

**RESOLUTION NO. 2023-34**

**RESOLUTION AUTHORIZING THE ISSUANCE OF AN ELECTRIC SYSTEM REVENUE BOND, SERIES 2023 IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,575,000 OF THE JELICO UTILITIES AUTHORITY; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BOND; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES FROM THE ELECTRICAL POWER DISTRIBUTION SYSTEM OF THE AUTHORITY; AND MAKING PROVISION FOR THE OPERATION OF SAID SYSTEM.**

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**WHEREAS**, Jellico Utilities Authority (the "Authority") has been created as a governmental authority and public corporation pursuant to the Municipal Energy Authority Act, Sections 7-36-101 et seq., Tennessee Code Annotated, as amended (the "Act"); and

**WHEREAS**, the Act authorizes the Authority to issue its revenue bonds to provide for the funding of capital projects for the electric system of the Authority (the "System"), including without limitation (i) the costs of construction of additions, betterments, improvements to and extensions to the System; (ii) the acquisition of all property real or personal appurtenant thereto; and (iii) the payment of legal, fiscal, engineering, architectural and administrative fees in connection therewith (the "Project"); and

**WHEREAS**, in order to obtain funds to finance the Project, the Board of Directors of the Authority has determined that it is necessary and advisable for the Authority to issues its revenue bond; and

**WHEREAS**, as required by the Act, the Authority has submitted a proposed plan of finance to the office of the Comptroller of the State of Tennessee, and his office has issued its report thereon, a copy of which has been published on the Authority website and distributed to each member of the Board of Directors; and

**WHEREAS**, it is the intention of the Board of Directors of the Authority to adopt this resolution for the purpose of authorizing an electric system revenue bond in a principal amount not to exceed \$1,575,000 for the purposes described above and more fully described herein; establishing the terms of the bond; and providing for the issuance, sale and payment of said bond, the disposition of proceeds therefrom, and the collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on said bond;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE JELICO UTILITIES AUTHORITY AS FOLLOWS:**

**ARTICLE I.  
DEFINITIONS**

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

"Acquired System" shall mean any electrical power generation, transmission and/or distribution system acquired by the Authority and/or any such facilities hereafter constructed or otherwise established by the Authority pursuant to the Act.

"Act" shall mean Sections 7-36-101 *et seq.*, Tennessee Code Annotated, as amended.

"Authority" means the Jellico Utilities Authority.

"Balloon Indebtedness" shall mean any bonds, notes or other indebtedness, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period.

"Board of Directors" means the Board of Directors of the Authority.

"Bonds" means the Series 2023 Bond and any Parity Bonds.

"Bond Proceeds Fund" means the Bond Proceeds Fund established pursuant to Article XI of this resolution.

"Capital Appreciation Bonds" shall mean bonds which bear interest at a stated interest rate of 0.0% per annum, have a value on any applicable date equal to the Compound Accreted Value thereof on that date, and are payable only at maturity or earlier redemption.

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

"Compound Accreted Value" shall mean the value at any applicable date of any Capital Appreciation Bonds computed as the original principal amount thereof for each maturity date plus an amount equal to interest on said principal amount (computed on the basis of a 360-day year of twelve 30-day months) compounded semiannually on such dates as shall be established by the resolution authorizing Capital Appreciation Bonds, from the dated date to said applicable date at an interest rate which will produce at maturity the Maturity Amount for such maturity date.

"Consulting Engineer" means (i) an engineering firm or individual engineer employed by the Authority with substantial experience in advising municipal electric power systems as to the construction and maintenance of such systems and in the projection of costs of expansion of such systems or (ii) an engineer or engineers who are employees of the Authority whose reports or projections are certified by a Financial Adviser.

"Credit Facility" means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the Authority provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.

"Debt Service Requirement" means the total principal, Maturity Amounts and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the Authority or any paying agent for the Bonds or other obligations of the Authority payable from all or some portion of Gross Earnings), for any period of 12 consecutive calendar months for which such a determination is made, provided:

(a) The Debt Service Requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the Authority, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Adviser.

(b) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short-Term Indebtedness, at the option of the Authority, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Adviser to be the interest rate at which the Authority could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph shall not be applicable for purposes of determining the Debt

Service Requirement for purposes of Section 7.4 of this resolution unless the Authority has expressly resolved prior to the commencement of the relevant Fiscal Year to refinance, or retire from available System funds, such Balloon Indebtedness or Short-Term Indebtedness coming due in such Fiscal Year.

"Debt Service Sinking Fund" shall mean the Debt Service Sinking Fund established pursuant to Section 6.1(b) hereof.

"Defeasance Obligations" shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

"Federal Tax Certificate and Agreement" means a certificate and agreement of the Authority to establish and preserve the tax-exempt status of the Series 2023 Bond under Sections 103 and Sections 141-150 of the Code.

"Financial Adviser" means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the Authority for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the Authority, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Adviser has been retained. With respect to the Series 2023 Bond, the Financial Adviser shall be Cumberland Securities Company, Inc.

"Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.

"Fiscal Year" means each fiscal year of the Authority, which initially is the twelve-month period commencing July 1<sup>st</sup> of each year and ending June 30<sup>th</sup> of the following year.

"Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, determined in accordance with generally accepted accounting principles; proceeds from the sale of System property; proceeds of System-related insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the System); provided, however, at the election of the Board of Directors, the term "Gross Earnings" as used herein shall not include any revenues, rentals, earnings or other income received from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Bonds.

"Loan Agreement" shall mean any agreement or contract entered into by the Authority whereby a third party agrees to advance funds to the Authority and the Authority agrees to repay those funds with interest from all or a portion of Gross Earnings.

"Maturity Amount" shall mean the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.

"Maximum Annual Debt Service Requirement" means the maximum annual Debt Service Requirement for any Fiscal Year.

"Net Revenues" shall mean (i) Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets and further excluding non-cash or non-recurring items, including but not limited to, contributions in aid of construction, less (ii) Operating Expenses.

"Operating Expenses" means and shall include but not be limited to, expenses for ordinary repairs, removals and replacements of the System, salaries and wages, employees' health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses (including legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting or technical services not funded with proceeds of bonds, notes or other debt obligations), insurance expenses, taxes, payments in-lieu-of-taxes and other governmental charges, the imposition or amount of which is not subject to control of the Board of Directors, any payments made by the Authority during any Fiscal Year to purchase electrical power for distribution and sale during or after the end of that Fiscal Year, and other payments made under any electrical power supply contract or commodity swap or other hedging mechanism, and any principal or interest payments made by the Authority during any Fiscal Year on bonds, notes or other obligations, including loan agreements, issued or entered into for the purpose of financing the purchase of electrical power, and to the extent so provided by the resolution authorizing such bonds, notes or obligations and to the extent not inconsistent with generally accepted accounting principles. Operating Expenses do not include depreciation or obsolescence charges or reserves therefore, amortization of intangibles or other bookkeeping entries of a similar nature, on bonds, notes or other debt obligations of the System payable from Net Revenues of the System, costs or charges made therefor, capital additions, replacements, betterments, extensions or improvements to or retirement from the System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System, nor such property items, including taxes and fuels, which are capitalized pursuant to the then existing accounting practices of the Authority or expenses of an Acquired System if revenues of the Acquired System are not included in Gross Earnings at the election of the Board of Directors.

"Parity Bonds" means bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short-Term Indebtedness and Variable Rate Indebtedness, issued or entered into by the Authority on a parity with the Series 2023 Bond herein authorized in accordance with the restrictive provisions of Article IX hereof, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings.

"President" means the duly appointed President and CEO of the Authority, or such person as may be lawfully acting in his or her place.

"Project" means capital acquisitions, extensions, additions, betterments, and improvements to the System, including without the acquisition of all property real or personal appurtenant thereto, and the payment of legal, fiscal, engineering, architectural and administrative fees in connection therewith.

"Registration Agent" means the registration and paying agent selected by the President of the Authority, which may be the President of the Authority.

"Reserve Fund" shall mean the Debt Service Reserve Fund established pursuant to Section 6.1(d) hereof.

"Reserve Fund Credit Facility" means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Debt Service Sinking Fund to pay when due principal of and interest on all or a portion of the Bonds.

"Reserve Fund Credit Facility Issuer" means, at the time at which such Reserve Fund Credit Facility is purchased, an issuer of a Reserve Fund Credit Facility that has a credit rating not lower than the rating on any Bonds to be secured thereby from each Rating Agency that rates both such issuer and such Bonds.

"Reserve Fund Requirement" means an amount determined from time to time by the Authority as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant to the resolution authorizing such Bonds. With respect to the Series 2023 Bond authorized herein, the President shall be authorized to establish the Reserve Fund Requirement, if any, in connection with the sale of the Series 2023 Bond.

"Revenue Fund" shall have the meaning ascribed in Section 6.1 hereof.

"Series 2023 Bond" means the electric system revenue bond authorized to be issued by this resolution.

"Short-Term Indebtedness" means bonds, notes, Loan Agreements or other debt obligations, including Variable Rate Indebtedness, maturing five years or less from their date of issuance, issued by the Authority as Parity Bonds in accordance with the restrictive provisions of Article IX hereof.

"State" means the State of Tennessee.

"System" means the electrical power distribution system owned and operated by the Authority, any electrical power distribution and/or transmission system hereafter acquired, constructed or otherwise established, including all improvements and extensions made by the Authority while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Board of Directors, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Board of Directors, not become a part of the System but be operated as a separate and independent system by the Authority with the continuing right, upon the election of the Board of Directors, to incorporate such separately Acquired System within the System.

