and delivery of the SRF 2023-478 Loan pursuant to and in accordance with the Sewer Bond Resolution, in the manner provided herein, and all applicable provisions of law.

The issuance, execution and delivery of the SRF 2023-478 Loan on the terms and basis therein are hereby affirmed, and no modification to the SRF 2023-478 Loan, other than its lien position as provided herein and further described in Section 2.2 below, is contemplated or effectuated by this Second Supplemental Resolution.

Section 2.2. **Pledge of Trust Estate and Security of SRF Loan.** Upon approval by the State Administration of the City's request to modify the lien position of the SRF 2023-478 Loan, the SRF 2023-478 Loan shall be considered a Junior Bond issued pursuant to the Sewer Bond Resolution and shall be payable from and secured by the Trust Estate, as set forth in the Sewer Bond Resolution, on a parity and equality of lien with the Outstanding Junior Bonds. The SRF 2023-478 Loan is and shall be payable from and secured by any additional revenues and funds of the City provided pursuant to the terms of such SRF 2023-478 Loan and as previously authorized by Resolution No. 31771 of the City.

If and when the SRF 2023-478 Loan is considered issued pursuant to the Sewer Bond Resolution in accordance with the provisions herein, remedies available to the holder of the SRF 2023-478 Loan upon an Event of Default shall be those provided in the SRF 2023-478 Loan and any other remedies provided by the Sewer Bond Resolution, all in accordance with Section 801 of the Sewer Bond Resolution.

ARTICLE III.
MISCELLANEOUS

Section 3.1 **Miscellaneous Acts.** The appropriate officers of the City are hereby authorized, empowered, and directed to take all steps as necessary to request the State Administration to modify the lien position of the SRF 2023-478 Loan as contemplated in this Second Supplemental Resolution, and any actions heretofore taken in this regard or otherwise taken in connection with the issuance, execution and delivery of the SRF 2023-478 Loan pursuant to the Sewer Bond Resolution are hereby authorized, ratified and affirmed. The appropriate officers of the City are hereby further authorized, empowered, and directed to do any and all other such acts and things, and to execute, acknowledge, deliver, and, if applicable file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, notices, instruments, and certifications, 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 Second Supplemental Resolution and the administration of the SRF 2023-478 Loan.

Section 3.2 **No Recourse Under Resolution.** All stipulations, promises, agreements, and obligations of the City contained in the Sewer Bond Resolution or this Second Supplemental Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the City and not of any

officer, director, or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on any indebtedness issued in connection therewith for any claim based thereon or on the Sewer Bond Resolution or this Second Supplemental Resolution against any officer, director, or employee of the City or against any official or individual executing any document in connection with indebtedness issued pursuant to the Sewer Bond Resolution or this Second Supplemental Resolution.



Section 3.3 Partial Invalidity. If any one or more of the provisions of this Second Supplemental Resolution, or of any exhibit or attachment hereto, shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, or of any exhibit or attachment hereto, but this Second Supplemental Resolution, and any exhibits and attachments hereto, shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 3.4 Conflicting Legislation Repealed. All orders, resolutions, or ordinances in conflict with this resolution are and the same are repealed insofar as such conflict exists.

Section 3.5 Effective Date. This Second Supplemental Resolution shall take effect from and after its adoption, the welfare of the City requiring it.

[signature page follows]

Duly passed and approved this May 7, 2024:

, Council Chairman


Tim Kelly, Mayor

WITNESS:



Nicole Gwyn, Clerk



Exhibit A

SRF 2023-478 Loan

(attached)

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