

(See "RATINGS" herein.)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Series 2023 Bonds (i) will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Under existing law and subject to certain exceptions, the Series 2023 Bonds and the income therefrom will be exempt from state, county and municipal taxation in the State of Tennessee. (See "TAX MATTERS" herein).

CITY OF CLARKSVILLE, TENNESSEE
\$35,225,000 Water, Sewer and Gas Revenue Bonds, Series 2023

Dated: Date of Delivery**Due: February 1, as shown on the inside front cover**

The Bonds	<p>The City of Clarksville, Tennessee (the "Municipality") is issuing its \$35,225,000 Water, Sewer and Gas Revenue Bonds, Series 2023 (the "Bonds"). The Series 2023 Bonds will bear interest semi-annually from their date payable on the first day of February and August of each year, commencing on February 1, 2024.</p> <p>Denominations are \$5,000 or any integral multiple thereof.</p> <p>The Series 2023 Bonds are subject to optional redemption as described herein. See "DESCRIPTION OF THE SERIES 2023 BONDS - Optional Redemption" herein.</p>
Purpose	<p>The Municipality is issuing the Series 2023 Bonds to finance the costs of the Projects and pay costs of issuing the Series 2023 Bonds. See "PLAN OF FINANCE AND REFUNDING" herein.</p>
Book-Entry-Only System	<p>The Depository Trust Company. See "BOOK-ENTRY-ONLY SYSTEM" herein.</p>
Security	<p>The Series 2023 Bonds are payable solely from and secured by a senior pledge of and lien on the Net Revenues on a parity and complete equality of lien with respect to such revenues with the Municipality's remaining outstanding Series 2016 Bonds, Series 2017 Bonds, and Series 2021 Bonds (all as defined herein) and any parity bonds or notes hereafter issued (the "Senior Parity Bonds") (collectively, the "Senior Lien Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" herein.</p>
Tax Matters	<p>Interest on the Series 2023 Bonds is excludable from gross income for federal income tax purposes to the extent and subject to the conditions, limitations and continuing compliance with tax covenants as described herein. The Series 2023 Bonds and the interest thereon are exempt from Tennessee taxes, subject to certain exceptions. See "TAX MATTERS" herein.</p>
Bond Counsel	<p>Bass, Berry & Sims PLC, Nashville, Tennessee.</p>
Delivery Date	<p>It is expected that the Series 2023 Bonds will be available for delivery in New York, New York, through the facilities of The Depository Trust Company on or about December 19, 2023.</p>

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2023 Bonds are offered, subject to prior sale, when, as and if issued and received by the Underwriter and subject to certain conditions, including the issuance of the approving opinions of Bass, Berry & Sims PLC, Bond Counsel. Certain legal matters will be passed upon the Municipality by its counsel, Lance Baker, Esq., Clarksville, Tennessee.

CITY OF CLARKSVILLE, TENNESSEE
\$35,225,000 Water, Sewer and Gas Revenue Bonds, Series 2023

Maturing (February 1)	<u>Principal Amount (\$)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No. *</u>
2026	1,250,000	5.000%	2.780%	182618PS1
2027	1,315,000	5.000%	2.700%	182618PT9
2028	1,380,000	5.000%	2.620%	182618PU6
2029	1,450,000	5.000%	2.670%	182618PV4
2030	1,520,000	5.000%	2.670%	182618PW2
2031	1,600,000	5.000%	2.660%	182618PX0
2032	1,680,000	5.000%	2.680%	182618PY8
2033	1,760,000	5.000%	2.710%	182618PZ5
2034	1,850,000	5.000%	2.720%	182618QA9
2035	1,940,000	5.000%	2.800% C	182618QB7
2036	2,040,000	5.000%	2.960% C	182618QC5
2037	2,140,000	5.000%	3.130% C	182618QD3
2038	2,250,000	5.000%	3.260% C	182618QE1
2039	2,360,000	5.000%	3.310% C	182618QF8
2040	2,480,000	5.000%	3.360% C	182618QG6
2041	2,605,000	5.000%	3.410% C	182618QH4
2042	2,735,000	5.000%	3.460% C	182618QJ0
2043	2,870,000	5.000%	3.510% C	182618QK7

C Denotes yield to the first optional call date of February 1, 2034

* These CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc., and are included solely for convenience of the Bondholders. The Municipality is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2023 Bonds or as indicated herein.

CITY OF CLARKSVILLE, TENNESSEE

MAYOR AND COUNCIL

Honorable Joe Pitts, Mayor

Brian Zacharias
Deanna McLaughlin
Dajuan Little
Wallace Redd
Ambar Marquis
Wanda Smith
Travis Holleman
Wanda Allen
Karen Reynolds
Stacey Streetman
Joe Shakeenab
Keri Lovato

ADMINISTRATION

Lisa Canfield, Municipal Clerk
Laurie Matta, Chief Financial Officer

WATER, SEWER AND GAS DEPARTMENT

Mark Riggins, General Manager
Dawn Thomack, Chief Financial Officer

CITY ATTORNEY

Lance Baker, Esq.
Clarksville, Tennessee

REGISTRATION AGENT, PAYING AGENT AND REFUNDING ESCROW AGENT

U.S. Bank Trust Company, National Association
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Memphis, Tennessee

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the Municipality, public documents, records and other sources considered to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2023 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES AGENCY. THE SERIES 2023 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the Municipality, the System (as hereinafter defined) and the terms of the offering, including the merits and risks involved.

TABLE OF CONTENTS

INTRODUCTION	1
General.....	1
Legal Authority for Issuance.....	2
Offering and Delivery of the Series 2023 Bonds	2
Other Information	2
DESCRIPTION OF THE SERIES 2023 BONDS	2
General.....	2
Optional Redemption	3
Selection of Bonds to be Redeemed.....	3
Notice of Redemption	4
PLAN OF FINANCE.....	5
General.....	5
FUTURE FINANCING PLANS.....	5
BOOK-ENTRY-ONLY SYSTEM.....	5
CONTINUING DISCLOSURE	5
SOURCES AND USES OF FUNDS	7
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS	7
Limited Obligations	7
Pledge of Revenues	7
Flow of Funds	8
Rate Covenant.....	8
Additional Senior Lien Bonds.....	8
Reserve Fund	8
Rate Stabilization Fund.....	8
Subordinate and Unsecured Indebtedness.....	9
INVESTMENT CONSIDERATIONS.....	11
General.....	11
Ratings	11
Secondary Market Prices	11
Cybersecurity	11
Climate Change.....	11
COVID-19 and Other Public Health Emergencies.....	12
LEGAL MATTERS	12
Pending Litigation.....	12
TDEC Consent Order.....	12
TAX MATTERS.....	13
Federal Taxes	13
State Taxes	14
Changes in Federal and State Tax Law.....	14
Closing Certificates	14
RATINGS	15
UNDERWRITING.....	15
MUNICIPAL ADVISOR.....	15
INDEPENDENT AUDITORS.....	15
FORWARD-LOOKING STATEMENTS	15
MISCELLANEOUS	16

TABLE OF CONTENTS (continued)

Appendix A	-	The Water, Sewer and Gas System
Appendix B	-	Certain Provisions of the Senior Lien Bond Resolution
Appendix C	-	Annual Financial Statements of the System
Appendix D	-	City of Clarksville, Tennessee General Information
Appendix E	-	Form of Continuing Disclosure Agreement
Appendix F	-	Form of Bond Counsel Opinions
Appendix G	-	Book-Entry-Only System

CITY OF CLARKSVILLE, TENNESSEE

\$35,225,000 Water, Sewer and Gas Revenue Bonds, Series 2023

INTRODUCTION

General

This Official Statement, which includes the cover page and the Appendices hereto, sets forth certain information concerning the City of Clarksville, Tennessee (the “Municipality”), its water, sewer and gas systems (collectively, the “System”) and its proposed Water, Sewer and Gas Revenue Bonds, Series 2023 in the aggregate principal amount of \$35,225,000 (the “Series 2023 Bonds”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix B.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Investors should fully review the entire Official Statement. The offering of the Series 2023 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto.

The Municipality, the issuer of the Series 2023 Bonds, is a municipal corporation of the State of Tennessee created by the laws of the State of Tennessee. The Municipality is located in Montgomery County, Tennessee, approximately 45 miles northwest of Nashville, Tennessee. See Appendix D for general information regarding the Municipality.

The Municipality previously issued and has outstanding a portion of the original principal amounts of its \$89,445,000 Water, Sewer and Gas Revenue Refunding Bonds, Series 2016 (the “Series 2016 Bonds”), its \$51,350,000 Water, Sewer and Gas Revenue Refunding Bonds, Series 2017 (the “Series 2017 Bonds”), its \$187,695,000 Water, Sewer and Gas Revenue Bonds, Series 2021A (the “Series 2021A Bonds”) and its \$62,290,000 Water, Sewer and Gas Revenue Refunding Bonds, Series 2021B (Federally Taxable) (the “Series 2021B Bonds” and, together with the Series 2021A Bonds, the “Series 2021 Bonds”).

The Municipality is issuing the Series 2023 Bonds to finance the costs of the Projects identified in “PLAN OF FINANCE” and pay costs of issuing the Series 2023 Bonds. The Series 2023 Bonds are payable solely from and secured by a senior pledge of and lien on the Net Revenues on a parity and equality of lien with the remaining outstanding Series 2016 Bonds, the Series 2017 Bonds, the Series 2021 Bonds, and any parity bonds or notes hereafter issued (collectively, the “Senior Lien Bonds”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” herein.

The Series 2023 Bonds do not constitute a debt, liability, general or moral obligation, or pledge of the faith and credit or taxing power of the Municipality. No governmental entity, including the Municipality, is obligated to levy any tax for the payment of the Series 2023 Bonds. The pledge of and lien on Net Revenues securing the Series 2023 Bonds does not create a legal or equitable pledge, charge, lien, or encumbrance upon any of the Municipality’s property or income, receipts, or revenues, except the Net Revenues and the amounts on deposit in the funds held under the hereinafter described Senior Lien Bond Resolution.

The Series 2023 Bonds will be issued in fully registered form. When in book-entry form, ownership of Series 2023 Bonds held by The Depository Trust Company, New York, New York (“DTC”) or its nominee, Cede & Co., on behalf of the beneficial owners thereof (the “Beneficial Owners”), may be transferred or exchanged in accordance with the rules of DTC. When not in book-entry form, ownership of any Series 2023 Bonds may be transferred upon surrender of such Series 2023 Bonds to U.S. Bank Trust Company, National Association (the “Registration Agent”) together with an assignment duly executed by the registered owner or his attorney or legal representative. When not in book-entry form, the Series 2023 Bonds are exchangeable for a like aggregate principal amount of Series 2023 Bonds of the same maturity in denominations of \$5,000 or any integral multiple thereof. See “BOOK-ENTRY-ONLY SYSTEM” herein.

The Series 2023 Bonds will be issued in book-entry form. When in book-entry form, payment of the principal of and interest on the Series 2023 Bonds will be made by the Registration Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants and thereafter to Beneficial Owners of the Series 2023 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. When not in book-entry form, the principal or redemption price of the Series 2023 Bonds will be payable by check in lawful money of the United States of America at the principal corporate trust office of the Registration Agent. When not in book-entry form, payment of the interest on the Series 2023 Bonds will be made by wire transfer in immediately available funds to an account within the United States of America designated by the Registration Agent.

Legal Authority for Issuance

The Series 2023 Bonds are issued by the Municipality pursuant to Chapter 21 of Title 9 and Chapter 34 of Title 7 of the Tennessee Code Annotated, as amended, and other applicable provisions of law and subject to the terms and conditions contained in the resolution of the City Council of the Municipality adopted on November 2, 2023, supplementing and amending the resolution of the City Council of the Municipality adopted on February 7, 1985, as previously supplemented and amended on February 1, 1991, November 7, 1991, October 1, 1992, May 1, 1997, November 5, 1998, and June 7, 2001, as amended and restated on May 6, 2004, as further supplemented and amended on March 29, 2007, April 7, 2011, June 6, 2013, May 5, 2016, November 30, 2017, and June 3, 2021 (collectively, the "Senior Lien Bond Resolution").

Offering and Delivery of the Series 2023 Bonds

The Series 2023 Bonds are offered, subject to prior sale, when, as, and if issued by the Municipality and accepted by the Underwriter. The Series 2023 Bonds in definitive form are expected to be delivered through DTC in New York, New York, on or about December 19, 2023.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

The information contained in this Official Statement does not purport to be comprehensive or definitive. All references herein to, or summaries of, the Senior Lien Bond Resolution, the Series 2023 Bonds or any other document are qualified in their entirety by reference to the definitive forms thereof and the provisions with respect thereto included in the Senior Lien Bond Resolution, the Series 2023 Bonds or such other document. Copies of such documents may be obtained from the Municipality by contacting Clarksville Gas and Water Department, 2215 Madison Street, Clarksville, Tennessee 37043, Attention: General Manager, Telephone: (931) 645-7400.

DESCRIPTION OF THE SERIES 2023 BONDS

General

The Series 2023 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 and authorized integral multiples thereof. The Series 2023 Bonds will be dated as of their date of delivery.

Interest on the Series 2023 Bonds will be payable semi-annually on the first day of February and August in each year, commencing February 1, 2024. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. The Series 2023 Bonds will bear interest at the rates specified on the inside cover page and will mature on February 1 in each of the years and in the amounts as specified on the inside cover page hereof.

The Registration Agent will make all interest payments with respect to the Series 2023 Bonds on each interest payment date directly to the registered owners as shown on the Bonds' registration records maintained by the Registration Agent as of the close of business on the fifteenth (15th) day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental

United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which 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 Municipality to the persons in whose names the Bonds are registered at the close of business on a date (the “Special Record Date”) for the payment of such Defaulted Interest, which shall be fixed in the following manner: The Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality 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. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Senior Lien Bond Resolution or in the Series 2023 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of and interest on the Series 2023 Bonds when due.

Optional Redemption

The Series 2023 Bonds maturing on or before February 1, 2034 may not be redeemed prior to their maturities. The Municipality may redeem Series 2023 Bonds maturing on or after February 1, 2035 at any time, in whole or in part, on or after February 1, 2034, at a price of par plus accrued interest to the redemption date.

Selection of Bonds to be Redeemed

If less than all the Series 2023 Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Governing Body. If less than all of the Series 2023 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series 2023 Bonds are being held under a book-entry system by DTC, or a successor depository, the Series 2023 Bonds or portions thereof to be redeemed shall be determined by DTC, or such successor depository, by lot or such other manner as DTC, or such successor depository, shall determine; or

(ii) if the Series 2023 Bonds are not being held under a book-entry system by DTC, or a successor depository, the Series 2023 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Notice of Redemption

Notice of call for redemptions shall be given by the Registration Agent on behalf of the Municipality not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2023 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series 2023 Bonds for which proper notice was given. 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"). As long as DTC, or a successor Depository, is the registered owner of the Series 2023 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2023 Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or beneficial owners of Series 2023 Bonds. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or beneficial owners of Series 2023 Bonds will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series 2023 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Municipality 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 Depository or the affected Bondholders that the redemption did not occur and that the Series 2023 Bonds called for redemption and not so paid remain outstanding.

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PLAN OF FINANCE

General

The Municipality is issuing the Series 2023 Bonds to (i) pay the costs of financing the acquisition, construction and equipping of improvements to the System, including, but not limited to, the Ringgold Road and Sherwood Forest & Ringgold Creek Wastewater Improvements (collectively, the “Projects”), and (ii) pay costs of issuing the Series 2023 Bonds. The Ringgold Road Wastewater Improvements and Sherwood Forest & Ringgold Creek Wastewater Improvements are new wastewater pump stations that will include: wet wells, electrical building, piping, pumps, electrical, instrumentation and control, site work, retaining walls, associated appurtenances, equalization storage tanks, and sewer force main piping. The Projects are sized to accommodate future growth and redevelopment in their respective service areas. See Appendix A – “THE SEWER SYSTEM - Facilities” for further discussion.

FUTURE FINANCING PLANS

In addition to the Projects, the System’s Capital Improvement Plan includes various improvements to the System. Excluding the anticipated costs of the Projects, the capital expenditures for these proposed improvements are estimated to be approximately \$209 million during fiscal years 2024 through 2028. The Municipality expects to pay the costs of the other capital projects with System revenues, cash reserves and proceeds of the Series 2021 and the Series 2023 Bonds. See Appendix A – “THE WATER, SEWER AND GAS SYSTEM OPERATIONS - Capital Improvements Program.”