"Variable Rate Indebtedness" means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

## **ARTICLE II. AUTHORIZATION AND TERMS OF THE SERIES 2023 BOND**

2.1 Authorization and Purpose. For the purpose of providing funds finance the Project, fund the Reserve Fund Requirement for the Series 2023 Bond, if applicable, and pay the costs of issuing the Series 2023 Bond, the Board of Directors hereby authorizes the issuance of electric system revenue bonds of the Authority.

2.2 General Terms.

- (a) The Series 2023 Bond shall be issued in a principal amount not to exceed \$1,575,000.
- (b) The Series 2023 Bond shall be known as the "Electric System Revenue Bond, Series 2023".
- (c) The Series 2023 Bond shall be dated its delivery date.
- (d) The Series 2023 Bond shall be issued in any whole dollar amount as shall be determined by the President.
- (e) The Series 2023 Bond shall bear interest payable as determined by the President and as is required by the purchaser of the Series 2023 Bonds, at an interest rate not to exceed the maximum rate permitted by applicable law.
- (f) The Series 2023 Bond shall be issued as a single maturity with annual sinking fund redemption payments on each June 1, commencing no earlier than June 1, 2024 and ending no later than June 1, 2033, in such amounts as shall be established by the President; provided that the resulting debt service schedule shall be substantially consistent with the estimated debt service schedule attached hereto as Exhibit A.

2.3 Registration. The Authority hereby authorizes and directs the Registration Agent to maintain Series 2023 Bond registration records with respect to the Series 2023 Bond, to authenticate and deliver the Series 2023 Bond as provided herein, either at original issuance or upon transfer, to effect transfers of the Series 2023 Bond, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2023 Bond as provided herein, to cancel and destroy Series 2023 Bond which have been paid at maturity or upon earlier redemption or submitted for transfer, to furnish the Authority at least annually a certificate of destruction with respect to Series 2023 Bond canceled and destroyed, and to furnish the Authority at least annually an audit confirmation of Series 2023 Bond paid, Series 2023 Bond outstanding and payments made with respect to interest on the Series 2023 Bond. If the Registration Agent is not an officer or employee of the Authority, the President is hereby authorized to execute and the Secretary is hereby authorized to attest such written agreement between the Authority and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

2.4 Payment. The Series 2023 Bond shall be payable, both principal and interest, in lawful money of the United States of America. The Registration Agent shall make all interest payments with respect to the Series 2023 Bond by check or draft on each interest payment date directly to the registered owner as shown on the Series 2023 Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Series 2023 Bond registration records, without, except for final payment, the presentation or surrender of such registered Series 2023 Bond, and all such payments shall discharge the obligations of the Authority in respect of such Series 2023 Bond to the extent of the payments so made. Payment of principal of and premium, if any, on the Series 2023 Bond shall be made upon presentation and surrender of such Series 2023 Bond to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a 360 day year comprised of twelve months of 30 days each. If requested by any registered owner of the Series 2023 Bond, payment of interest on the Series 2023 Bond 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.

2.5 Defaulted Interest. Any interest on any Series 2023 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 Authority to the person in whose names the Series 2023 Bond is 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 Authority shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2023 Bond and the date of the proposed payment, and at the same time the Authority 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 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 15 nor less than 10 days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Authority of such Special Record Date and, in the name and at the expense of the Authority, not less than ten 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 the registered owner at the address thereof as it appears in the Series 2023 Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Series 2023 Bond 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 Authority to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series 2023 Bond when due.

2.6 Transfer. The Series 2023 Bond is transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Series 2023 Bond to be

transferred with the form of assignment contained therein completed in full and signed with the name of the registered owner as it appears upon the face of the Series 2023 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series 2023 Bond in such form and with such documentation, if any, the Registration Agent shall issue a new Series 2023 Bond in the same denomination as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer any Series 2023 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2023 Bond, nor to transfer any Series 2023 Bond after the publication of notice calling such Series 2023 Bond for redemption has been made, nor to transfer any Series 2023 Bond during the period following the receipt of instructions from the Authority to call such Series 2023 Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. The person in whose name any Series 2023 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Authority nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series 2023 Bond shall be overdue. No charge shall be made to any registered owner for the privilege of transferring any Series 2023 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer.

2.7 Execution. The Series 2023 Bond shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Authority with the manual or facsimile signature of the President and attested by the manual or facsimile signature of the Secretary of the Board of Directors.

2.8 Lost and Stolen Bonds. In case any Series 2023 Bond shall become mutilated, or be lost, stolen, or destroyed, the Authority, in its discretion, shall issue, and the Registration Agent, upon written direction from the Authority, shall authenticate and deliver, a new Series 2023 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series 2023 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series 2023 Bond, or if any such Series 2023 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series 2023 Bond the Authority may pay or authorize payment of such Series 2023 Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Authority and the Registration Agent of the destruction, theft or loss of such Series 2023 Bond, and indemnity satisfactory to the Authority and the Registration Agent; and the Authority may charge the applicant for the issue of such new Series 2023 Bond an amount sufficient to reimburse the Authority for the expense incurred by it in the issue thereof.

### **ARTICLE III. REDEMPTION**

3.1 Optional Redemption. The Series 2023 Bond shall be subject to redemption at the option of the Authority at any time, in whole or part, at price of par plus interest accrued to the redemption date.

3.2 Mandatory Redemption. Pursuant to Article X hereof, the President shall sell the Series 2023 Bond as a single term bond with mandatory redemption requirements corresponding to the principal payment schedule determined by the President. The Authority shall redeem the Series 2023 Bond on redemption dates corresponding to the principal payment dates set forth therein, as such payment amounts are established pursuant to Article X hereof, at a price of par plus accrued interest thereon to the date of redemption.

3.3 Redemption Notice. Notice of call for optional redemption (no notice shall be required for mandatory redemption), shall be given by the Registration Agent on behalf of the Authority not less than 5 nor more than 60 days prior to the date fixed for redemption by sending an appropriate notice to the registered owner of the Series 2023 Bond to be redeemed by first-class mail, postage prepaid, at the address shown on the Series 2023 Bond registration records of the Registration Agent as of the date of the notice provided that the registered owner of the Series 2023 Bond may waive mailed notice and may accept electronic notice of redemption by confirmation of receipt of such notice by electronic mail. Failure of any owner to receive such notice if properly given in the manner described above shall not affect the validity of the proceedings of the redemption of the Series 2023 Bond held by such owner. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). Except as permitted above, the Registration Agent shall mail said notice as and when

directed by the Authority pursuant to written instructions from an authorized representative of the Authority (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least 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, the Series 2023 Bond or portion thereof 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. In the case of a Conditional Redemption, the failure of the Authority to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the affected Bondholders that the redemption did not occur and that the Series 2023 Bond called for redemption and not so paid remain outstanding.

**ARTICLE IV.  
SOURCE OF PAYMENT AND SECURITY**

The Bonds shall be payable solely from and secured solely by a pledge of the Net Revenues. The punctual payment of principal of and premium, if any, and interest on the Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

**ARTICLE V.  
FORM OF SERIES 2023 BOND**

The Series 2023 Bond shall be in substantially the following form, the omissions to be appropriately completed when the Series 2023 Bond is prepared and delivered:

REGISTERED

REGISTERED

Number \_\_\_\_

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

UNITED STATES OF AMERICA

STATE OF TENNESSEE  
JELICO UTILITIES AUTHORITY  
ELECTRIC SYSTEM REVENUE BOND, SERIES 2023

Interest Rate:      Maturity Date:

Date of Bond:

Registered Owner:

Principal Amount:

The Jellico Utilities Authority, duly incorporated pursuant to the laws of the State of Tennessee (the "Authority"), 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, 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, said interest being payable on \_\_\_\_\_, and \_\_\_\_\_ thereafter on the first day of \_\_\_\_\_ and \_\_\_\_\_ 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 at the office of \_\_\_\_\_, 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 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 Authority 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 persons 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 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.

This Bond is issued by the Authority for the purpose of providing funds for (i) the costs of construction of additions, betterments, improvements to and extensions to the Authority's electric transmission and distribution system (the "System"); (ii) the acquisition of all property real or personal appurtenant thereto; and (iii) the payment of legal, fiscal, engineering, architectural and administrative fees in connection therewith, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 7-36-101, *et seq.*, Tennessee Code Annotated, as amended, and pursuant to a resolution duly adopted by the Board of Directors of the Authority on \_\_\_\_\_, 2023 (the "Resolution").

This Bond is payable solely from and secured solely by a pledge of revenues to be derived from the operation of the System, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System. As provided in the Resolution, the punctual payment of principal of and interest on the Bond, and any other bonds hereafter issued on a parity therewith, shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. Said revenues are required by law and by the proceedings pursuant to which this Bond is issued to be fully sufficient to pay the cost of operating, maintaining, repairing, and insuring the System, including reserves therefor, and to pay principal of and interest on this Bond and the issue of which it is a part promptly as each becomes due and payable. The Authority has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part as each becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants, and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

This Bond shall be subject to redemption prior to maturity at the option of the Authority on or after \_\_\_\_\_, as a whole or in part at any time at the redemption price of par plus interest accrued to the redemption date.

The Authority shall redeem this Bond on the redemption dates set forth below, in 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. The dates of redemption and principal amount of this Bond to be redeemed on said dates are as follows:

Redemption Date	Principal Amount of Bonds <u>Redeemed</u>
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Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than five (5) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owner 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 or as is provided in the Resolution. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional 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. In the case of a Conditional Redemption, the failure of

the Authority to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the affected Bondholders that the redemption did not occur and that the Series 2023 Bond called for redemption and not so paid remain outstanding.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Authority 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. The Registration Agent shall not be required to transfer 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 any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Authority to call such Bond for redemption.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed by its President and attested by the Secretary of its Board of Directors, all as of the date hereinabove set forth.

JELICO UTILITIES AUTHORITY

By: \_\_\_\_\_  
President and CEO

ATTESTED:

\_\_\_\_\_  
Secretary of the Board  
of Directors

Transferable and Payable at: \_\_\_\_\_

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

This Bond is issued pursuant to the Resolution hereinabove described.