BOOK-ENTRY-ONLY SYSTEM

Upon initial issuance, the Series 2023 Bonds will be available only in book-entry form. DTC will act as securities depository for the Series 2023 Bonds. The ownership of one fully registered Series 2023 Bond for each maturity of the Series 2023 Bonds bearing interest at each interest rate, each in the aggregate principal amount of such maturity and bearing interest at such rate, will be registered in the name of Cede & Co. (DTC’s partnership nominee) and deposited with DTC. Beneficial owners of Series 2023 Bonds will not receive physical delivery of bond certificates, except under limited circumstances. For a description of DTC and its book-entry-only system, see Appendix G.

CONTINUING DISCLOSURE

The Municipality will, at the time the Series 2023 Bonds are delivered, execute a Continuing Disclosure Agreement under which it will covenant for the benefit of the holders and Beneficial Owners of the Series 2023 Bonds to provide certain financial information and operating data relating to the Municipality, notice of the occurrence of certain enumerated events and notice of failure of the Municipality to provide any required financial information. The information, data and notices described above will be filed or caused to be filed by the Municipality with the Municipal Securities Rulemaking Board (“MSRB”) at www.emma.msrb.org and with any state information depository which may hereafter be established in Tennessee. The specific nature of the information contained in the Annual Report and notices can be found in the form of Continuing Disclosure Agreement attached hereto as Appendix E. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time.

As part of its continuing disclosure obligations, the Municipality is obligated, among other things, to file annually on EMMA updates to the Historical Revenue Coverage table presented herein for the Senior Lien Bonds (the “Coverage Table”). Though the Municipality has timely filed on EMMA annual updates to the Coverage Table for the preceding five (5) years, the Coverage Table presented in the annual filings shows combined debt service coverage for applicable senior lien and subordinate lien bonds instead of showing debt service coverage for the senior lien bonds and subordinate lien bonds separately and in addition to the combined debt service coverage in the manner presented in the Official Statements for the Senior Lien Bonds. Much, if not all, of the information necessary to calculate the debt service coverage for the senior lien and subordinate lien bonds separately for the preceding five (5) years was available from timely filed annual reports on EMMA. Additionally, both separate and combined calculations of debt service coverage for Fiscal Years 2016 through Fiscal Year 2020 are located in the Official Statement for the Series 2021 Bonds filed on EMMA. The Municipality filed the Coverage Table for Fiscal Year 2021, and intends to file the

Coverage Table thereafter, showing the senior lien and subordinate lien debt service coverage separately and in addition to the combined debt service coverage. Except for the foregoing, the Municipality is not aware of any instances in the preceding five (5) years in which it has failed to comply with its continuing disclosure obligations in all material respects. In addition, to ensure compliance with its continuing disclosure undertakings, the Municipality has hired DAC to serve as dissemination agent for the Municipality's bonds.

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SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2023 Bonds.

SOURCES	2023 Bonds
Par Amount	\$35,225,000.00
Original Issue Premium	<u>5,022,495.20</u>
Total Sources	<u>\$40,247,495.20</u>
USES	
Deposit to the Construction Fund	\$40,004,032.45
Costs of Issuance ⁽¹⁾	191,792.25
Underwriters' Discount	<u>51,670.50</u>
Total Uses	<u>\$40,247,495.20</u>

⁽¹⁾ Includes legal fees, municipal advisory fees, rating agencies fees, printing and mailing expenses and other miscellaneous expenses.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS

Limited Obligations

The Series 2023 Bonds are special limited obligations of the Municipality payable solely from the revenues of the System. The Series 2023 Bonds are not payable from and are not secured by a charge, lien, or other encumbrance upon any funds or assets of the Municipality other than the revenues of the System and the funds created and held under the Senior Lien Bond Resolution.

The Series 2023 Bonds do not constitute a debt, liability, general or moral obligation, or pledge of the faith and credit or taxing power of the Municipality. No governmental entity, including the Municipality, is obligated to levy any tax for the payment of the Series 2023 Bonds. The pledge of and lien on Net Revenues securing the Series 2023 Bonds does not create a legal or equitable pledge, charge, lien, or encumbrance upon any of the Municipality's property or income, receipts or revenues, except System revenues and the amounts on deposit in the funds held under the Senior Lien Bond Resolution.

Pledge of Revenues

Under the terms of the Senior Lien Bond Resolution, the punctual payment of principal of, premium, if any, and interest on the Senior Lien Bonds shall be payable solely from and secured by a senior pledge of and lien on the Net Revenues of the System. Net Revenues are defined by the Senior Lien Bond Resolution to mean Gross Earnings of the System (generally, all revenues of the System from whatever source) minus Operating Expenses (generally, all operating expenses other than depreciation and interest expense). See Appendix A for information regarding the System. See Appendix B for certain provisions of the Senior Lien Bond Resolution.

Flow of Funds

The Senior Lien Bond Resolution requires all System revenues to be deposited to the Revenue Fund. Amounts on deposit in the Revenue Fund are then disbursed for the following purposes and in the following order:

- Payment of System Operating Expenses
- Funding of the Bond Fund to provide payment of debt service on Senior Lien Bonds, including the Series 2023 Bonds
- Funding of a Reserve Fund for any Senior Lien Bonds hereafter issued with the benefit of a debt service reserve fund (as described below, neither the Series 2016 Bonds, Series 2017, Series 2021 Bonds nor the Series 2023 Bonds have access to any debt service reserve fund)
- Funding to provide payment of Subordinated Indebtedness and the funding of such debt service reserves as may be required for any Subordinated Indebtedness
- Payment to the Municipality, the amount of any payment in lieu of tax required of the System
- Funding to the Rate Stabilization Fund
- Deposit in the Surplus Fund, the balance of any such remaining amounts in the Revenue Fund

See Appendix B – “PLEDGE AND APPLICATION OF REVENUES; FUNDS AND ACCOUNTS” for more information regarding the application of the System revenues.

Rate Covenant

The Municipality covenants in the Senior Lien Bond Resolution to charge sufficient rates, each Fiscal Year, for the System to produce Net Revenues equal to the greater of (i) 120% of the Debt Service Requirement on the Senior Lien Bonds in such Fiscal Year; or (ii) 100% of the sum of: (A) the Debt Service Requirement on the Senior Lien Bonds and Subordinate Indebtedness in such Fiscal Year, (B) the amounts required to be paid during such Fiscal Year into the Reserve Fund established by the Senior Lien Bond Resolution or any debt service reserve funds established with respect to Subordinate Indebtedness, and (C) the amount of all other charges and liens whatsoever payable out of Revenues during such Fiscal Year, including payments in lieu of taxes. See Appendix B – “COVENANTS - Rates, Fees and Charges” for a more detailed description of the Rate Covenant of the Senior Lien Bond Resolution, and see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS - Rate Stabilization Fund” below for a discussion regarding transfers to and from the Rate Stabilization Fund, and the resulting impact on the System’s rate covenant compliance.

Additional Senior Lien Bonds

The Municipality has covenanted that it will issue no additional bonds or obligations of any kind or nature payable from or enjoying a lien on the Revenues of the System having a priority over the Senior Lien Bonds. Senior Parity Bonds are payable solely from and secured by a pledge of and lien on the Net Revenues on a parity and equality of lien with the Senior Lien Bonds, in accordance with the Senior Lien Bond Resolution. In order for Senior Parity Bonds to be issued, the Senior Lien Bond Resolution requires generally that historic Net Revenues be at least equal to one hundred twenty percent (120%) of the maximum Debt Service Requirement on the Senior Lien Bonds in any future Fiscal Year. See Appendix B – “PROHIBITION ON PRIOR LIEN BONDS; ADDITIONAL PARITY BONDS” for a more detailed description of the Additional Bonds test of the Senior Lien Bond Resolution, and the discussion therein regarding adjustments thereto due to adopted rate increases, new facilities, and facility acquisitions.

Reserve Fund

The Senior Lien Bond Resolution permits the Municipality to fund a debt service reserve fund for one or more series of Senior Lien Bonds, but does not require that it do so. The Municipality has elected not to establish a debt service reserve fund for the Series 2016 Bonds, the Series 2017 Bonds, the Series 2021, nor the Series 2023 Bonds. The Series 2023 Bonds will have no rights to any existing or future reserve fund.

Rate Stabilization Fund

The Senior Lien Bond Resolution establishes a Rate Stabilization Fund. In any fiscal year, the Municipality may transfer funds from the Revenue Fund into the Rate Stabilization Fund. The amount of any such transfers will be deducted from the calculation of Net Revenues for that fiscal year for purposes of measuring the System’s compliance with the rate covenant described above. In any fiscal year, the Municipality may also transfer funds from the Rate Stabilization Fund to the Revenue Fund. The amount of any such transfers from the Rate Stabilization Fund to the Revenue Fund will increase the calculation of Net Revenues for that fiscal year for purposes of measuring the

System's compliance with the rate covenant described above, but in no event may the increase exceed an amount equal to twenty percent (20%) of the debt service requirement on the Senior Lien Bonds in that fiscal year. See Appendix B – "COVENANTS - Rates, Fees and Charges" for a more detailed description regarding transfers to and from the Rate Stabilization Fund and the impact of such transfers on the System's rate covenant.

Subordinate and Unsecured Indebtedness

The Municipality is party to that certain Loan Agreement, which was drawn in full as of December 27, 2007, pursuant to which the Municipality borrowed \$49,181,269 of funds to fund capital improvements to the System (the "TMBF Loan"). As of June 30, 2023, the TMBF Loan is outstanding in the principal amount of \$24,937,377. Debt service on the TMBF Loan is a general obligation of the Municipality and is additionally payable from, but not secured by a pledge of, the revenues of the System. See Appendices A and C for a further description of the subordinate and unsecured indebtedness of the System.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements on the debt payable from Net Revenues of the System.

<u>Fiscal Year</u>	<u>Prior Senior Lien Bonds⁽¹⁾</u>	<u>Series 2023 Bonds</u>			<u>Total Senior Lien Bonds</u>	<u>Subordinate & Unsecured Debt⁽²⁾</u>	<u>Net Debt Service</u>
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
2024	\$ 17,198,077	-	\$ 205,479	\$ 205,479	\$ 17,403,556	\$ 3,179,268	\$ 20,582,825
2025	21,420,110	-	1,761,250	1,761,250	23,181,360	3,209,121	26,390,481
2026	21,448,507	1,250,000	1,761,250	3,011,250	24,459,757	3,240,466	27,700,224
2027	21,364,056	1,315,000	1,698,750	3,013,750	24,377,806	3,273,379	27,651,185
2028	21,268,852	1,380,000	1,633,000	3,013,000	24,281,852	3,307,938	27,589,789
2029	21,174,128	1,450,000	1,564,000	3,014,000	24,188,128	3,344,223	27,532,351
2030	21,072,745	1,520,000	1,491,500	3,011,500	24,084,245	3,382,324	27,466,569
2031	20,968,879	1,600,000	1,415,500	3,015,500	23,984,379	3,422,330	27,406,709
2032	20,854,144	1,680,000	1,335,500	3,015,500	23,869,644	3,464,336	27,333,979
2033	21,656,667	1,760,000	1,251,500	3,011,500	24,668,167	-	24,668,167
2034	18,937,997	1,850,000	1,163,500	3,013,500	21,951,497	-	21,951,497
2035	18,935,894	1,940,000	1,071,000	3,011,000	21,946,894	-	21,946,894
2036	18,933,674	2,040,000	974,000	3,014,000	21,947,674	-	21,947,674
2037	18,933,483	2,140,000	872,000	3,012,000	21,945,483	-	21,945,483
2038	18,926,546	2,250,000	765,000	3,015,000	21,941,546	-	21,941,546
2039	16,149,283	2,360,000	652,500	3,012,500	19,161,783	-	19,161,783
2040	16,148,285	2,480,000	534,500	3,014,500	19,162,785	-	19,162,785
2041	16,151,628	2,605,000	410,500	3,015,500	19,167,128	-	19,167,128
2042	12,003,600	2,735,000	280,250	3,015,250	15,018,850	-	15,018,850
2043	12,003,350	2,870,000	143,500	3,013,500	15,016,850	-	15,016,850
2044	12,003,600	-	-	-	12,003,600	-	12,003,600
2045	12,003,350	-	-	-	12,003,350	-	12,003,350
2046	12,001,600	-	-	-	12,001,600	-	12,001,600
2047	12,002,200	-	-	-	12,002,200	-	12,002,200
2048	12,002,600	-	-	-	12,002,600	-	12,002,600
2049	12,002,200	-	-	-	12,002,200	-	12,002,200
2050	12,000,400	-	-	-	12,000,400	-	12,000,400
2051	12,001,600	-	-	-	12,001,600	-	12,001,600
Total	\$ 471,567,455	\$ 35,225,000	\$ 20,984,479	\$ 56,209,479	\$ 527,776,934	\$ 29,823,384	\$ 557,600,318

⁽¹⁾ Interest is net of capitalized interest.

⁽²⁾ Assumes variable rate of interest at 3.68%.

INVESTMENT CONSIDERATIONS

General

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Municipality to pay principal of and interest on the Series 2023 Bonds, and which could also affect the marketability of or the market price for the Series 2023 Bonds.

The purchase of the Series 2023 Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of any Series 2023 Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Series 2023 Bonds.

Ratings

There is no assurance that the ratings assigned to the Series 2023 Bonds at the time of issuance (see "RATINGS" herein) will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2023 Bonds.

Secondary Market Prices

No assurance can be given that a secondary market for any of the Series 2023 Bonds will be available and no assurance can be given that the initial offering prices for the Series 2023 Bonds will continue for any period of time.

The Series 2023 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2023 Bonds in the event an owner thereof determines to solicit purchasers of the Series 2023 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2023 Bonds may be sold. Such price may be lower than that paid by the current owner of the Series 2023 Bonds, depending on existing market conditions and other factors.

Cybersecurity

The Municipality utilizes various computer systems and network technology to perform many of its vital operations, including System operations. Such operations often include the storage and transmission of sensitive information, and as a result, the Municipality is a target of cyberattacks attempting to both gain access to such information and to disrupt operations. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the Municipality to legal action. To mitigate against such risks, the Municipality has bolstered its security stance, and it has instituted various policies and procedures to protect its information technology infrastructure, including a cybersecurity training requirement for Municipality employees. The Municipality continues to monitor small business and infrastructure practices in order to mitigate noncompliance. The Municipality also maintains third-party egress monitoring as well as insurance against cybersecurity incidents. Despite the Municipality's measures to safeguard its information technology infrastructure and the information entrusted to the Municipality, there are no guarantees that such measures will be successful.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Municipality's location in the southern United States and proximity to the Cumberland River and numerous other streams and tributaries increases its vulnerability to flooding, including storm water flooding, and extreme heat. In addition to flooding and extreme heat, the Municipality faces other threats due to climate change, including both drought and damaging wind that could become more severe and frequent. In December 2015, Clarksville-Montgomery County ("CMC") was recognized as a Tennessee Valley Authority Silver Sustainable Community. Local Municipality, CMC, and economic development leaders acknowledged the importance of this recognition and set a goal to move the community forward by developing

an environmental sustainability report. A CMC Sustainability Task Force was formed in November 2015 to develop such a foundation environmental report for the community, intended to measure and reduce the Municipality's environmental impacts. The CMC Sustainability Report can be viewed at <https://mcgtn.org/storage/departments/green/documents/Community%20Sustainability%20Report%202012-15.pdf>.

COVID-19 and Other Public Health Emergencies

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has affected and continues to affect the entire world, including the Municipality. In March 2020, in response to the COVID-19 outbreak, the Governor of the State of Tennessee issued a state of emergency and the World Health Organization declared the COVID-19 outbreak to be a global health emergency. The spread of COVID-19 led, from time to time, to quarantine and other "social distancing" measures. These measures included: (i) the closure, from time to time, of nonessential businesses, (ii) recommendations and warnings to limit nonessential travel and promote telecommuting, (iii) the postponement or cancellation of or reduced capacity at large-scale gatherings such as conventions, concerts and sporting events, (iv) limits on operations and customer capacity at commercial and retail establishments and (v) the closure, from time to time, of school buildings and community centers. The Governor of the State of Tennessee lifted the state of emergency in April 2021. The World Health Organization declared an end to the global health emergency in May 2023. The Municipality is unable to predict whether and to what extent any increases in COVID-19 cases or the emergence of any other epidemic or pandemic may disrupt the local or global economy, or whether any such disruption may adversely affect the operations or financial condition of the System.

Various types of information regarding employment, income trends, and business activity in the Municipality are detailed in Appendix D attached hereto, including historical data collected both before and during the COVID-19 pandemic. Certain data and other information collected prior to and during the COVID-19 outbreak may not reflect current conditions. For example, some of the largest employers and ratepayers in the area may have been forced to reduce their business activities during the COVID-19 outbreak and may be similarly affected as a result of any future epidemic, pandemic or other public health emergency. For additional information and historical data on the Municipality's economy and financial condition, see Appendix D to the Official Statement.