\_\_\_\_\_  
Registration Agent  
By: \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, whose address is \_\_\_\_\_ (Please insert Federal Identification of Social Security Number of Assignee \_\_\_\_\_), the within Bond of the Jellico Utilities Authority, and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

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

\_\_\_\_\_  
Notice: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular, without enlargement or alteration, or any change whatsoever.

Signature guaranteed:

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

**ARTICLE VI.  
APPLICATION OF REVENUES**

6.1 Application of Revenues. From and after the delivery of any of the Series 2023 Bond hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by the Authority to the Revenue Fund hereby established (the "Revenue Fund"), administered and controlled by the Board of Directors. The funds so deposited in the Revenue Fund created under this Series 2023 Resolution shall be used only as follows:

(a) Operating Expenses. The money in the Revenue Fund shall be used first from month to month for the payment of Operating Expenses.

(b) Debt Service Sinking Fund. The money thereafter remaining in the Revenue Fund shall next be used to make deposits into a separate and special fund, to be known as the "Debt Service Sinking Fund" (the "Debt Service Sinking Fund") to be kept separate and apart from all other funds of the Authority and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to Article XII hereof, beginning in the month next following delivery of the Series 2023 Bond.

For the period commencing with the month next following the delivery of any Bonds, to and including the month of the next interest payment date for such Bonds, each monthly deposit as to interest shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in said Fund, will be equal to interest due on such Bonds on the next interest payment date, and for each six month period thereafter, each monthly deposit as to interest for such Bonds shall be an equal to not less than one-sixth (1/6<sup>th</sup>) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts.

For the period commencing with the month next following the delivery of any Bonds to and including the month of the next principal payment for such Bonds, each monthly deposit as to principal shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said Fund, will be equal to the principal due on such Bonds on the next principal payment date (provided that, in the event that the next principal payment date is more than 12 months following the month next following delivery of such Bonds, monthly deposits to the Debt Service Sinking Fund in respect of principal shall begin in the month which is 12 months prior to the month of the next principal payment date), and for each twelve-month period thereafter, each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth (1/12<sup>th</sup>) of the principal amount or Maturity Amount, as the case may be, coming due on such Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts.

No further deposit shall be required as to any Bonds when the Debt Service Sinking Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date, the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Bonds, the deposits may be adjusted by the Authority as provided in the resolution authorizing the issuance of such Bonds. Money in the Debt Service Sinking Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the Bonds.

Notwithstanding the foregoing, as to any Bond held by a single purchaser, including the Series 2023 Bond, the Authority may deposit amounts in the Debt Service Sinking Fund to pay the principal of and interest on such Bond as such payments become due.

(c) Repayment of Reserve Fund Credit Facility Issuers. The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

(d) Reserve Fund. To the extent the Reserve Fund Requirement for the Bonds, if any, is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Authority, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into a separate and special fund, to be known and designated as the "Debt Service Reserve Fund" (the "Reserve Fund") to be kept separate and apart from all other funds of the Authority. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the Reserve Fund Requirement, if any.

In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in said Fund shall be replenished over a period of not greater than twenty-four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments.

Any deposits required to be made hereunder shall be made monthly at the same time as deposits are made to the Debt Service Sinking Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Operating Expenses, be transferred into the Debt Service Sinking Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Debt

Service Sinking Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Authority for legally permissible purposes.

At the option of the Authority, it may satisfy the Reserve Fund Requirement, or a portion thereof, by providing for the benefit of owners of the Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to the Bonds and release an equal amount of funds on deposit in the Reserve Fund to be used by the Authority for legally permissible purposes. At any time during the term hereof, the Authority shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor.

In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of Article IX hereof or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Authority shall satisfy the Reserve Fund Requirement, if any, by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the Reserve Fund Requirement for the Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the Authority, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the Authority, from Revenues after payment of Operating Expenses and satisfaction of the required deposits to the Debt Service Sinking Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided herein.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms of Article XII hereof, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the Authority (as applicable) shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under this resolution other than remedies that would adversely affect owners of Bonds.

It shall be the responsibility of the Registration Agent to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the Registration Agent and the appointment of a successor thereto.

If the Authority is ever required to fund the Reserve Fund Requirement for the Series 2023 Bond, the President is hereby authorized and directed to either (1) cause to be deposited to the Reserve Fund funds of the Authority in an amount sufficient to cause the amount being held in the Reserve Fund to be equal to the Reserve Fund Requirement for the Series 2023 Bond or (2) purchase a Reserve Fund Credit Facility in the amount of the Reserve Fund Requirement for the Series 2023 Bond and to pay the premium therefor from the Authority funds. In the event the President elects to fund the Reserve Fund with a Reserve Fund Credit Facility, he is authorized to execute a Financial Guaranty Agreement and any associated certificates and agreements, as may be required by the Reserve Fund Credit Facility Issuer.