LEGAL MATTERS

Pending Litigation

The Municipality, like other similar governmental bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The Municipality, after reviewing the current status of all pending and threatened litigation, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the Municipality or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the financial position of the Municipality.

There is no controversy or litigation of any nature now pending against the Municipality restraining or enjoining the issuance or delivery of the Series 2023 Bonds or questioning or affecting the validity of the Series 2023 Bonds or the proceedings and authority under which they are issued. There is no litigation pending which in any manner questions the power of the Municipality to issue the Series 2023 Bonds and to secure the Series 2023 Bonds in accordance with the provisions of the Senior Lien Bond Resolution by the pledge of Net Revenues, nor is there now pending any litigation which in any manner questions the power of the Municipality.

TDEC Consent Order

On February 23, 2012, the Municipality received a Tennessee Department of Environment and Conservation (TDEC) Commissioner issued consent order. From the period September 1, 2010 through November 30, 2011, the Sewer Department's wastewater discharges exceeded TDEC National Pollutant Discharge Elimination System Permit limits and provisions. The Commissioner of TDEC ordered the Municipality to: (i) submit and implement a Corrective Action Plan and Engineering Report on its collection system; (ii) submit annual reports detailing its yearly progress ending March 2018; (iii) submit a Management, Operation, and Maintenance Plan ("MOM Plan"); (iv) prepare and submit a Sanitary Sewer Overflow Evaluation Report annually ending in the year 2018; (v) submit a combined sewer overflow ("CSO") long-term control plan; (vi) submit a comprehensive assessment of the collection system ("CACS"); and (vii) take additional corrective actions related to rehabilitating or replacing certain specified equipment and pump stations. To date, the Municipality is in compliance with all sections of this consent order and has until

March 31, 2030 to complete all projects identified in the CACS to eliminate wet weather overflows. In addition, the Commissioner assessed a total civil penalty of \$287,300, which will only become due and payable if the Municipality fails to comply with the listed items above. Noncompliance with each item listed above will trigger the Municipality's obligation to pay a specified portion of the civil penalty. Further, noncompliance with the order could be a factor in future enforcement actions. The Municipality does not anticipate noncompliance with the order.

TAX MATTERS

Federal Taxes

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2023 Bonds. The form of their opinion is attached as Appendix F. Their opinion under existing law, relying on certain statements by the Municipality and assuming compliance by the Municipality with certain covenants, is that interest on the Series 2023 Bonds:

- is excluded from a bondholder's federal gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes requirements on the Series 2023 Bonds that the Municipality must continue to meet after the Series 2023 Bonds are issued. These requirements generally involve the way that proceeds from the Series 2023 Bonds must be invested and ultimately used. If the Municipality does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2023 Bonds in its federal gross income on a retroactive basis to the date of issue. The Municipality has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2023 Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit,
- a borrower of money to purchase or carry the Series 2023 Bonds, or
- an applicable corporation, as defined in Section 59(k) of the Code.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2023 Bonds or affect the market price of the Series 2023 Bonds. See also "MISCELLANEOUS" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2023 Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Series 2023 Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Series 2023 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Series 2023 Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2023 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2023 Bond with bond premium, even though the Series 2023 Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Series 2023 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2023 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2023 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2023 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

State Taxes

Under existing law, the Series 2023 Bonds 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 Series 2023 Bonds during the period the Series 2023 Bonds are held or beneficially owned by any organization or entity, or 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 Series 2023 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.

Changes in Federal and State Tax Law

From time to time, there are presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2023 Bonds or otherwise prevent holders of the Series 2023 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2023 Bonds. Further, such proposals may impact the marketability or market value of the Series 2023 Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2023 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2023 Bonds would be impacted thereby. Purchasers of the Series 2023 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2023 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the foregoing matters.

Closing Certificates

The Municipality will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2023 Bonds or the use of the Net Revenues to pay the Series 2023 Bonds or on the financial condition of the System. In addition, the Municipality will represent to the Underwriter that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading. The Municipality will also deliver to the Underwriter a certificate that the additional bonds test under the Senior Lien Bond Resolution has been met.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Fitch, Inc. ("Fitch") have assigned the Series 2023 Bonds the ratings of "Aa2" and "AA", respectively. An explanation of the significance of such ratings may be obtained from the entity furnishing the same.

The above-described ratings are not a recommendation to buy, sell or hold the Series 2023 Bonds. Generally, rating agencies base their ratings on information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. There is no assurance that the ratings will be maintained for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings on the Series 2023 Bonds may have an adverse effect on the market price of the Series 2023 Bonds. Neither the Municipality nor the Underwriter have undertaken any responsibility to oppose any revision, suspension or withdrawal of the ratings.

UNDERWRITING

The Bonds were sold by the Municipality at a competitive public sale, on November 30, 2023 at 9:00 a.m., Central Daylight Time via electronic bids received by PARITY® Electronic Bid Submission System, a service of i-Deal LLC. Details concerning the sale of the Bonds are contained in the Detailed Notice of Sale, dated November 30, 2023, which was available to bidders of the Bonds with the Preliminary Official Statement, dated November 22, 2023.

The successful bidder of the Bonds has agreed, subject to the conditions of closing set forth in the Detailed Notice of Sale relating to the Bonds, to purchase the Bonds at a purchase price of \$40,195,824.70. Such purchase price includes a par amount of \$35,225,000.00, plus original issue premium of \$5,022,495.20 less an underwriter's discount of \$51,670.50. The Underwriter for the Bonds is Morgan Stanley & Co. LLC.

Morgan Stanley & Co. LLC, Underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

The Bonds will be offered at the respective initial public offering prices shown on the inside cover of this Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter at their discretion.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC ("PFM") is employed by the Municipality and the System to perform professional services in the capacity of municipal advisor. In its role as municipal advisor to the Municipality and the System, PFM has provided advice on the plan of financing and structure of the Series 2023 Bonds and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. PFM has not independently verified the factual information contained in this Official Statement but relied on the information supplied by the Municipality, the System and other sources, and the Municipality's certification as to the Official Statement.

INDEPENDENT AUDITORS

The general purpose financial statements of the Municipality, which include audited financial information for the System as of the fiscal year ended June 30, 2023, an electronic link to which is included in Appendix C to this Official Statement, have been audited by Mauldin and Jenkins, LLC, independent auditors, as stated in their report.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Municipality, that are not purely historical, are forward-looking statements, including certain statements regarding the

Municipality's expectations, hopes, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Municipality on the date hereof and the Municipality assumes no obligation to update any such forward-looking statements. It is important to note that the Municipality's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Municipality. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

In considering the matters set forth in this Official Statement, prospective investors should carefully review all information included herein to identify any investment considerations. Potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto, and should have assessed whatever additional financial and other information any such investor may deem necessary, prior to making an investment decision with respect to the Series 2023 Bonds.

MISCELLANEOUS

There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information. Reference is made to original documents in all respects. This Official Statement, and the execution and delivery of this Official Statement, were authorized by the Municipality.

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The City Council has duly authorized the execution and delivery of this Official Statement on behalf of the Municipality by its Mayor, Joe Pitts.

CITY OF CLARKSVILLE, TENNESSEE

By: /s/ Joe Pitts
Joe Pitts, Mayor

APPENDIX A
THE WATER, SEWER AND GAS SYSTEM

THE WATER, SEWER AND GAS SYSTEM

History and Organization

The Water and Sewer System was begun in 1893 when a private water system was purchased by the Municipality. The gas system was added to the Municipality utility system in 1953 (collectively, the "System"). The System operates under the authority of the City Council.

THE WATER SYSTEM

Facilities

The Water System consists of facilities for the procurement, treatment, storage and distribution of water throughout the corporate limits of the Municipality of approximately 95.46 square miles and certain portions of the surrounding developed areas of Montgomery County (the "County") of approximately 80 square miles.

The supply facilities of the Water System consist of a raw water intake and pumping station on the Cumberland River, a raw water supply line, a filtration plant and pumping station and supply mains to the distribution system. The Water System obtains all of its water from the Cumberland River. The existing water treatment plant has a capacity of 28 million gallons per day (MGD), with ability to peak at 30 MGD. The average per day volume of water treated by the plant and the highest one-day volume for each of the fiscal years set forth below are as follows:

<u>Fiscal Year</u>	Average Daily Demand (MGD)	Peak Day Demand (MGD)
2019	17.5	22.5
2020	17.5	23.5
2021	18.4	23.8
2022	18.8	25.2
2023	19.8	25.8

Management estimates future projected average daily demand to be:

<u>Fiscal Year</u>	Average Daily Demand (MGD)	Peak Day Demand (MGD)
2028	23.9	31.8
2033	28.8	38.3

The distribution system consists of over 1,150 miles of water mains ranging in size from 2 inches in diameter to 30 inches in diameter. The distribution system provides service to 76,456 residential, commercial and industrial customers. In the opinion of management, the distribution system is generally in good condition. Some of the older residential areas are served by a small galvanized steel pipe that is systematically being replaced to correct flow and leak problems. Nonrevenue water has averaged approximately 26% over the past five years. The term nonrevenue water includes not only leaks and slow meters, but also water utilized for firefighting, street cleaning and line flushing. During fiscal year 2016, management implemented additional strategies to lower nonrevenue water. These strategies included increased flow monitoring on major trunk lines, leak detection, and the addition of a meter testing station. For the year ending June 30, 2023, nonrevenue water was approximately 20.8%.

The Municipality completed expansion and upgrades to the existing water treatment plant from 24 MGD to 28 MGD in fiscal year 2016. The expansion was completely funded by the State to support Hemlock Semiconductor LLC's new production facility located at the Commerce Park site in the Municipality. In 2023, The Municipality completed upgrades to expand the existing water treatment plant from 28 MGD to 30 MGD.

The Water Master Plan addresses the Municipality's water distribution system for future demand conditions and associated capital improvement requirements. Projected demands, which were previously developed by Hazen, were used to model system performance in terms of having adequate pressure, fire flows, and storage volume. Where potential issues were identified, proposed improvements were identified and evaluated to determine a comprehensive list of solutions including, an additional water treatment facility, additional water storage, a booster station and improvements in the water distribution pipelines.

As part of the improvements mentioned, the Municipality has begun the process to add a second water treatment facility. The North Clarksville Water Treatment Plant (NCWTP) project includes a new raw water pump intake, pretreatment facilities, membrane filtration, granular activated carbon (GAC) filtration, and an administration building including offices, a small conference room, operations control room, and laboratories (chemistry, microbiological, and organics/inorganics). The raw water source is the Cumberland River approximately 1/2 mile downstream of the confluence of the Red River. The site of the NCWTP had been previously chosen and acquired by the Municipality and currently has a 36" finished water main on the property connecting with the southwest portion of the Clarksville Water Distribution System. The designed facility will initially have a 12-MGD firm capacity with a nominal capacity (ability to peak) of 16-MGD. The water treatment plant's initial design includes infrastructure (large pipes, etc.) that will allow expansions up to 36-MGD firm capacity (to provide a lower future cost because much of the more inaccessible infrastructure already will exist). Also included in the design are Supervisory Control and Data Acquisition (SCADA) systems to operate the plant with cybersecurity protection and physical site security.

The design of the NCWTP incorporates conventional pretreatment structures such as: (1) a pre-oxidation basin to allow sodium permanganate to remove certain inorganics (and some organics); (2) rapid mix where injection of coagulant occurs; (3) flocculation basins to build "floc" (colloidal particles that have coagulated); and (4) sedimentation basins to settle the floc particles. The pretreatment structures are necessary to remove raw surface water solids, inorganics such as iron and manganese that are in solution, and natural organic material that may be in solution. Proper pretreatment will decrease disinfectant byproduct production, which is state-regulated currently and will become more stringent as time passes. After the pretreatment processes, settled water is introduced to the membrane filters, which filter particles larger than 0.1 micron in size. These microfiltration membranes provide a direct barrier to protozoan oocysts such as giardia and cryptosporidium, many viruses and some bacteria. Once the water is filtered, it enters GAC filtration beds, which remove taste and odor constituents, many pharmaceuticals (future regulations), and cyanotoxins (future regulations). The water will then be chlorinated (sodium hypochlorite) and fluoridated (hydrofluosilicic acid). A corrosion inhibitor (sodium ortho-polyphosphate) will also be added to the final treated water before being stored in a 2-MG clearwell. The design also includes "high-service" pumps that deliver the finished water through the 36" water main into the water distribution system.

In order to prevent solids overload in the wastewater collections system and wastewater treatment plant, in the new NCWTP's process, waste will enter a designed dewatering process to separate solids from water through an initial sedimentation process where supernate will be recycled back into the plant's main treatment train (prior to preoxidation basin). Solids (approximate average of 1% solids content) will be sent to centrifuges where further dewatering will occur. The System is anticipating a final waste product of 20%-30% solids that will be loaded into trucks and applied at the Bi-County Landfill site (construction debris landfill site).

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Water Rates

Set forth below is the Municipality's residential, commercial, and industrial water rate schedule as approved by the Municipality in Ordinance 96-2020-21 on July 1, 2021:

Effective July 1, 2021 to June 30, 2022

(Per 1,000 gallons)	Within City of Clarksville	Outside City of Clarksville
Residential	\$3.32	\$6.65
Commercial	\$3.32	\$6.35
Industrial	\$5.12	\$6.80

Effective July 1, 2022 to June 30, 2023

(Per 1,000 gallons)	Within City of Clarksville	Outside City of Clarksville
Residential	\$3.68	\$6.81
Commercial	\$3.68	\$6.45
Industrial	\$5.25	\$7.13

Effective July 1, 2023 to June 30, 2024

(Per 1,000 gallons)	Within City of Clarksville	Outside City of Clarksville
Residential	\$4.07	\$7.12
Commercial	\$4.07	\$7.12
Industrial	\$5.38	\$7.47

Effective July 1, 2024

(Per 1,000 gallons)	Within City of Clarksville	Outside City of Clarksville
Residential	\$4.45	\$7.80
Commercial	\$4.45	\$7.80
Industrial	\$5.50	\$7.80

The minimum water bill per month based on the meter size for the above customers is as follows:

Within and Outside the City of Clarksville

Meter Size	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024
Up to 3/4"	\$ 7.00	\$ 8.00	\$ 8.00	\$ 9.00
1"	12.00	13.00	14.00	15.00
1 1/2"	22.00	25.00	27.00	30.00
2"	36.00	39.00	43.00	47.00
3"	66.00	73.00	80.00	90.00
4"	110.00	121.00	132.00	145.00
6"	220.00	241.00	264.00	290.00
8"	352.00	386.00	422.00	465.00
10"	506.00	554.00	607.00	665.00
12" or larger	946.00	1,036.00	1,134.00	1,245.00

Procedures for Water and Sewer Rate Increases

Provisions of the charter of the Municipality require that rate increases for the Water and Sewer Systems be established by ordinance adopted by the City Council at two separate meetings. Rate increases become effective after the second reading as specified in the ordinance before the City Council.

Water System Customer Base and Usage

Set forth below are the number of customers of the Water System for the last five fiscal years and total water consumption and revenues derived from such consumption:

Fiscal Year	Number of Customers	Gallons into System (Thousands)	Gallons Sold (Thousands)	Total Revenue
2023	78,456	7,238,190	5,579,352	\$ 32,972,572
2022	76,063	6,856,913	5,117,915	27,868,674
2021	73,132	6,708,837	4,759,169	22,813,004
2020	70,613	6,392,350	4,774,467	22,225,051
2019	68,263	6,370,841	4,695,018	21,892,731

See "THE WATER SYSTEM - Facilities" above for further description and discussion of nonrevenue water.

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Ten Largest Water System Customers

Set forth in the table below are the ten largest customers of the Water System at June 30, 2023, the amounts billed throughout 2023 fiscal year and the percentage of total Water System operating revenue that such billings represent:

	<u>Customer</u>	<u>Annual Sales</u>	<u>Percentage of Total Sales</u>
1	Austin Peay State Univ	\$408,182	1.2%
2	MW-MB LLC	398,273	1.2%
3	Bridgestone Metalpha USA	391,374	1.2%
4	LG Electronics USA Inc	370,729	1.1%
5	Hankook Tire Manufacturing TN LP	367,032	1.1%
6	Clarksville Mont Co School	364,544	1.1%
7	Trane Company	304,875	0.9%
8	Clarksville Housing Authority	251,771	0.8%
9	Montgomery Co Government	174,619	0.5%
10	Precision Printing	65,573	0.2%
	Total Top Ten Customers	<u>\$3,096,030</u>	<u>9.3%</u>
	Total Revenues from Sale of Water	<u>\$32,972,572</u>	<u>100.0%</u>

The top ten customer table presented above and in future annual disclosures does not and will not include information for any customer which may, from time to time, otherwise be listed in the table but (i) with respect to which the Municipality is contractually prohibited from disclosing utility consumption information, and (ii) the omitted information does not materially impact the annual disclosure.