(e) Surplus Funds. The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and may thereafter be used by the Authority for any legally permissible purpose, as the Board of Directors shall determine.

6.2 Investments and Maintenance of Funds. Money on deposit in the Funds described in this Section may be invested by the Authority in such investments as shall be permitted by applicable law, as determined by the President of the Authority, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature or are subject to repurchase more than two years from the date the money is so invested. The Authority is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.

The Revenue Fund, the Debt Service Sinking Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by the Authority and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.

The proceeds of the investments described in this Section 6.2 shall be administered in manner consistent with the Federal Tax Certificate and Agreement.

## **ARTICLE VII. COVENANTS**

7.1 Charges for Services Supplied by the System. While the Bonds remain outstanding and unpaid, the Authority covenants and agrees that the charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of this resolution.

7.2 Insurance. The Authority shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business; provided, the Authority shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.

7.3 Books and Accounts; Audits. The Authority will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants, which such audit shall be prepared in accordance with generally accepted accounting practices.

7.4 Rate Covenant. The Authority shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times, such that Net Revenues in each Fiscal Year:

(a) will equal at least 120% of the Debt Service Requirement on all Bonds, and 100% of the Debt Service Requirement on all other bonds or other obligations then outstanding for such Fiscal Year;

(b) will enable the Authority to make all required payments, if any, into the Reserve Fund and on any Credit Facility;

(c) will enable the Authority to accumulate an amount, which, in the judgment of the Board of Directors, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and

(d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in this resolution from prior Fiscal Years.

7.5 Sale or Disposal of System. The Authority will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or otherwise disposed of or any of the System facilities sold at fair market value, provided that:

(a) The Authority is in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;

(b) Any sale proceeds will be applied either (A) to redemption of Bonds in accordance with the provisions governing repayment of Bonds in advance of maturity, or (B) to the purchase of Bonds at the market price thereof so long as such price does not exceed the amount at which the Bonds could be redeemed on such date or the next optional redemption date as set forth herein or in the resolutions authorizing the Parity Bonds, or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;

(c) (i) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System or (ii) the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and

(d) If the facilities are being sold or disposed to an entity that is not a state or local government and the facilities were financed with the proceeds of Bonds the interest on which is excludable from gross income for federal income tax purposes, the Authority shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

7.6 Budgets. Prior to the beginning of each Fiscal Year, the Board of Directors shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Operating Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth in Section 7.4, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to any registered owner of a Bond upon written request.

7.7 Franchises. The Authority will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the

provision of any such services in the area currently or hereafter served by the Authority by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

## **ARTICLE VIII. REMEDIES OF BOND OWNERS**

Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Authority by the provisions of this resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof.

If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Authority or the Authority with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Operating Expenses, and to apply the income and revenues thereof in conformity with the provisions of this resolution.

## **ARTICLE IX. PROHIBITION OF PRIOR LIEN; PARITY BONDS**

9.1 Prohibition of Prior Liens. The Authority will not issue other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Bonds.

9.2 Parity Bonds. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on parity with the Bonds under the following conditions but not otherwise:

(a) Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) or all of a series of the Bonds may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Bonds thereafter outstanding, if all of the following conditions are satisfied:

(i) the Authority shall have obtained a report from a Financial Adviser or the President of the Authority demonstrating that the refunding is expected to reduce the total debt service payments on the Bonds, including payments on related Credit Facilities; and

(ii) the requirements of subsections (b)(ii) and (iv) below are met with respect to such refunding.

(b) Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with Series 2023 Bond, and the Parity Bonds so issued shall be secured on a parity with such Series 2023 Bond, if all of the following conditions are satisfied:

(i) There shall have been procured and filed with the Authority a report by a Financial Adviser or a certificate by the President of the Authority, or his designee, to the effect that the historical Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds or (ii) the most recent audited Fiscal Year, were equal to at least 120% of the Maximum Annual Debt Service Requirement on all Bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual

amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the delivery of the proposed Parity Bonds and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used; (y) if the Authority has a contract to purchase or otherwise acquire an Acquired System that will become part of the System, the historical Net Revenues may be adjusted to include the anticipated Net Revenues from the Acquired System; and (z) if the Authority has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract.

(ii) the Authority shall have received, at or before issuance of the Parity Bonds, a report from a Financial Adviser or a certificate of the President of the Authority, or his designee, to the effect that (x) the payments required to be made into the Debt Service Sinking Fund have been made and the balance in the Debt Service Sinking Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the Reserve Fund Requirement, if any, and will be funded to the Reserve Fund Requirement, if any, immediately following the issuance of the proposed Parity Bonds.

(iii) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to pre-purchase supplies of electrical power, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of Bond Counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Bonds.

(iv) The President shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds, that the Authority is in compliance with all requirements of this resolution.

(c) Upon the determination of the Authority to combine an Acquired System into the System, any bonds, notes and other obligations of the Acquired System outstanding upon such combination may, at the election of the Authority, be payable from Net Revenues of the combined System on a parity and equality of lien with each other, provided that there shall be filed with the Authority:

(i) a report by a Financial Adviser or a certificate by the President of the Authority, or his designee the Net Revenues of such combined System for a period of 12 consecutive months of the most recent 18 consecutive months prior to such combination were equal to at least 120% of the Maximum Annual Debt Service Requirement on all Bonds and any bonds, notes and other obligations of the Acquired System which will be outstanding immediately after the combination, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the combination and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of the combination and not fully reflected in the historical related Net Revenues actually received during such historical period used; and (y) if the Authority has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract.

(ii) A certificate of the President, as of the date of the combination, that the Authority is in compliance with all requirements of this resolution.

9.3 Applicability of Resolution to Parity Bonds. All the provisions and covenants of this resolution relating to negotiability and registration of Bonds, creation and investment of funds and the application of revenues,

the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued or assumed pursuant to the terms of this Article IX in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

## **ARTICLE X. SALE OF THE SERIES 2023 BOND**

### **10.1 Sale of Bonds.**

(a) The Series 2023 Bond shall be sold by negotiated sale at a price of par (100%) to such financial institution as shall be determined by the President, in consultation with the Financial Adviser, as providing the most favorable proposal to the Authority to purchase the Series 2023 Bond.

(b) The President is further authorized with respect to the Series 2023 Bond to:

(i) to change the dated date of the Series 2023 Bond to a date other than the date of issuance;

(ii) to change the series designation of the Series 2023 Bond;

(iii) to establish the first interest payment date for the Series 2023 Bond;

(iv) to establish and adjust the principal and interest payment dates and maturity amounts of the Series 2023 Bond and mandatory redemption amounts applicable to the Series 2023 Bond, provided that (A) the total principal amount of the Series 2023 Bond does not exceed the total amount of Series 2023 Bond authorized herein, (B) the final maturity date shall not be later than June 1, 2033, and (C) the resulting debt service schedule shall be substantially consistent with the estimated debt service schedule attached hereto as Exhibit A;

(v) to change or remove the Authority's optional redemption provisions of the Series 2023 Bond; and

(vi) to establish the Reserve Fund Requirement, if any, for the Series 2023 Bond.

10.2 Authentication and Delivery. The Registration Agent is hereby authorized to authenticate and deliver the Series 2023 Bond to the purchaser thereof, upon receipt by the Authority of the proceeds of the sale of the Series 2023 Bond and to authenticate and deliver a Series 2023 Bond in exchange for Series 2023 Bond of the same principal amount delivered for transfer upon receipt of the Series 2023 Bond to be transferred in proper form with proper documentation as hereinabove described. The Series 2023 Bond 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 Series 2023 Bond form.

10.3 Engagement of Financial Adviser and Bond Counsel. The President is authorized to take all steps necessary to engage Cumberland Securities Company, Inc. and Bass, Berry & Sims PLC as Financial Adviser and bond counsel, respectively, for the issuance of the Series 2023 Bond, and to execute and deliver engagements letters with respect thereto in such forms as may be approved by the President and counsel to the Authority.

**ARTICLE XI.  
DISPOSITION OF BOND PROCEEDS**

11.1 Disposition of Bond Proceeds. The proceeds of the sale of the Series 2023 Bond shall be deposited in a special fund of the Authority known as the "Bond Proceeds Fund" to be kept separate and apart from all other funds of the Authority; provided however, if the Series 2023 Bond is structured as draw-down debt, the proceeds will only be deposited in the Bond Proceeds Fund when drawn. Moneys in the Bond Proceeds Fund, including any investment earnings thereon, shall be disbursed solely to (i) pay (or reimburse the Authority for the prior payment of) the costs of the Project, (ii) fund the Reserve Fund Requirement, if any and to the extent not funded with other moneys of the Authority and (iii) pay costs of issuance of the Series 2023 Bond. Moneys in the Bond Proceeds Fund shall be invested by the Authority in such investments as shall be permitted by applicable law. Money in the Bond Proceeds Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in the Bond Proceeds Fund. Money in the Bond Proceeds Fund shall be expended only for the purposes authorized by this resolution. Any funds remaining in the Bond Proceeds Fund after the payment of costs of issuance and payment of Project costs shall be applied to the defeasance of the Bonds and/or such other purposes as may be permitted by the Federal Tax Certificate and Agreement.

**ARTICLE XII.  
DISCHARGE AND SATISFACTION OF BONDS**

If the Authority shall pay and discharge the indebtedness evidenced by all or any portion 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, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and 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); or

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority with respect to such Bonds, or make adequate provision therefor, and by resolution of the Board of Directors instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, 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 Authority and the Authority to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Authority shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on

such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority 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 Authority, as received by the Registration Agent.