Water Quality

The Clarksville Water Treatment Plant (CWTP) monitors many constituents in its processed water. Finished potable water is continuously monitored for turbidity, free chlorine residual, and pH. Analyses on finished potable (as well as process) water constituents including alkalinity, hardness, iron, manganese, and coliform bacteria are performed at least daily. Fluoride is tested at least weekly. Many other constituents are also monitored as per Tennessee Department of Environment and Conservation (TDEC), Division of Water Resources Rules; Public Water Systems, Chapter 0400-45-01. Those analyses are performed weekly, monthly, quarterly, or even triennially and many are performed by a third-party outside laboratory.

The CWTP is equipped with conventional pretreatment including flash mix, flocculation basins, and sedimentation basins. After clarified water exits the sedimentation basins, it is micro-filtered utilizing membrane filters. The membranes filter 99.9999% (6-LOG) of particles greater than 0.1 micron in size. The membranes are capable of filtering protozoan oocysts such as cryptosporidium and giardia as well as turbidity. With the design and operations of this plant, CWTP has a consistent turbidity removal that exceeds regulatory requirements for turbidity as well as the “Long Term Rules” of the U.S. Environmental Protection Agency (EPA) for filtering protozoan oocysts. The pretreatment aspects of the plant along with the membrane filters also allow for better organic and disinfectant byproduct (DBP) precursor removal. DBPs, including various trihalomethanes and haloacetic acids, are also regulated by the EPA/TDEC.

Since December 1, 1992, the EPA/TDEC has required (per the Lead and Copper Rule) the Clarksville Water System (“CWS”) to maintain a corrosion control program to control leaching of pipeline materials into finished drinking water. Water quality problems with lead and copper occur when water is aggressive (i.e., low pH, low alkalinity, low hardness, high conductivity, high Total Dissolved Solids (TDS), or a combination of these constituents). When water is “aggressive,” inorganic matter such as lead or copper is leached from pipe materials and dissolved into the water. Aggressive water, usually over many years, corrodes pipe/plumbing materials (the pipe and fittings or the solder that connects plumbing fittings together). Water treatment techniques including pH/alkalinity adjustment/control as well as the addition of a phosphate-based corrosion inhibitor are used to control the leaching of lead, copper, and other constituents into the potable water. The CWTP utilizes the Cumberland River as its source water. The Cumberland River water quality is very stable and relatively non-corrosive. CWS has utilized treatment techniques such as the addition of corrosion inhibitor (sodium ortho-polyphosphate) to its water in the process for over 25 years and has demonstrated an excellent record of controlling lead and copper in the drinking water.

For many years, CWS has replaced lead and galvanized service lines instead of repairing them. When a lead or galvanized service is found leaking, the service is replaced with copper or PEX (cross-linked polyethylene) service line material. This has given CWS a head start in the total abatement of lead and galvanized services lines in its system. CWS is currently building an exhaustive service line materials inventory (both on the public and private side of the meter) and is pursuing an aggressive lead/galvanized service line abatement program in anticipation of upcoming additional Lead and Copper Rule compliance (2024). The EPA Lead and Copper Rule Revision (LCRR) was published in January 2021 with a compliance date sometime in 2024.

CWS currently has over 1,100 miles of water main. The water main materials vary from cast iron (CI), asbestos cement (AC), galvanized, PVC, HDPE, and ductile iron (DI) with the majority of the system being outfitted with PVC. The most common pipe materials used for water mains today are PVC and cementitious-lined ductile iron. As hinted to above, service line material is primarily copper or PEX-A (utility side of meter). Newly installed water meters contain less than 0.25% lead, which qualifies as “lead-free.” With continued proper treatment, water line flushing, valve maintenance, etc., new infrastructure (and much of the older infrastructure) will last a number of years and will likely not leach harmful components such as lead or copper into the customers’ drinking water.

Clarksville Water System publishes an Annual Drinking Water Quality Report that is also required by the EPA/TDEC. CWS’s most recent report for the monitoring period January 1, 2022 to December 31, 2022 concludes that the CWS’s water quality continues to meet or exceed all federal and state drinking water standards. CWS’s continuous goal is to provide the highest quality of drinking water possible to customers—meeting or exceeding regulatory requirements.

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Operating History of the Water and Sewer System

Set forth below is a combined summary of operations for the Water and Sewer System for fiscal years ended June 30, 2019 through June 30, 2023. The information set forth below has been derived from the audited financial statements of the System.

Water System and Sewer System					
Summary of Operations					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenue	\$ 86,992,734	\$ 81,305,093	\$ 72,767,832	\$ 69,184,536	\$ 65,555,919
Operating Expense	63,161,479	54,429,432	51,103,450	49,226,819	46,214,905
Operating Income	23,831,255	26,875,661	21,664,382	19,957,717	19,341,014
Other Income (Expense)	(2,453,489)	(16,870,509)	(5,465,259)	(5,687,387)	(5,799,513)
Operating Income (Loss) Before Contributions and Transfers	21,377,766	10,005,152	16,199,123	14,270,330	13,541,501
Capital Contributions	34,641,876	25,606,676	26,080,942	25,026,548	15,926,558
Transfers to Primary Government	(3,873,892)	(3,502,952)	(2,943,465)	(2,748,378)	(3,108,197)
Federal Awards	1,998,480	-	935,378	377,638	(789,343)
Change in Net Position	\$ 54,144,230	\$ 32,108,876	\$ 40,271,978	\$ 36,926,138	\$ 25,570,519

For more detailed information regarding the financial results and condition of the Water and Sewer System, see Appendix C hereto.

THE SEWER SYSTEM

Wastewater Treatment Plant Facilities

The Sewer System consists of facilities for the collection, transportation and treatment of sewage and discharge of treated effluent. The Sewer System provides service to the Municipality and certain portions of the County. CWS has the right to provide services not only within its prescribed service area but also, pursuant to interlocal agreements, within the service areas of the East Montgomery Utility District and the Woodlawn Utility District. At present, approximately 94% of the Municipality's residents are provided sewer service. The remaining 6% use septic tanks.

The Sewer System facilities consist of collection lines, lift stations and a wastewater treatment plant. The treatment plant is located near the confluence of the Red River and Cumberland River and discharges effluent into the Cumberland River. In 1992, the Municipality completed an expansion of the treatment plant from a capacity of 7.5 MGD to 15.0 MGD. The plant had a maximum short-term hydraulic capacity of 60 MGD which is designed to handle peaks that may result during storms.

A construction project was completed in May 2002 that expanded the normal biological treatment capacity 15 MGD to 25 MGD and the short-term hydraulic capacity to 60 MGD.

Construction was completed in February 2019 on a project at the wastewater treatment plant to repair 2010 flood damages and improve the reliability in process functions to consistently meet Federal Regulations.

The wastewater treatment plant's discharge is monitored daily. The discharge is tested daily for BOD, suspended solids, settleable solids, dissolved oxygen, pH, fecal coliform and chlorine residual.

The average flow to the plant is approximately 13 MGD.

Wastewater Discharge Permit

The Municipality's sewer treatment plant is presently discharging under NPDES permit TN0020656. This permit expires January 31, 2025.

Clean Water Act

The operations of the Municipality are subject to the Federal Clean Water Act, as amended (Tennessee Code Annotated, Section 69-3-100, et seq.), and regulations of the Tennessee Department of Health and Environment, Bureau of Environment, Division of Water Management, Division of Construction Grants and Loans, Environmental Protection Agency, Division of Water Pollution Control, Water Quality Control Act of 1977 and regulations of the Water Quality Control Board.

Wastewater Collections

The Clarksville Wastewater System has a State of Tennessee-approved CMOM Program that defines the operation and maintenance plan for the system. Most of the municipality's lift stations are monitored daily to ensure that all pumps and equipment are working properly. Lift stations are equipped with alarm monitoring, many through a SCADA System, that warns of mechanical failure. The systems that are monitored with SCADA are monitored twenty-four hours a day. If a failure occurs, the Municipality's utility personnel notify the appropriate personnel to check the problem and take the necessary procedures to remedy the situation.

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Sewer Rates

Set forth below is the Municipality's residential, commercial, and industrial sewer rate schedule as approved by the Municipality in Ordinance 96-2020-21 on June 3, 2021. Sewer rates below exclude \$5.00 per month environmental compliance fee for each sewer customer.

Effective July 1, 2021 to June 30, 2023

(Per 1,000 gallons)	Within City of Clarksville	Outside City of Clarksville*
Residential	\$8.07	\$14.14
Commercial	\$8.07	\$14.14
Industrial	\$8.07	\$14.14

Effective July 1, 2023 to June 30, 2024

(Per 1,000 gallons)	Within City of Clarksville	Outside City of Clarksville*
Residential	\$8.07	\$14.19
Commercial	\$8.07	\$14.19
Industrial	\$8.07	\$14.19

Effective July 1, 2024

(Per 1,000 gallons)	Within City of Clarksville	Outside City of Clarksville*
Residential	\$8.14	\$14.24
Commercial	\$8.14	\$14.24
Industrial	\$8.14	\$14.24

**Outside City of Clarksville, but served directly by the City*

Sewer System Customer Base and Usage

Set forth in the table below are the number of customers of the Sewer System for the last five fiscal years and total usage and revenues derived from such usage.

<u>Fiscal Year</u>	<u>Number of Customers</u>	<u>Treated</u> <u>(Thousand Gallons)</u>	<u>Total Revenue</u>
2023	69,739	4,767,070	\$45,441,255
2022	67,434	4,893,900	42,832,948
2021	64,576	4,801,200	40,100,958
2020	62,176	4,905,600	38,667,882
2019	59,864	4,852,400	36,490,212

Procedures for Rate Increases

See "Procedures for Water and Sewer Rate Increases" above.

Ten Largest Sewer System Customers

Set forth on the following table are the largest customers of the Sewer System at June 30, 2023, the amounts billed (charges for sewer services) throughout the 2023 fiscal year and the percentage of total Sewer System operating revenue that such billings represent.

	<u>Customer</u>	<u>Annual Sales</u>	<u>Percentage of Total Sales</u>
1	Clarksville Mont Co School	\$634,559	1.4%
2	LG Electronics USA Inc.	628,123	1.4%
3	Austin Peay State University	621,093	1.4%
4	Clarksville Housing Authority	534,097	1.2%
5	Trane Company	442,693	1.0%
6	MW-MB LLC	379,624	0.8%
7	Freeman Webb Clarksville Nine LLC	274,785	0.6%
8	Hankook Tire Manufacturing TN LP	255,241	0.6%
9	Bridgestone Metalpha USA	253,929	0.6%
10	Montgomery Co Government	241,420	0.5%
	Total Top Ten Customers	<u>\$4,265,564</u>	<u>9.4%</u>
	Total Revenues from Charges for Sewer Services	<u>\$45,441,255</u>	<u>100.0%</u>

Operating History

See "Operating History of the Water and Sewer System" above.

THE GAS SYSTEM

Facilities

The Gas System consists of facilities for the distribution of natural gas throughout the corporate limits of the Municipality and certain portions of the surrounding developed areas of the County and surrounding counties. The distribution system consists of approximately 1,031 miles of pipe with a capacity of approximately 66,400 MCF per day. The average daily usage is currently 13,760 MCF per day. The Gas System currently provides service to 28,972 customers.

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Gas Rates

Set forth below are the rates for the Gas System effective for the month of September 2023.

	Within City of Clarksville	Outside City of Clarksville
<u>Residential</u>		
Monthly Meter Charge	\$12.050	\$17.600
Usage Charge (per 100 Cubic Feet)	0.088	0.110
Commodity Charge (per 100 Cubic Feet)	0.3467	0.3467
<u>Commercial & Industrial</u>		
Monthly Meter Charge	\$37.410	\$44.890
Usage Charge (per 100 Cubic Feet)	0.144	0.173
Commodity Charge (per 100 Cubic Feet)	0.3467	0.3467
<u>High Load Factor</u>		
Monthly Meter Charge	\$211.000	\$211.000
Usage Charge (per 100 Cubic Feet)	0.048	0.048
Commodity Charge (per 100 Cubic Feet)	0.3467	0.3467

Procedures for Rate Increases

Provisions of the charter of the Municipality require that rate increases for the Gas System be established by ordinance adopted by the City Council at two separate meetings, except as described herein. The rate increase becomes effective after the second reading as specified in the ordinance before the City Council. However, the Utility Committee of the City Council in conjunction with the Chief Financial Officer/Comptroller of the Water, Sewer and Gas Departments and the Mayor of the Municipality are authorized to pass along purchased gas cost adjustments, whether increases or decreases, to customers and to thereafter apprise the City Council of such adjustments.

Gas System Customer Base Usage

Set forth below are the number of customers of the Gas System for the last five fiscal years and total revenues.

Fiscal Year	Residential	Commercial/ Industrial	Total Customers	Gas Sold Mcf	Total Revenue Residential	Total Revenue Comm/Ind	Total Revenue
2023	25,395	3,577	28,972	4,807,071	\$ 10,647,631	\$ 26,368,132	\$ 37,015,763
2022	25,082	3,529	28,611	4,621,719	11,473,538	24,444,564	35,918,102
2021	24,815	3,508	28,323	4,461,944	8,522,320	15,281,975	23,804,295
2020	24,286	3,487	27,773	4,109,166	7,789,255	13,609,411	21,398,666
2019	23,832	3,406	27,238	4,248,550	9,636,891	17,238,964	26,875,855

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Ten Largest Gas System Customers

Set forth below on the following table are the largest customers of the Gas System as of June 30, 2023, the amounts billed throughout the 2023 fiscal year and the percentage of total gas operating revenue that such billing represents.

<u>Customer</u>	<u>Annual Sales</u>	<u>Percentage of Total Sales</u>
1 Florim USA Inc	\$6,055,919	16.4%
2 MW-MB LLC	2,630,157	7.1%
3 Hankook Tire Manufacturing TN LP	2,412,642	6.5%
4 Austin Peay State University	1,091,666	2.9%
5 Bridgestone Metalpha USA	1,019,010	2.8%
6 City of Guthrie Gas Department	815,016	2.2%
7 LG Electronics USA Inc	776,991	2.1%
8 Clarksville Montgomery Co School	513,805	1.4%
9 Trane Company	488,618	1.3%
10 City of Hopkinsville Sewer & Water Comm	437,089	1.2%
Total Top Ten Residential and Commercial Customers	\$16,240,913	43.9%
Total Revenues from Sales of Gas	\$37,015,763	100.0%

The Gas System's primary customer is Florim USA, a manufacturer of porcelain and ceramic products. This customer accounts for 16.4% of the Gas System's revenues (sales) and the top ten customers account for 43.9% of the Gas System's revenues (sales).

Effective January 31, 2004, the Municipality entered into an easement agreement with the U.S. Department of Army pursuant to which the Municipality acquired the natural gas utility system at Fort Campbell Garrison. Pursuant to this agreement, the Municipality manages the construction, operation, maintenance, repair and replacement of the natural gas utility system at Fort Campbell Garrison. The Municipality is compensated for these services on a cost-plus basis. This contract expires on January 30, 2053.

Management of the Municipality does not believe that the closure of Fort Campbell Garrison is likely. In the event that Fort Campbell Garrison were closed or if it procured an alternate source of gas, management does not believe either would have a material adverse effect on the System's operations.

Gas Supply, Service and Transportation Agreements

As a result of implementation of the Federal Energy Commission ("FERC") Order No. 636, the Municipality purchases all of its gas supplies on an "unbundled" basis; that is, it no longer purchases both gas supplies and transportation service from Tennessee Gas Pipeline Company under the same contract at a combined tariff price since Order No. 636 took effect with respect to Tennessee Gas Pipeline Company on September 1, 1993. Under Order No. 636, the supply and transportation components of former bundled sales service were disaggregated, and sales service at regulated prices terminated.

The Municipality maintains two gas transportation contracts and one gas storage contract with Tennessee Gas Pipeline Company, a subsidiary of Kinder Morgan. The transportation contracts expire in 2024 and 2025, respectively. The storage contract expires in 2023. The Municipality has a unilateral right to extend the terms of these contracts upon expiration under current law; however, there can be no certainty that the contracts can be extended on terms acceptable to the Municipality. Under FERC Order No. 636, the Municipality has a right to renew the contracts if it matches the longest term and highest rate (up to the maximum regulated rate and maximum term determined by FERC) offered for the transportation capacity.

The remainder of the gas purchased for use by the Gas System is acquired pursuant to a Gas Resources Portfolio Management Agreement between the Municipality and NGAC which was formed by the Municipality in 1991. NGAC is a nonprofit corporation and instrumentality of the Municipality. NGAC was created to acquire, finance and manage supplies of natural gas for the Municipality. Under the provision of the gas supply and management contract between NGAC and the Municipality, NGAC supplies gas to the Gas System up to an agreed upon maximum amount at a market-based price which is adjusted monthly to reflect market prices based upon an index established by a monthly published price, less a fixed amount per MMBTU purchased. NGAC and the Municipality's obligations to sell and purchase required gas supplies at the contract price are firmed. Payments made under the gas supply and management contract are considered to be operation and maintenance costs of the Gas System.