### **ARTICLE XIII. MODIFICATION OF RESOLUTION**

13.1 Amendment Without Bondholder Consent. This resolution may be amended without the consent of or notice to the registered owners of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; provided such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

13.2 Other Amendments. In addition to the amendments to this resolution without the consent of registered owners as referred to in Section 13.1 above, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the Authority but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the Authority) shall have the right from time to time to consent to and approve the adoption by the Board of Directors of a resolution or resolutions modifying any of the terms or provisions contained in this resolution; provided, however, that this resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:

- (a) Make any change in the maturities or redemption dates of the Bonds;
  - (b) Make any change in the rates of interest borne by the Bonds;
  - (c) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;
  - (d) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
  - (e) Affect the rights of the registered owners of less than all of the Bonds then outstanding;
- or
- (f) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.

13.3 Procedure for Modification. Whenever the Authority shall propose to amend or modify this resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Authority for public inspection.

Whenever at any time within one year from the date of mailing of said notice there shall be filed with the Secretary of the Board of Directors an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Authority may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.

If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Authority from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the Authority office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

Notwithstanding the foregoing, if any Bonds are insured by a bond insurance policy, the bond insurer issuing such bond insurance policy shall be entitled to consent to any modifications to this Resolution on behalf of the owners of the Bonds insured by such bond insurer, provided that no bond insurer shall be entitled to consent to any modifications to this Resolution that require the unanimous consent of the owners of the Bonds as described above.

#### **ARTICLE XIV. FEDERAL TAX MATTERS**

14.1 Covenant to Maintain Tax-Exemption of Series 2023 Bond. The Series 2023 Bond will be issued as federally tax-exempt bonds. The Authority hereby covenants that it will not use, or permit the use of, any proceeds of the Series 2023 Bond in a manner that would cause the Series 2023 Bond to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an "arbitrage bond". To that end, the Authority shall comply with applicable regulations adopted under said Section 148 of the Code. The Authority further covenants with the registered owners from time to time of the Series 2023 Bond that it will, throughout the term of the Series 2023 Bond and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Series 2023 Bond shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code. The President is authorized and directed to execute and deliver the Federal Tax Certificate and Agreement on behalf of the Authority, which shall be in such form as shall be required by the Authority's bond counsel.

14.2 Qualified Tax-Exempt Obligations. The Governing Body hereby authorizes the President to designate, if applicable, the Series 2023 Bond as a "qualified tax-exempt obligation", to the extent the Series 2023 Bonds may be so designated, within the meaning of and pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

14.3 Reimbursement. It is reasonably expected that the Authority will reimburse itself for certain expenditures made by it in connection with the Project by issuing the Series 2023 Bond. This resolution shall be placed in the minutes of the Board of Directors and shall be made available for inspection by the general public at the office of the Board of Directors. This resolution constitutes a declaration of official intent under Treas. Reg. § 1.150-2.

**ARTICLE XV.  
MISCELLANEOUS**

15.1 Resolution a Contract. The provisions of this resolution shall constitute a contract between the Authority and the registered owners of the Bonds, and after the issuance of the Series 2023 Bond, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner, except as provided in Article XIII hereof, until such time as the Bonds shall have been paid in full or discharged pursuant to Article XII hereof.

15.2 Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

15.3 Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

15.4 Authority. The Series 2023 Bond authorized by this resolution is issued pursuant to the Act and other applicable provisions of law.

15.5 Compliance with Debt Management Policy. The Board of Directors hereby finds that the issuance of the Series 2023 Bond as contemplated by this resolution is consistent with the Authority's debt management policy.

**BE IT FURTHER RESOLVED:** that the President & CEO be, and hereby is, authorized to take any and all actions and execute and deliver such documents as he may deem necessary, appropriate or convenient to effectuate the foregoing resolution including, without limitation, causing to be prepared and filed such reports, documents, or other information as may be required under applicable law.

**Adoption Date:** 26th day of September 2023.

**JELLICO UTILITIES AUTHORITY**

Attest:

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Recording Secretary

EXHIBIT A

Estimated Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2024	100,000.00	5.500%	51,975.00	151,975.00
06/01/2025	164,000.00	5.500%	81,125.00	245,125.00
06/01/2026	164,000.00	5.500%	72,105.00	236,105.00
06/01/2027	164,000.00	5.500%	63,085.00	227,085.00
06/01/2028	164,000.00	5.500%	54,065.00	218,065.00
06/01/2029	164,000.00	5.500%	45,045.00	209,045.00
06/01/2030	164,000.00	5.500%	36,025.00	200,025.00
06/01/2031	164,000.00	5.500%	27,005.00	191,005.00
06/01/2032	164,000.00	5.500%	17,985.00	181,985.00
06/01/2033	163,000.00	5.500%	8,965.00	171,965.00
<b>Total</b>	<b>\$1,575,000.00</b>	<b>-</b>	<b>\$457,380.00</b>	<b>\$2,032,380.00</b>

**Date And Term Structure**

Dated.....	10/25/2023
First Coupon Date.....	6/01/2024
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	6/01/2024

**Yield Statistics**

Average Coupon.....	5.500000%
Weighted Average Maturity.....	5.280 Years

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