Operating History of the Gas System

The following table is a summary of operations for the gas system for June 30, 2019 through 2023. The information set forth below has been derived from the audited financial statements of the System for the fiscal years ended June 30, 2019 through 2023. For more detailed information regarding the financial results and condition of the Gas System, see Appendix C hereto.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenue	\$ 38,447,824	\$ 38,123,724	\$ 25,063,799	\$ 23,024,185	\$ 28,308,265
Operating Expense	36,218,757	35,884,196	23,812,984	20,604,580	25,542,011
Operating Income (Loss)	2,229,067	2,239,528	1,250,815	2,419,605	2,766,254
Other Income (Expense)	1,138,736	22,180	(38,824)	239,783	400,384
Operating Income (Loss) Before Contributions and Transfers	3,367,803	2,261,708	1,211,991	2,659,388	3,166,638
Capital Contributions	521,330	166,880	560,756	2,606,876	1,756,294
Transfers to Primary Government	(811,043)	(795,580)	(685,186)	(591,685)	(676,825)
Federal Awards	-	-	-	-	-
Change in Net Position	\$ 3,078,090	\$ 1,633,008	\$ 1,087,561	\$ 4,674,579	\$ 4,246,107

THE WATER, SEWER AND GAS SYSTEM OPERATIONS

Administration

The System employs 311 persons, many of whom work for all three departments. It is estimated that the Water Department employs the equivalent of 125 persons, the Sewer Department 120 persons and the Gas Department 66 persons. None of the employees are covered by a collective bargaining agreement and there is not currently pending any effort to organize employees for collective bargaining purposes.

The day-to-day operations of the Water, Sewer and Gas System are the responsibility of the General Manager. Reporting to the General Manager is the Water Manager, Wastewater Manager, Gas Manager, and other Department Managers providing support services, who are responsible for the operation of their respective departments. The financial affairs of the Water, Sewer and Gas Departments are managed by a Chief Financial Officer/Comptroller.

Capital Improvements Program

In an effort to meet System demands and customer requirements as well as maintaining the existing System, the following capital improvements and additions are planned for the next five fiscal years.

Major capital additions and improvements planned for the next five fiscal years to the Water System include building a second water treatment plant, water main improvements, replacing and relocating existing lines, and pump replacements.

PROPOSED WATER PROJECTS

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$101,149,000
2025	66,063,000
2026	19,583,000
2027	8,470,000
2028	<u>2,100,000</u>
Total	<u>\$191,424,000*</u>

*Approximately \$138,000,000 expected to be financed with proceeds of the Series 2021 Bonds.

Major capital additions and improvements planned for the next five fiscal years to the Sewer System include rehabilitating sewer lines, sewer plant enhancements, and constructing equalization basins.

PROPOSED SEWER PROJECTS	
<u>Fiscal Year</u>	<u>Amount</u>
2024	\$39,561,000
2025	44,755,000
2026	24,481,000
2027	20,360,000
2028	<u>19,435,000</u>
Total	<u>\$148,592,000*</u>

*Approximately \$38,700,000 expected to be financed with proceeds of the Series 2023 Bonds.

Major capital additions and improvements planned for the next five fiscal years to the Gas System include main extensions and improvements.

PROPOSED GAS PROJECTS	
<u>Fiscal Year</u>	<u>Amount</u>
2024	\$8,000,000
2025	6,845,000
2026	6,885,000
2027	3,935,000
2028	<u>3,635,000</u>
Total	<u>\$30,556,000</u>

Debt Record

There is no record of a default on principal or interest payments by the Municipality from information available.

Sale of System

The Municipality has no current plans to sell the System.

Billing and Collections

The System handles its own billing with the use of its own computer system. Uncollected accounts charged against the Allowance for Doubtful Accounts for the fiscal years ending June 30, 2018 through June 30, 2022 are listed below. A bill is due twenty days after the billing date. If the bill has not been paid by the twentieth day, a 10% penalty is applied and if the bill has not been paid thirty days after the bill is due, the customer's service is deactivated.

<u>Uncollected Accounts Charge Against Allowance for Doubtful Accounts</u>	
<u>Fiscal Year</u>	<u>Amount</u>
2019	\$133,197
2020	131,619
2021	119,264
2022	143,747
2023	<u>134,885</u>
TOTAL	<u>\$662,712</u>

Economic Development Activity

The System service area has experienced strong, sustained growth for the last 20 years, with no sign of slowing down. The Clarksville-Montgomery County 2040 Growth Plan projects an additional 90,455 residents over the 20-year planning period, with the majority of the growth anticipated within the System service area due to the availability of sanitary sewer. The strong projected growth is due in part to the presence of Fort Campbell Army Post, Austin Peay State University, the Municipality's proximity to Nashville, and a low cost of living combined with a strong local economy.

The local Industrial Development Board has achieved recent success in landing a new Google Data Center, LG Electronics, Hankook Tire, and Atlas BX Battery Plant all within the last decade, with additional prospects on the horizon. Commercial development has accompanied population growth, with restaurants, grocery stores, offices, churches, retail shopping, hotels and other service businesses being built to serve the needs of the residents. The housing construction industry has been a strong feature of the local economy as well, with the growth plan projecting an additional 32,000 housing units in its 20-year planning period, ranging from single-family homes to townhomes and apartment buildings. Further, the local student population is expected to increase, with an additional 15,648 students projected by 2040, creating the need for new school construction to keep pace with the student population.

The past success of the Municipality has driven sustained increases in water demand. Future projections indicate that water demand will only increase with the additional residential, commercial and industrial customer base. As herein noted, CWS is currently constructing a new 12 MGD water treatment plant (expandable to 36 MGD) to supplement the existing water treatment plant. This will support the water needs of Clarksville residents and local economy through the next generation and beyond.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Detailed information regarding the Pension Plans and Other Post-Employment Benefits provided to employees of the System can be found beginning on Page 36 of the audited financial statements of the System included herewith as Appendix C.

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HISTORICAL REVENUE COVERAGE

Historical Revenue Coverage

Coverage ratios (as calculated by the Senior Lien Bond Resolution) (see Appendix B – “COVENANTS - Rates, Fees and Charges”) for the past five fiscal years are set forth on the following table.

	<u>FY2023</u>	<u>FY2022</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>
Operating Revenue	\$ 125,440,558	\$ 119,428,817	\$ 97,831,631	\$ 92,208,721	\$ 93,864,184
Operating Expense	<u>99,380,236</u>	<u>90,313,628</u>	<u>74,916,434</u>	<u>69,831,398</u>	<u>71,756,916</u>
Operating Income (GAAP Basis)	26,060,322	29,115,189	22,915,197	22,377,323	22,107,268
Add: Depreciation	21,656,037	20,755,944	19,801,485	19,281,052	19,403,490
Add: Other Income (Expense) Excluding Interest Expense	<u>4,117,391</u>	<u>377,619</u>	<u>334,911</u>	<u>1,341,698</u>	<u>1,873,964</u>
Net Revenue per Bond Resolution	<u>\$ 51,833,750</u>	<u>\$ 50,248,752</u>	<u>\$ 43,051,593</u>	<u>\$ 43,000,073</u>	<u>\$ 43,384,722</u>
<u>Debt Service Requirements</u>					
Senior Debt Service	\$ 17,143,640	\$ 18,146,991	\$ 18,023,100	\$ 18,041,100	\$ 15,095,450
Subordinate Debt Service*	<u>2,962,704</u>	<u>2,315,867</u>	<u>2,207,136</u>	<u>2,472,989</u>	<u>5,555,176</u>
Combined Debt Service	<u>\$ 20,106,344</u>	<u>\$ 20,462,858</u>	<u>\$ 20,230,236</u>	<u>\$ 20,514,089</u>	<u>\$ 20,650,626</u>
Senior Debt Service Coverage	3.02x	2.77x	2.39x	2.39x	2.41x
Subordinate Debt Service Coverage	11.71x	13.86x	11.34x	10.01x	9.67x
Combined Debt Service Coverage	2.58x	2.46x	2.13x	2.10x	2.10x

**Debt Service accounts for net interest for the Series 2021 issuance and excludes early payoff and cash defeasance on February 1, 2021 of outstanding bonds totaling \$1,390,000 of the 2022 maturity of the Series 2011 Bonds.*

Projected Revenues, Expenses and Debt Service Coverage

The forecasted financial operations and debt service coverage for the System are shown on the following page, which have been prepared by the System. The amounts shown in FY 2023 represent actual audited numbers. The amounts shown in Fiscal Year 2024 reflect current budget estimates. Amounts shown in Fiscal Year 2025 through Fiscal Year 2028 are projected. The projected operating results over the remaining years of the forecast period are based on assumptions related to customer growth and consumption growth. The projection for annual revenue growth is between 2.00% and 3.00%

Budgeted and projected O&M expenditures include additional expenditures related to the operating costs of a new water treatment plant including additional personnel. Other O&M expenditures (i.e., wages and benefits) are projected to increase approximately 2.00% through Fiscal Year 2028. Additionally, O&M costs are projected to assume gas commodity prices remain unchanged and include additional operating costs related to Hankook Tire, which began production in Fiscal Year 2021. Depreciation is excluded.

Set forth herein, the maximum annual debt service requirement is \$27,683,974* and occurs in Fiscal Year 2026*. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS” in this Official Statement.

Readers and prospective investors are cautioned that the forecasts in the following table are not guarantees of future performance. Actual results may vary materially from these forecasts as a result of various risks and uncertainties that include, among others, unanticipated declines in levels of water consumption, increases in personnel costs and other operating costs, additional regulatory requirements, and adverse developments in general economic conditions.

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* Preliminary, subject to change; net of capitalized interest.

PROJECTED NET REVENUES AND DEBT SERVICE COVERAGE⁽¹⁾
Fiscal Year ending June 30

	<u>FY 2022</u> Actual	<u>FY2023</u> Actual	<u>FY2024</u> Budgeted	<u>FY2025</u> Projected	<u>FY2026</u> Projected	<u>FY2027</u> Projected	<u>FY2028</u> Projected
Water, Sewer & Gas Operating Revenues ⁽²⁾	\$ 119,428,817	\$ 125,440,558	\$ 129,935,600	\$ 140,860,312	\$ 143,934,518	\$ 147,080,914	\$ 150,326,323
Water, Sewer & Gas Operating Expenses ⁽³⁾	69,557,684	77,724,199	76,318,830	82,282,264	82,880,317	84,534,746	85,302,898
Other Income (Expenses)	377,619	4,117,391	5,760,000	1,645,000	210,000	210,000	210,000
Net System Revenues	<u>\$ 50,248,752</u>	<u>\$ 51,833,750</u>	<u>\$ 59,376,770</u>	<u>\$ 60,223,048</u>	<u>\$ 61,264,202</u>	<u>\$ 62,756,167</u>	<u>\$ 65,233,425</u>
Senior Debt Service	18,146,991	17,143,640	17,403,556	23,181,360	24,459,757	24,377,806	24,281,852
Subordinate Debt Service	2,315,867	2,962,704	3,179,268	3,209,121	3,240,466	3,273,379	3,307,938
Combined Debt Service ⁽⁴⁾	<u>\$ 20,462,858</u>	<u>\$ 20,106,344</u>	<u>\$ 20,582,825</u>	<u>\$ 26,390,481</u>	<u>\$ 27,700,224</u>	<u>\$ 27,651,185</u>	<u>\$ 27,589,789</u>
Senior Debt Service Coverage	2.77x	3.02x	3.41x	2.60x	2.50x	2.57x	2.69x
Subordinate Debt Service Coverage	13.86x	11.71x	13.20x	11.54x	11.36x	11.72x	12.38x
Combined Debt Service Coverage	2.46x	2.58x	2.88x	2.28x	2.21x	2.27x	2.36x

⁽¹⁾ The forecast has been prepared by the System. Includes Series 2023 debt service.

⁽²⁾ The projected revenues reflect increases in water rates and charges approved by the Municipality in Ordinance 96-2020-21 on June 3, 2021. The forecast assumes a gas rate increase beginning in FY 2025. The projection for annual revenue growth is between 2.00% and 3.00%

⁽³⁾ O&M costs includes additional expenditures related to the operating costs of a new water treatment plant including additional personnel. Other O&M expenditures (i.e., wages and benefits) are projected to increase approximately 2.00% through FY 2028. Additionally, O&M costs are projected to assume gas commodity prices remain unchanged and include additional operating costs related to Hankook Tire, which began production in FY 2021. Depreciation is excluded.

⁽⁴⁾ Variable rate indebtedness is forecasted at an interest rate of 3.68%. Debt Service accounts for net interest for the Series 2021 issuance and excludes early payoff and cash defeasance on February 1, 2021 of outstanding bonds totaling \$1,390,000 of the 2022 maturity of the Series 2011 Bonds.

APPENDIX B
CERTAIN PROVISIONS OF THE SENIOR LIEN BOND
RESOLUTION

The following is a summary of certain provisions of the Senior Lien Bond Resolution.

DEFINITIONS

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

“Accountant's Certificate” shall mean a certificate signed by an independent certified public accountant or a firm of certified public accountants, selected by the Municipality, who may be the accountant or firm of accountants who regularly audit the books of the Municipality relating to the System.

“Accreted Value” shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

“Acquired System” shall mean any water procurement, treatment, storage or distribution system, sewer treatment or transmission system or natural gas transmission system hereafter acquired, constructed or established by the Municipality; provided that the term “Acquired System” shall also mean the Fort Campbell Gas System, as defined in Resolution 8-2003-04, adopted by the Governing Body on September 4, 2003.

“Additionally Secured Series” shall mean a Series of Bonds for which the payment of the Principal Installments and Redemption Price of, and interest on, the Bonds of such Series shall be secured, in addition to the pledge created pursuant to the terms hereof in favor of all of the Bonds, by amounts on deposit in a separate account to be designated therefor in the Reserve Fund.

“Alternate Variable Rate Taxable Index” shall mean such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Finance Officer.

“Alternate Variable Rate Tax-Exempt Index” shall mean such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Finance Officer.

“Annual Budget” shall mean the annual budget or budgets of the System, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided herein.

“Appreciated Value” shall mean, with respect to any Deferred Income Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Deferred Income Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Bonds set

forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

“Authorized Finance Officer” shall mean the chief financial officer of the Municipality, the general manager of the system, the chief financial officer of the System or any other persons authorized in writing by any of them to act as an Authorized Finance Officer hereunder.

“Balloon Date” shall mean any date of a Principal Installment or any date on which a registered owner may elect to have Balloon Obligations redeemed, prepaid, purchased directly or indirectly by the Municipality, or otherwise paid, in a Balloon Year.

“Balloon Obligations” shall mean any Series of Bonds 25% or more of the Principal Installments of which is due or may be required to be paid in any 12-month period; provided that, in calculating the principal amount of such Bonds due or required to be redeemed, prepaid, purchased, or otherwise paid in any 12-month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be redeemed or amortized prior to such 12-month period.

“Balloon Year” shall mean any 12-month period in which more than 25% of the original principal amount of related Balloon Obligations mature or are subject to mandatory redemption or could, at the option of the registered owners thereof, be required to be redeemed, prepaid, purchased directly or indirectly by the Municipality, or otherwise paid.

“Bonds” means the Municipality’s outstanding Water, Sewer and Gas Revenue Refunding Bonds, Series 2016, Water, Sewer and Gas Revenue Refunding Bonds, Series 2017, Water, Sewer and Gas Revenue Bonds, Series 2021A, Water, Sewer and Gas Revenue Refunding Bonds, Series 2021B (Federally Taxable), Water, Sewer and Gas Revenue Bonds, Series 2023 and any Parity Bonds.

“Bond Fund” shall mean the bond and interest sinking fund described herein under “– Pledge and Application of Revenues; Funds and Accounts – Establishment of Funds and Accounts”.

“Capitalized Interest Account” shall mean the Capitalized Interest Account established within the Construction Fund.

“Capital Appreciation Bonds” shall mean any Bonds issued under the Resolution as to which interest is (a) compounded periodically on dates that are specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (b) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Resolution or the Supplemental Resolution authorizing such Capital Appreciation Bonds.

“Certified Interest Rate” shall mean, as of any date of determination:

(a) with respect to Bonds that were or will be, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the average of the Variable Rate Tax-Exempt Index for the five (5) years preceding such date of determination; and

(b) with respect to Bonds that were not and will not be, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income

for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the average of the Variable Rate Taxable Index for the five (5) years preceding such date of determination.

“Code” shall mean the Internal Revenue Code of 1986, as amended, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

“Construction Fund” shall mean the Construction Fund described herein under “—Pledge and Application of Revenues; Funds and Accounts – Establishment of Funds and Accounts”.

“Consultant” shall mean a firm of engineers, accountants or consultants of national reputation for advising municipalities with respect to the setting of rates and charges for the use of water, sewer and gas systems, as selected by an Authorized Finance Officer.

“Consulting Engineer” means (i) an engineering firm or individual engineer with substantial experience in advising utilities similar to the System operated by the Municipality as to the construction and maintenance of the System and in the projection of relative costs of expansion in the System or (ii) an engineer or engineers who are employees of the Municipality whose reports or projections are certified by a Financial Adviser.

“Contracts” shall mean all Credit Facility Agreements, including any Reimbursement Obligations, and all Qualified Hedge Agreements.

“Costs” shall mean any and all costs permitted to be financed by applicable Tennessee law through the issuance of a Series of Bonds.

“Counsel's Opinion” shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds (who may be counsel to the Municipality) selected by the Municipality.

“Credit Facility” shall mean any letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line of credit, revolving credit agreement, or similar obligation, arrangement or instrument (other than a Reserve Fund Credit Facility) issued by a bank, insurance company, or any entity that is used by the Municipality to perform one or more of the following tasks: (i) enhancing the Municipality's credit by assuring owners of any of the Bonds that principal of and interest on such Bonds will be paid promptly when due; (ii) providing liquidity for the owners of Bonds through undertaking to cause Bonds to be bought from the owners thereof when submitted pursuant to an arrangement prescribed by a Supplemental Resolution; or (iii) remarketing any Bonds so submitted to the Credit Issuer (whether or not the same Credit Issuer is remarketing the Bonds).

“Credit Facility Agreement” shall mean an agreement between the Municipality and a Credit Issuer pursuant to which the Credit Issuer issues a Credit Facility.

“Credit Issuer” shall mean any issuer of a Credit Facility then in effect for all or part of the Bonds.

“Current Interest Commencement Date” shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

“Debt Service Requirement” shall mean:

(a) with respect to Subordinated Indebtedness, the total principal and interest coming due, whether at maturity or upon mandatory redemption, in any specified period.

(b) with respect to the Bonds, the total Principal Installments and interest accruing in any specified period, provided that:

(i) If any Bonds Outstanding or proposed to be issued shall bear interest at a Variable Rate, including Hedged Obligations if the interest thereon calculated as set forth below is expected to vary and Bonds secured by a Credit Facility if the interest thereon calculated as set forth below is expected to vary, the interest coming due in any specified future period shall be determined as if the Variable Rate in effect at all times during such future period equaled, at the option of the Municipality either (1) the average of the actual Variable Rates which were 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 (2) the Certified Interest Rate.

(ii) With respect to any Bonds secured by a Credit Facility, the Debt Service Requirement therefor shall include (1) any commission or commitment fee obligations with respect to such Credit Facility, (2) the outstanding and unpaid amount of any Reimbursement Obligation and interest thereon, (3) any additional interest owed on Bonds which have been purchased by a Credit Issuer pursuant to a Credit Facility Agreement, and (4) any remarketing agent fees; provided if (a) the Credit Facility requires the Credit Issuer to make all interest payments on the Bonds, (b) the Reimbursement Obligation provides for payments by the Municipality or the Credit Issuer based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices, and (c) the Credit Issuer, upon the execution of the Credit Facility Agreement, would qualify as a Qualified Hedge Provider if the Credit Facility Agreement were to be construed as a Hedge Agreement and the related Bonds as Hedged Obligations, then interest on such Bonds shall be calculated by adding (x) the amount of interest payable on such Bonds pursuant to their terms and (y) the amount of payments for interest to be made by the Municipality under the Credit Facility Agreement, and subtracting (z) the amounts payable by the Credit Issuer to the Municipality as interest on such Bonds as specified in the Credit Facility Agreement; but only to the extent the Credit Issuer is not in default under the Credit Facility and if such default has occurred and is continuing, interest on such Bonds shall be calculated as if there were no Credit Facility. In determining the amounts described in this paragraph for any future period, the Municipality (A) may assume that any Credit Facility presently in effect will remain in effect even if such Credit Facility has an expiration date prior to the maturity of the related Bonds and (B) may assume that the current payments relating to the Credit Facility will remain in effect or may estimate such payments in the future provided that the Municipality obtains a certificate from a Financial Adviser that such estimates are reasonable.

(iii) With respect to any Hedged Obligations, the interest on such Hedged Obligations during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the Municipality on such Hedged Obligations pursuant to their terms and (y) the amount of Hedge Payments payable by the Municipality under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the Municipality on the related Hedged Obligations shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the "Determination Period") shall be computed by assuming that the variables

comprising the calculation (*e.g.*, indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable 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).

(iv) For the purpose of calculating the Debt Service Requirement on Balloon Obligations (1) the refinancing of which has been approved by resolution of the Governing Body or (2) which do not have a Balloon Year commencing within 12 months from the date of calculation or (3) which are issued in anticipation of the issuance of Bonds that are not Balloon Obligations or (4) which are issued pursuant to a Supplemental Resolution which contemplates that the principal of Bonds tendered for payment at the option of the registered owner thereof prior to the stated maturity of such Bonds will be paid from the proceeds of the remarketing of such tendered Bonds (or from the issuance of new Bonds authorized by such Supplemental Resolution), at the option of the Municipality, the actual principal and interest on such Balloon Obligations shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or such Balloon Obligations shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 30 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 Municipality could reasonably expect to borrow the same amount by issuing Bonds with the same priority of lien as such Balloon Obligations and with a 30-year term). For the purpose of calculating the Debt Service Requirement on Balloon Obligations not described in the preceding sentence, the principal payable on such Bonds during the Balloon Year shall be calculated as if payable on the Balloon Date.

(v) The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service Requirement in the manner prescribed herein.

(vi) Interest on Bonds shall be excluded from the determination of Debt Service Requirement to the extent amounts on deposit in the Capitalized Interest Account of the Construction Fund are scheduled to be applied thereto during such period.

(vii) Scheduled interest payments on Tax Credit Bonds during any period shall be reduced to reflect Tax Credit Payments attributable to such scheduled interest payments.

(c) For purposes of calculating the accrual of Principal Installments and interest on the Bonds, (i) Principal Installments of a Series will be deemed to accrue monthly in equal amounts from the preceding Principal Installment date for such Series (but in no event shall any accrual be made for any Principal Installment more than one year prior to the due date of such Principal Installment or from the Date of Issuance of Bonds of such Series, whichever date is later); (ii) each fixed payment obligation (other than Principal Installments) will be deemed to accrue monthly in equal amounts from the preceding relevant payment obligation date (but in no event more than one year prior to such payment obligation date or the initial incurrence of the payment obligation, whichever is later); and (iii) principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall accrue in the manner provided herein.

“Defeasance Obligations” shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations which at the time of the purchase thereof are permitted investments under Tennessee law for the purpose of defeasing Bonds, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

“Deferred Income Bonds” shall mean any Bonds issued under the Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified

in the Supplemental Resolution authorizing such Deferred Income Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Resolution or the Supplemental Resolution authorizing such Deferred Income Bonds.

“Financial Adviser” means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the Municipality 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 Municipality, 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.

“Fiscal Year” means the twelve-month period commencing July 1 of each year and ending June 30 of the following year.

“Fund” or “Funds” shall mean, as the case may be, each or all of the Funds established herein.

“Governing Body” means the City Council of the Municipality.

“Hedge Agreement” means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the Municipality determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

“Hedged Obligations” means any Bonds for which the Municipality shall have entered into a Hedge Agreement.

“Hedge Payments” means amounts payable by the Municipality pursuant to any Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

“Hedge Period” means the period during which a Hedge Agreement is in effect.

“Hedge Receipts” means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

“Loan Agreement” shall mean any agreement or contract entered into by the Municipality whereby a third party agrees to advance funds to the Municipality and the Municipality agrees to repay those funds with interest.

“Municipality” means the City of Clarksville, Tennessee.

“Net Revenues” shall mean, for any period, the Revenues during such period, minus the Operating Expenses during such period.

“One-Month LIBOR Rate” shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

“Operating Expenses” means expenses incurred by the Municipality in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, the cost of producing potable water, the cost of natural gas purchased for distribution and sale through the System, salaries and wages, cost of material and supplies, and insurance premiums, but shall exclude depreciation and interest on the Bonds and any other amounts payable in connection therewith. Any payments made by the Municipality to purchase gas for delivery after the end of the then current Fiscal Year shall be accounted for and charged to Operating Expenses in accordance with generally accepted accounting principles and any principal, interest and other payments on bonds, notes, or other obligations, including loan agreements, issued or entered into for the purpose of purchasing gas for delivery after the end of the then current Fiscal Year shall be treated as an Operating Expense if so directed by the authorizing resolution.

“Outstanding” shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

- (a) Bonds cancelled by the registration and paying agent therefor at or prior to such date;
- (b) Bonds for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in the Supplemental Resolution authorizing the Series of which such Bonds are a part or provision shall have been made for the giving of such notice; and
- (c) Bonds discharged as provided herein or in the Supplemental Resolution authorizing the Series of which such Bonds are a part.

“Parity Bonds” means bonds, notes, Loan Agreements, and other debt obligations, issued or entered into by the Municipality on a parity with the Bonds herein authorized in accordance with the restrictive provisions 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 Revenues.

“Principal Installment” shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, the principal amount of Bonds of such Series due on a certain future date, whether at stated maturity or as a result of mandatory redemption requirements, or which may, at the option of the registered owners thereof, be required to be redeemed, prepaid, purchased or otherwise paid, as set forth in a Supplemental Resolution.

“Project Account” shall mean the Project Account established within the Construction Fund.

“Prudent Utility Practice” shall mean, in respect of any particular utility industry, any of the practices, methods and acts which, in the exercise of reasonable judgment, in light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of such utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

“Qualified Hedge Agreement” shall mean any Hedge Agreement with a Qualified Hedge Provider.

“Qualified Hedge Provider” shall mean an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed or insured or collateralized by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, is sufficient to satisfy applicable Tennessee law.

“Rate Stabilization Fund” shall mean the fund bearing such name and established by the Resolution.

“Redemption Price” shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or a Supplemental Resolution.

“Reimbursement Obligation” shall mean the obligation of the Municipality to directly reimburse any Credit Issuer for amounts paid by such Credit Issuer under a Credit Facility, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument. The term Reimbursement Obligation includes obligations pursuant to a Credit Facility Agreement either to make payments for interest based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices, in return for the Credit Issuer's fixed obligations under the Credit Facility or to make fixed payments for interest in return for the Credit Issuer's payments based on such variables.

“Reserve Fund” shall mean the debt service reserve fund established pursuant to the Resolution.

“Revenue Fund” means the fund bearing such name established pursuant to the Resolution.

“Reserve Fund Credit Facility” shall mean a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement.

“Reserve Fund Requirement” shall mean, with respect to each separate account in the Reserve Fund, the amount specified in the Supplemental Resolution establishing such account. The Series 2016, 2017, 2021 and 2023 Bonds have no Reserve Fund Requirement.

“Resolution” shall mean the resolution of the City Council of the Municipality adopted on February 7, 1985, as supplemented and amended on February 1, 1991, November 7, 1991, October 1, 1992, May 1, 1997, November 5, 1998, and June 7, 2001, as amended and restated on May 6, 2004, as further supplemented and amended on March 29, 2007, April 7, 2011, June 6, 2013, May 5, 2016, November 30, 2017, June 3, 2021, and November 2, 2023, and as may be further supplemented and amended.

“Revenues” shall mean (a) all revenues, income, rents, service fees and receipts properly allocable to the System resulting from ownership and operation of the System, excluding any customer deposits or other deposits subject to refund, unless such deposits have become property of the Municipality, (b) the proceeds of any insurance covering business interruption loss relating to the System and (c) interest received or to be received on any moneys or securities held in any of the funds or accounts established by the Resolution, with the exception of (i) moneys held in the Construction Fund or any account thereof and (ii) moneys held in the Reserve Fund during any period in which the investment earnings thereon are directed by Supplemental Resolution to the Construction Fund or an account thereof. "Revenues" shall not include any Tax Credit Payments, grant proceeds or, except as set forth in (b) above, insurance proceeds. Notwithstanding the foregoing, at the election of the Governing Body, the term “Revenues” as used herein shall not include any revenues, rentals, earnings or other income received by the Municipality from the operation of an Acquired System (other than revenues that, prior to the time of such election, had been included within the term “Revenues”). The term “Revenues” shall include revenues generated from the sale of natural gas to the Fort Campbell Gas System, and all other revenues derived from the Municipality's operation and maintenance of the Fort Campbell Gas System, to the extent such other revenues are not required to pay, or reimburse the Municipality for the payment of, expenses and debt service incurred in connection with the Municipality's operation and maintenance of the Fort Campbell Gas System.

“Series” shall mean that portion of Bonds authenticated and delivered in a single transaction and identified pursuant to the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, regardless of variations in maturity, interest rate or other provisions.

“SIFMA Municipal Swap Index” shall mean the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Securities Industry and Financial Markets Association.

“Subordinated Indebtedness” shall mean any bonds, notes, loan agreements or other evidences of indebtedness issued from time to time and payable from and, if applicable, secured by the Revenues of the System on a basis subordinate to the pledge of Revenues in favor of the Bonds, including, without limitation, the TMBF Loan.

“Supplemental Resolution” shall mean any resolution having authorized a Series of Outstanding Bonds, and any resolution authorizing the issuance of Parity Bonds.

“Surplus Fund” shall mean the Surplus Fund established by the Resolution.

“System” means the complete water procurement, treatment, storage and distribution system, sewer collection and treatment system, and natural gas transmission and distribution system of the Municipality, together with and including all properties of every nature related thereto hereafter owned by the Municipality, including all improvements and extensions to such systems made by the Municipality 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 Governing Body, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Governing Body, not become a part of the System but be operated as a separate and independent system by the Governing Body with the continuing right, upon the election of the Governing Body, to incorporate such separately Acquired System within the System.

“Tax Credit Bonds” shall mean any Bonds with respect to which the Municipality has received a Counsel’s Opinion to the effect that the Municipality is entitled to receive payments by the United States Department of the Treasury or other agency of the United States government in offset of the debt service on such Bonds.

“Tax Credit Payment Account” shall mean a Tax Credit Payment Account established in the Bond Fund.

“Tax Credit Payments” shall mean any amounts payable to the Issuer by the United States Department of the Treasury or other agency of the United States government with respect to Tax Credit Bonds.

“Termination Payments” means an amount payable by or to the Municipality upon termination of a Hedge Agreement.

“TMBF Loan” shall mean the Series 2005 Loan Agreement between the Municipality and The Public Building of the City of Clarksville, Tennessee, to the extent outstanding.

“Variable Rate” shall mean a rate of interest applicable to the Bonds, other than a fixed rate of interest which applies to a particular maturity of the Bonds so long as that maturity of the Bonds remains Outstanding.

“Variable Rate Taxable Index” shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

“Variable Rate Tax-Exempt Index” shall mean the SIMFA Municipal Swap Index or, if the SIMFA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

PLEDGE AND APPLICATION OF REVENUES; FUNDS AND ACCOUNTS

(a) The Bonds are special obligations of the Municipality payable solely from and secured solely by the Revenues. The taxing power of the Municipality is not available for the payment of the Bonds. The Revenues are hereby pledged for the payment of the Principal Installments and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution requiring or permitting the application thereof for the purposes and on the terms and conditions set forth herein. The Revenues shall immediately be subject to the lien of this pledge without physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Municipality, without regard to whether such parties have notice thereof.

(b) There are hereby pledged, as additional security for the payment of the Principal Installments and Redemption Price of, and interest on, the Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein the Resolution, amounts on deposit in the separate account established in the Reserve Fund with respect to such Additionally Secured Series. Such amounts on deposit in such separate account established in the Reserve Fund shall immediately be subject to the lien of this pledge without physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Municipality, without regard to whether such parties have notice thereof.

(c) There are hereby pledged, as additional security for the payment of the Principal Installments and Redemption Price of, and interest on, any Series of Tax Credit Bonds, any Tax Credit Payments attributable to such Series of Tax Credit Bonds, and all amounts on deposit in the applicable Tax Credit Payment Account in the Bond Fund. Such amounts on deposit in any separate Tax Credit Payment Account shall immediately be subject to the lien of this pledge without physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Municipality, without regard to whether such parties have notice thereof.

(d) To the extent permitted by applicable law, a Supplemental Resolution may extend the pledge of the Revenues to the payment of all or a portion of the Municipality’s obligations under a Contract, provide that such obligations are payable from the Revenues, and establish the priority of the payment of such obligations (provided that no Contract payment shall be made prior to the payment of debt service on Bonds and no Termination Payment shall be made except from the Surplus Fund), in any case subject to the requirements and limitations set forth in this section.

(e) Nothing contained in the Resolution shall be construed to prevent the Municipality from acquiring, constructing or financing an Acquired System through the issuance of its bonds, notes or other evidences of indebtedness any facilities which do not constitute a part of the System for the purposes of this Resolution; provided that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Revenues or any Fund or Account held under this Resolution and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund or Account.

Establishment of Funds and Accounts.

(a) The following Funds and Accounts, to be held by the Municipality, are hereby established:

(i) Construction Fund, which shall contain a Project Account and a Capitalized Interest Account;

- (ii) Revenue Fund;
- (iii) Bond Fund, which shall contain one or more Tax Credit Payment Accounts, if applicable;
- (iv) Reserve Fund, which shall contain one or more accounts as Additionally Secured Series are issued;
- (v) Rate Stabilization Fund; and
- (vi) Surplus Fund.

(b) There may be established within any Fund or Account established hereunder such further accounts or subaccounts as set forth in a Supplemental Resolution or as an Authorized Finance Officer may determine.

Construction Fund.

(a) The proceeds of each Series of Bonds issued for project purposes shall be deposited in the Construction Fund, for further allocation between the Project Account and a Capitalized Interest Account for such Series, all as directed by the provisions of the Supplemental Resolution authorizing such Series of Bonds. Amounts deposited in the Project Account for a Series of Bonds shall be applied to the Costs as directed by the Supplemental Resolution. Amounts deposited in the Capitalized Interest Account for a Series of Bonds shall be transferred to the account within the Bond Fund for such Series of Bonds as and when needed to pay interest on such Series of Bonds, all as directed by the Supplemental Resolution. Amounts remaining on deposit in a Capitalized Interest Account beyond the period of time prescribed by the Supplemental Resolution for payment of interest on a Series of Bonds shall be transferred to the Project Account established by such Supplemental Resolution.

(b) The Municipality shall withdraw amounts from the Project Account for the payment of amounts due and owing on account of the Costs of the System upon determination of an Authorized Finance Officer that an obligation in the amount to be paid from the Project Account has been incurred by the Municipality and that each item thereof is a proper and reasonable charge against such Project Account, and that such amount has not been paid theretofore.

(c) At such time as there are no additional Costs to be paid from a Project Account, any moneys remaining therein may be transferred to another Project Account, to the Bond Fund to redeem Bonds of such Series, to the account within the Reserve Fund attributable to such Series of Bonds, if applicable, or put to another use, in any case as directed by an Authorized Finance Officer and subject to a Counsel's Opinion to the effect that such application is permitted by applicable law and will not adversely affect any applicable exemption from federal income taxation of the interest on any Series of Bonds (or the Municipality's right to any Tax Credit Payments attributable thereto).

(d) Nothing in this section shall be construed to prevent the Municipality from permanently discontinuing the acquisition or construction of any portion of the System, the Costs of which are at the time being paid out of the Construction Fund, if the Governing Body determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of the Municipality and not disadvantageous to the registered owners of the Bonds.

Revenues and Revenue Fund.

Except as set forth below, all Revenues shall be deposited promptly as collected by the Municipality to the credit of the Revenue Fund.

Payment of Operation and Maintenance Expenses.

Operating Expenses shall be paid from the Revenue Fund as they become due and payable.

Payments into Certain Funds.

The Municipality shall make monthly withdrawals from the Revenue Fund, to the extent of amounts available therein, in order to make the following deposits and payments, in the order and amounts set forth below:

(a) for deposit in the Bond Fund an amount sufficient to provide for the timely payments required thereby; then

(b) for deposit in the Reserve Fund an amount sufficient to satisfy the requirements thereof; then

(c) for payment of Subordinated Indebtedness, the funding of such debt service reserves as may be required therewith and the payment of all related financing costs thereof, including without limitation any liquidity and credit enhancement charges or fees and hedge payments related thereto; then

(d) for payment to the Municipality, the amount of any payment in lieu of tax required of the System; then

(e) for deposit in the Rate Stabilization Fund, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current Annual Budget or the amount otherwise determined by an Authorized Finance Officer to be deposited to such Fund for the month; and then

(f) for deposit in the Surplus Fund, the balance of any such remaining amounts in the Revenue Fund.

Bond Fund.

(a) Sufficient moneys shall be deposited to the Bond Fund from the Revenue Fund for the purpose of paying the Bonds as they become due and payable and, if and to the extent directed by a Supplemental Resolution, for the purpose of making payments under Contracts. Specifically:

(i) Unless otherwise provided in a Supplemental Resolution, on or before each interest payment date for a Series of Bonds, there shall be deposited in the Bond Fund an amount which, together with available moneys already on deposit therein (including Capitalized Interest Account transfers and Hedge Receipts and Termination Payments attributable to such Series of Bonds, which shall be deposited directly to the Bond Fund) and amounts scheduled to be deposited therein from a Tax Credit Payment Account, is not less than the interest coming due on such Bonds on such interest payment date. Such amount shall be used solely to pay interest on the Bonds when due or pay Reimbursement Obligations for Credit Facilities under which the Credit Issuer makes all interest payments on the Bonds.

(ii) Unless otherwise provided in a Supplemental Resolution or a Hedge Agreement, on or before each payment date for Hedge Payments under a Qualified Hedge Agreement, the Municipality shall deposit in the Bond Fund an amount which, together with any Hedge Receipts and other moneys already on deposit therein and available to make such payment, is not less than such Hedge Payments coming due on such payment date. Such amount shall be used solely to pay Hedge Payments under Qualified Hedge Agreements when due.

(iii) Unless otherwise provided in a Supplemental Resolution or a Contract, on or before each payment date for amounts due on Contracts, other than for Reimbursement Obligations and Qualified Hedge Agreements, the Municipality shall deposit in the Bond Fund an amount which,

together with any other moneys already on deposit therein and available to make such payment, is not less than the amount coming due on such payment date. Such amount shall be used solely for such Contract payments when due.

(iv) Unless otherwise provided in a Supplemental Resolution, on or before each Principal Installment date for a Series of Bonds, the Municipality shall deposit in the Bond Fund an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than the principal payable on such Bonds on such Principal Installment date, other than principal to be paid from a source other than Revenues. Such amount shall be used solely for the payment of principal of the Bonds as the same shall become due and payable or to pay Reimbursement Obligations for Credit Facilities under which the Credit Issuer makes all principal payments on the Bonds.

(b) Except as may otherwise be set forth in a Supplemental Resolution, the payment required to be made each month from the Revenue Fund to the Bond Fund shall be calculated to provide for the deposit obligations described herein which will have accrued by the end of the month of such payment to the Bond Fund. For purposes of calculating the accrual of such deposit obligations, (i) Principal Installments of a Series will be deemed to accrue monthly in equal amounts from the preceding Principal Installment date for such Series (but in no event shall any accrual be made for any Principal Installment more than one year prior to the due date of such Principal Installment or from the date of issuance of Bonds of such Series, whichever date is later); (ii) each fixed payment obligation (other than Principal Installments) will be deemed to accrue monthly in equal amounts from the preceding relevant payment obligation date (but in no event more than one year prior to such payment obligation date or the initial incurrence of the payment obligation, whichever is later); (iii) principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall accrue in the manner provided herein; and (iv) variable payment obligations, whether interest related to Bonds issued with Variable Rates or otherwise, shall accrue as estimated by the Municipality. Any monthly deposit in excess of the amount required by this subsection (b) shall be credited against the next ensuing monthly payment or payments.

(c) There shall be established within the Bond Fund a Tax Credit Payment Account for each Series of Tax Credit Bonds. Tax Credit Payments received by the Municipality shall be deposited directly into the applicable Tax Credit Payment Account and such amounts shall be applied solely to the payment of debt service on the applicable Series of Tax Credit Bonds, at the times and in the manner otherwise described herein.

(d) Nothing herein shall limit the right of the Municipality to use amounts on deposit in the Bond Fund, together with such other amounts as may be determined by an Authorized Finance Officer, to defease all or a portion of Bonds attributable to such Bond Fund deposits, purchase all or a portion of such Bonds in the open market, or redeem all or a portion of such Bonds at their Redemption Price; provided that the amount thereafter remaining in the Bond Fund shall not be less than the remaining requirement of such Fund, as set forth herein. Any Bonds so purchased or redeemed by the Municipality which are subject to mandatory redemption requirements may be applied as a credit against such mandatory redemption requirements as prescribed by the Supplemental Resolution authorizing such Bonds.

Reserve Fund.

(a) There shall be deposited into the Reserve Fund the amounts specified, if any, in Supplemental Resolutions with respect to one or more Additionally Secured Series. The Municipality shall establish by Supplemental Resolution an account within the Reserve Fund for each separately secured Additionally Secured Series. Each such account shall be for the benefit and security of one or more Additionally Secured Series and need not secure all Additionally Secured Series. Each such account shall be initially funded, maintained and replenished as prescribed by Supplemental Resolution. In the event that deposits are required hereunder for two or more accounts within the Reserve Fund, transfers from the Revenue Fund to such accounts shall be made on a pro rata basis in proportion to the respective monthly funding requirements. Whenever, on the date that interest or principal is due on any Additionally Secured Series, there are insufficient moneys therefor in the Bond Fund, the Municipality shall, without further

instructions, apply so much as may be needed of the moneys in the related account of the Reserve Fund to prevent default in the payment of such interest or principal, with priority to interest payments.

(b) Whenever the moneys on deposit in an account established in the Reserve Fund shall exceed the Debt Service Reserve Requirement related thereto, and after giving effect to any Reserve Fund Credit Facility that may be credited to such account in accordance with the provisions of the Supplemental Resolution establishing such subaccount, such excess shall be transferred from such account of the Reserve Fund to the Bond Fund to redeem Bonds allocable thereto or to such other Fund or Account as may be directed by an Authorized Finance Officer, subject to a Counsel's Opinion to the effect that such application is permitted by applicable law and will not adversely affect any applicable exemption from federal income taxation of the interest on any Series of Bonds (or the Municipality's right to any Tax Credit Payments applicable thereto).

(c) Whenever the amount in an account within the Reserve Fund attributable to an Additionally Secured Series, together with the amount in the Bond Fund for such Series, is sufficient to pay in full all such Bonds secured thereby in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), the applicable funds on deposit in such account of the Reserve Fund shall be transferred to the Bond Fund and applied to the timely payment of principal or Redemption Price, if applicable, and interest on the outstanding Bonds secured thereby.

(d) In the event of the refunding or defeasance of any Bonds of an Additionally Secured Series, the Municipality may withdraw from the separate account in the Reserve Fund established for the benefit of the Bonds of such Additionally Secured Series all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; provided that such withdrawal shall not be made unless the amount thereafter remaining in such separate account in such account shall not be less than the remaining Reserve Fund Requirement related thereto.

(e) The Municipality may satisfy the Reserve Fund Requirement for an Additionally Secured Series by purchasing and depositing to the applicable account of the Reserve Fund one or more Reserve Fund Credit Facilities, and may provide for the reimbursement of payments made by the providers of such Reserve Fund Credit Facilities from amounts required to be deposited to such account of the Reserve Fund, all as may be set forth in a Supplemental Resolution.

Rate Stabilization Fund.

(a) Each month, the Municipality shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current Annual Budget or the amount otherwise determined by the Municipality to be deposited into such Fund for the month.

(b) The Municipality may, from time to time and upon written direction of an Authorized Finance Officer, withdraw amounts on deposit in the Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the Resolution other than the Revenue Fund, (ii) use such amounts to purchase or redeem Bonds or Subordinate Indebtedness, (iii) use such amounts to otherwise provide for the payment of Bonds, Subordinate Indebtedness or interest thereon or (iv) use such funds to make any other lawful payments.

Surplus Fund.

Amounts in the Surplus Fund shall be applied first to remedy any deficiencies in the amounts required to be withdrawn from the Revenue Fund in the order pursuant as amounts on deposit in the Revenue Fund are applied. Amounts at any time not needed therefor may be applied to the payment of the cost of

capital improvements to the System, the purchase, redemption, payment or provision for payment of Bonds or Subordinated Indebtedness, the payment of Contracts, including Termination Payments, and any other legal expenditure of System funds.

Deposit and Investment of Funds.

Money on deposit in the Funds described herein may be invested by the Municipality in such investments as shall be permitted by applicable law, as determined by an authorized representative of the Municipality, 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. 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 more than three years from the date the money is so invested. The Municipality is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.

If provided in a Supplemental Resolution, interest earned on any moneys or investments in the Reserve Fund shall be deposited in the Construction Fund. Otherwise, interest earned on any moneys or investments in each account of the Reserve Fund shall be deposited in the Bond Fund and applied to the payment of the Bonds of the Additionally Secured Series secured thereby. Interest earned on any moneys or investments in all such other Funds and Accounts established herein shall be held in such Fund or Account for the purposes thereof.

The Funds described in this Article II shall be held and maintained by the Municipality 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 Tennessee law.

In computing the amount in any Fund created under the provisions of the Resolution for any purpose provided in the Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations. Such computation shall be determined as of June 30 in each year. Each Reserve Fund Credit Facility shall be valued at the lesser of the face amount thereof or the maximum amount available thereunder.

COVENANTS

The Municipality covenants and agrees with the registered owners of the Bonds as follows:

Payment of Bonds and Contracts.

The Municipality shall duly and punctually pay or cause to be paid, but solely from the Revenues, and, in the case of the Bonds of each Additionally Secured Series, the account in the Reserve Fund attributable thereto, and in the case of Tax Credit Bonds, the Tax Credit Payment Account, the Principal Installment or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and all amounts due and owing under the Contracts.

Extension of Payment of Bonds.

The Municipality shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of Revenues or Funds established by the Resolution, including the investments and investment income, if any, thereof, or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Municipality, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the

accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Municipality to issue refunding bonds.

Offices for Servicing Bonds.

Except as may be otherwise provided in any Supplemental Resolution with respect to any Series of Bonds, the Municipality shall at all times maintain one or more agencies where Bonds may be presented for payment and shall at all times maintain one or more agencies where Bonds may be presented for registration, transfer or exchange, and where notices, demands and other documents may be served upon the Municipality in respect of the Bonds or of the Resolution. The Municipality hereby appoints each registration and paying agent for the Bonds to maintain an agency for the registration, transfer or exchange of Bonds, and for the service upon the Municipality of such notices, demands and other documents and such registration and paying agents shall continuously maintain or make arrangements to provide such services. The Municipality hereby appoints its registration and paying agents to maintain such agencies for the payment or redemption of Bonds.

Further Assurance.

At any and all times the Municipality shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and funds hereby pledged, or intended so to be, or which the Municipality may become bound to pledge.

Power to Issue Bonds and Pledge Revenues and Other Funds.

The Municipality is duly authorized under all applicable laws to create and issue the Bonds and to adopt the Resolution and to pledge the Revenues and, in the case of the Bonds of Additionally Secured Series, the related account in the Debt Service Reserve Fund with respect thereto, and, in the case of Tax Credit Bonds, the Tax Credit Payment Account, in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Resolution, the Revenues, each separate account in the Reserve Fund and each Tax Credit Payment Account are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto superior to, or of equal rank with, the respective pledges created by the Resolution, and all corporate or other action on the part of the Municipality to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Municipality in accordance with their terms and the terms of the Resolution. The Municipality shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues, each separate account in the Reserve Fund, each Tax Credit Payment Account and all the rights of the registered owners of the Bonds under the Resolution against all claims and demands of all persons whomsoever.

Power to Fix and Collect Rates, Fees and Charges.

The Municipality has, and will have as long as any Bonds are Outstanding, good right and lawful power to acquire, construct, reconstruct, improve, maintain, operate and repair the System and to fix, establish, maintain and collect rates, fees and charges with respect to the use of the capability of and sale of the output, capacity, use or service of the System subject to the terms of contracts relating thereto and subject to the jurisdiction of any applicable regulatory authority.

Creation of Liens; Sale and Lease of Property.

(a) Except as described herein, the Municipality shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a security interest in or pledge of the Revenues, any separate account in the Reserve Fund, any Tax Credit Payment Account or other moneys, securities or funds held or set aside by the Municipality under the Resolution and shall not create or cause to be created any lien or charge on the Revenues, any separate account in the Reserve Fund, any Tax Credit Payment Account or such moneys, securities or funds.

(b) No part of the System shall be sold, mortgaged, leased or otherwise disposed of, except as follows:

(i) the Municipality may sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (A) the Municipality shall determine that such property or facilities are not needed or useful in the operation of the System, or (B) the net book value of the property or facilities sold or exchanged is not more than 5% of the net book value of the property and facilities of the System, or (C) there shall be filed with the records of the Municipality a certificate of a Consultant or a Consulting Engineer stating, in its opinion, that the sale or exchange of such property or facilities will not materially impair the ability of the Municipality to comply during the current or any future Fiscal Year with the provisions of the rate covenant required by the Resolution. The proceeds of any sale or exchange of any property or facilities constituting a part of the System not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Revenue Fund; provided, however, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for purposes of the rate covenant required by the Resolution;

(ii) The Municipality may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right (A) does not impede the operation by the Municipality or its agents of the System and (B) does not materially adversely affect the rights or security of the registered owners of the Bonds under the Resolution. Any payments received by the Municipality under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues for all purposes of the Resolution;

(iii) The limitations imposed upon the Municipality by subsection (b)(ii) (A) and (B) shall not apply to any disposition of property by the Municipality where: (A) such property is leased back to the Municipality under a lease having a term of years (including renewal options) (1) of not less than 75% of the remaining useful life of the property as estimated by the Municipality computed from the date of disposition and lease if such property is disposed of by sale or a lease for more than 90% of the remaining estimated useful life or any other means of disposition except as set forth in the following clause (2), or (2) 75% of the term of the lease out by the Municipality if such property is disposed of by a lease for less than 90% of the useful life of the property so estimated, (B) fair value to the Municipality (as determined by the Municipality) is received by the Municipality for the property subject to such transaction, and (C) there shall have been delivered to the Governing Body a Counsel's Opinion to the effect that the disposition and lease will not have a material adverse effect on the interests of the registered owners of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (1) the Financial Adviser as to financial and economic matters, (2) the Consultant or the Consulting Engineer, as to matters within its field of expertise and (3) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate). The proceeds of any such transaction not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Revenue Fund; and

(iv) The Municipality may permanently discontinue the acquisition or construction of any portion of the System being funded with the proceeds of Bonds.

(c) Notwithstanding anything elsewhere provided in this Resolution, and without being subject to any of the foregoing restrictions, the Municipality shall have the right to sell, lease, transfer, or otherwise dispose of the System, as a whole or substantially as a whole, to any municipal corporation, county, political subdivision, governmental corporation, or governmental agency (each of which shall be included within the term "Transferee" as herein used), provided the Transferee thus acquiring the System from the Municipality will assume the performance of and be bound by all of the obligations of the Municipality to the holders of the Bonds under the covenants and provisions of this Resolution and the Municipality has received a Counsel's Opinion to the effect that (i) all of the provisions of the Resolution and the applicable Supplemental

Resolutions are enforceable against the Transferee and (ii) the transfer will not adversely affect the tax-exempt or tax-advantaged status of any Bonds, if applicable.

Limits on Additional Senior Lien Bonds.

The Municipality shall not issue or incur, cause to be issued or incurred or consent to the issuance or incurrence of any indebtedness or other obligations benefitting from a pledge of Revenues (or any portion thereof) on parity with the pledge benefitting the Bonds except upon satisfaction of the applicable provisions hereof.

Annual Budget.

The Municipality shall adopt an operating budget ("Annual Budget") covering the fiscal operations of the System prior to the beginning of each Fiscal Year. The Annual Budget need not necessarily be the budget prepared by the Municipality for Municipality budgeting purposes. The Annual Budget for the ensuing Fiscal Year shall set forth in reasonable detail the estimated Revenues, payments with respect to all obligations assumed or incurred by the Municipality with respect to the System (including, without limitation, the Bonds and Subordinated Indebtedness) and Operating Expenses and other expenditures for the System for such Fiscal Year, and shall include appropriations for the estimated payments with respect to such obligations for such Fiscal Year, the estimated Operating Expenses for the System for such Fiscal Year, including provisions for any general reserve for Operating Expenses or other reserves determined necessary or desirable by the Municipality. Such Annual Budget also shall set forth such detail with respect to such Revenues, payments with respect to such obligations, Operating Expenses and other expenditures and may set forth such additional material as the Municipality may determine. The Municipality may at any time, as necessary, adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

Operation and Maintenance of the System.

The Municipality shall at all times use its best efforts to operate or cause to be operated the System properly and in an efficient and economical manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

Rates, Fees and Charges.

(a) The Municipality shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which shall be sufficient to produce Net Revenues in each Fiscal Year at least equal to each of (but not the sum of) (i) and (ii) below:

(i) 120% of the Debt Service Requirement on the Outstanding Bonds in such Fiscal Year.

(ii) 100% of the sum of:

(A) the Debt Service Requirement on the Outstanding Bonds and Subordinated Indebtedness in such Fiscal Year,

(B) the amounts required to be paid during such Fiscal Year into the Reserve Fund established by this Resolution,

(C) the amounts required to be paid during such Fiscal Year into any debt service reserve funds established with respect to Subordinate Indebtedness, and

(D) the amount of all other charges and liens whatsoever payable out of Revenues during such Fiscal Year, including payments in lieu of taxes and any payments required during such Fiscal Year under Contracts to the extent not otherwise provided for in this subsection (ii).

(b) For purposes of this section, the Municipality may, when calculating the Debt Service Requirement on Subordinated Indebtedness, make the adjustments and assumptions set forth in subsection (b) of the definition of "Debt Service Requirement", as if such provisions were applicable to Subordinated Indebtedness; provided however, that there may be disregarded any scheduled principal amount of Subordinated Indebtedness which are notes or other evidences of indebtedness issued in anticipation of the issuance of Bonds, the payment of which is anticipated to be paid from the proceeds of such Bonds.

(c) For purposes of measuring compliance with subsection (a)(i) above, the computation of Net Revenues may be increased by the amount of transfers made or scheduled to be made (as applicable) during the Fiscal Year from the Rate Stabilization Fund to the Revenue Fund pursuant to the Resolution, provided that in no event shall such computation be increased by an amount in excess of 20% of the Debt Service Requirement on the Outstanding Bonds in such Fiscal Year as a result of such transfers. For purposes of measuring compliance with subsection (a)(i) above, the computation of Net Revenues shall be decreased by the amount of transfers made or scheduled to be made (as applicable) during the Fiscal Year from the Revenue Fund to the Rate Stabilization Fund pursuant to the Resolution.

(d) If the Municipality fails to prescribe, fix, maintain, and collect rates, fees, and other charges, or to revise such rates, fees, and other charges, in accordance with the provisions of this section in any Fiscal Year, but the Municipality in the next Fiscal Year has promptly taken all available measures to revise such rates, fees and other charges as advised by a Consultant retained by the Municipality to review the operations of the System, there shall be no default under this Resolution until at least the end of such next Fiscal Year and only then if Net Revenues are less than the amount required by this section.

Maintenance of Insurance.

With respect to the System, the Municipality will carry adequate public liability, fidelity, and property insurance, such as is maintained by similar utility systems; provided, the Municipality shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, as amended, and provided further, the Municipality may self-insure against any risks that the Governing Body deems appropriate provided the Municipality maintains adequate reserves, in such amounts as the Municipality determines is reasonable, for such self-insurance. All such policies shall be for the benefit of and made payable to the Municipality and shall be on deposit with the Municipality. The proceeds received by the Municipality from any insurance policy shall be deposited in the Revenue Fund.

Accounts and Reports.

The Municipality shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in accordance with generally accepted accounting principles (or other comprehensive basis of accounting) in which complete and correct entries shall be made of its transactions relating to the System, the amount of Revenues and the application thereof and each Fund and Account established under the Resolution, and which, together with all other books and papers of the Municipality, including insurance policies, relating to the System, shall, subject to the terms thereof, at all times be subject to the inspection of the registered owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

The Municipality shall annually, within 270 days after the close of each Fiscal Year, file with the records of the Municipality and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by an Accountant's Certificate, relating to the System and including reasonably detailed information relating to the following: (i) the assets and liabilities of the System as of the end of such Fiscal Year; (ii) the Revenues and Operating Expenses of the System for such Fiscal Year; and (iii) a summary, with respect to each Fund and Account established under the Resolution, of the receipts therein and disbursements therefrom during such Fiscal Year and the amount held therein at the end of such Fiscal Year;

provided, however, that nothing herein shall preclude such annual report from being included as part of the audited financial statements of the Municipality generally. Such Accountant's Certificate shall state whether or not, to the knowledge of the signer, the Municipality is in default with respect to any of the covenants, agreements or conditions on its part contained in the Resolution, and if so, the nature of such default.

The reports, statements and other documents required to be prepared or obtained by the Municipality pursuant to any provisions of the Resolution shall be available for the inspection of registered owners of the Bonds at the office of the Municipality and shall be mailed to each registered owner of a Bond who shall file a written request therefor with the Municipality. The Municipality may charge each registered owner of a Bond requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

Payment of Taxes and Charges.

The Municipality will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Municipality or upon the rights, revenues, income, receipts, and other moneys, securities and funds of the Municipality when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under the Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Municipality shall in good faith contest by proper legal proceedings if the Municipality shall in all such cases have set aside of its books reserves deemed adequate with respect thereto. Notwithstanding the foregoing, no payments in lieu of taxes may be paid to the Municipality from Revenues prior the payment of debt service on the Bonds.

General.

The Municipality shall at all times maintain its corporate existence (or, if the Municipality shall be dissolved or abolished, a successor shall be named to assume the rights and obligations of the Municipality) and shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Municipality under the provisions of applicable Tennessee law and the Resolution.

Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed prior to and in connection with the issuance of such Bonds shall exist, have happened and have been performed, and the issuance of such Bonds, together with all other obligations of the Municipality, shall comply in all respects with the applicable laws of the State of Tennessee.

REMEDIES

Any registered owner of any of the Bonds and any Contract counterparty 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 Municipality 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 any Principal Installment or Redemption Price of, or any interest on the Bonds, or payment of obligations owed by the Municipality under any Contract, then upon the filing of suit by any registered owner of said Bonds or the counterparty to said Contract, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Municipality 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 the Resolution.

PROHIBITION ON PRIOR LIEN BONDS; ADDITIONAL PARITY BONDS

Prohibition of Prior Lien Bonds.

The Municipality will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Revenues having priority over the Bonds.

Authorization of Parity Bonds.

The Municipality is hereby authorized to issue Parity Bonds from time to time upon the adoption of a resolution supplemental hereto (a "Supplemental Resolution") and as hereinafter provided. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as may hereafter be provided in any Supplemental Resolution or as may be limited by law. The Parity Bonds may, if and when authorized by the Municipality pursuant to one or more Supplemental Resolutions, be issued in one or more Series. The designation of each Series shall bear such designation as the Municipality may determine. Each Bond shall bear upon its face the designation so determined by the Municipality for the Series to which it belongs.

General Provisions for Issuance of Parity Bonds of Each Series.

Parity Bonds of each Series may be issued only upon satisfaction by the Municipality of the conditions specified in the Supplemental Resolution authorizing the Series of Parity Bonds and upon satisfaction by the Municipality of the following conditions:

(a) receipt of a Counsel's Opinion to the effect that (A) the Municipality has the right and power under applicable Tennessee law to adopt this Resolution, and this Resolution has been duly and lawfully adopted by the Municipality, is in full force and effect and is valid and binding upon the Municipality in accordance with its terms, and no other authorization for this Resolution is required; (B) the Resolution creates the valid pledge which it purports to create of the Revenues and, if such Series of Bonds shall be an Additionally Secured Series, the separate account in the Reserve Fund established for the benefit of such Bonds, subject to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein; and (C) the Parity Bonds of such Series are valid and binding obligations of the Municipality as provided in this Resolution and are entitled to the benefits of this Resolution and of applicable Tennessee law, and such Parity Bonds have been duly and validly authorized and issued in accordance with applicable Tennessee law and in accordance with this Resolution. Such Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights and may state that no opinion is being rendered as to the availability of any particular remedy. No opinion need be expressed as to the priority of the pledge created by the Resolution over the rights of other persons in the Revenues and, if applicable, such separate account in the Reserve Fund;

(b) adoption of a Supplemental Resolution authorizing such Parity Bonds, which shall specify such terms and conditions relative to the Parity Bonds of such Series, and such other matters relative thereto, as the Municipality may determine;

(c) if such Series shall be an Additionally Secured Series, evidence of the funding of the account within the Reserve Fund designated therefor in the manner prescribed by the Supplemental Resolution;

(d) execution by an Authorized Finance Officer of a certificate stating that upon the issuance of such Series of Parity Bonds the Municipality will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution;

(e) execution by an Authorized Finance Officer of a certificate (A) setting forth the amounts of Net Revenues for any twelve (12) consecutive month period within the twenty-four (24) consecutive months immediately preceding the date of issuance of the Parity Bonds; and (B) stating that the Net Revenues for such 12 month period were at least equal to 120% of the maximum Debt Service Requirement on the

Bonds in any future Fiscal Year (calculated with respect to the Bonds of all Series then Outstanding and the proposed Parity Bonds; provided, however, that the Net Revenues for such twelve (12) month period may be adjusted for the purposes of such certificate (X) to reflect for such period revisions in the rates, fees, rentals and other charges of the Municipality for the product and services of the System made after the commencement of such period and preceding the date of issuance of the Parity Bonds; (Y) to reflect any increase in Net Revenues due to any new facilities of the System having been placed into use and operation subsequent to the commencement of such period and prior to the date of issuance of such Parity Bonds, as certified by a Consultant; and (Z) to include an amount equal to the average annual contribution to Net Revenues for the first three full Fiscal Years commencing after the date of acquisition thereof, estimated to be made by facilities anticipated to be acquired and expected to be placed into use and operation within two years of the date of issuance of such Bonds, as certified by a Consultant;

(f) in the case of a Series of Tax Credit Bonds, a Counsel's Opinion addressed to the Municipality regarding the status of such Parity Bonds as Tax Credit Bonds; and

(g) delivery of such further documents, moneys and securities as are required by the provisions of this Resolution or any Supplemental Resolution.

Bonds Other Than Refunding Bonds.

One or more Series of Parity Bonds may be issued at any time for the purpose of financing capital improvements to the System and any and all other Costs related thereto or to the issuance of the Parity Bonds. Parity Bonds of each such Series shall be authenticated and delivered only upon compliance with the terms and conditions set forth above. The proceeds of each Series of Parity Bonds authorized under this section shall be applied simultaneously with the delivery of such Parity Bonds as provided in the Supplemental Resolution authorizing such Series.

Refunding Bonds.

(a) One or more Series of Parity Bonds may be issued at any time to refund all or any Outstanding Bonds or Subordinated Indebtedness. Such Parity Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the funds and accounts under this Resolution required by the provisions of the Supplemental Resolution authorizing such Parity Bonds or to make any deposits or payments required by the resolution authorizing Subordinate Indebtedness, as applicable.

(b) In addition to the conditions set forth above, each such Series of Parity Bonds of may be issued only upon the filing with the records of the Municipality of a certificate of an Authorized Finance Officer certifying that all conditions relating to the payment or prepayment of the refunded Bonds or Subordinated Indebtedness as set forth in the documents relating thereto have been satisfied.

(c) The proceeds, including accrued interest, of such Parity Bonds shall be applied simultaneously with the delivery of such Bonds for the purposes of making deposits in such funds and accounts under this Resolution as shall be provided by the Supplemental Resolution authorizing such Parity Bonds and shall be applied to the refunding purposes thereof or to the payment or prepayment purposes thereof in the manner provided in said Supplemental Resolution.

(d) In lieu of compliance with the parity tests described above, Parity Bonds may be issued to refund Outstanding Bonds (i) if the refunding will constitute a refunding of all Outstanding Bonds, including the retirement of related Contracts, or (ii) upon the execution by an Authorized Finance Officer of a certificate stating that the refunding will result in a reduction in the future Debt Service Requirement on the Bonds.

Credit Facilities and Hedge Agreements.

The Municipality may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a portion of the principal of, premium, if any, or interest due or to become due on such Bonds, providing for the purchase of such Bonds by the Credit Issuer, or providing funds for the purchase of such Bonds by the Municipality. In connection therewith, the Municipality may enter into Credit Facility Agreements with such Credit Issuers providing for, among other things, (i) the payment of fees and expenses to such Credit Issuers for the issuance of such Credit Facilities; (ii) the terms and conditions of such Credit Facilities and the Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facilities.

The Municipality may secure any Credit Facility by an agreement providing for the purchase of the Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions for such Bonds as are specified by the Municipality in the applicable Supplemental Resolution. The Municipality may in a Credit Facility Agreement agree to directly reimburse such Credit Issuer for amounts paid under the terms of such Credit Facility, together with interest thereon; provided, however, that no Reimbursement Obligation shall be created for purposes of the Resolution until amounts are paid under such Credit Facility. Any such Credit Facility shall be for the benefit of and secure such Bonds or portion thereof as specified in the applicable Supplemental Resolution. The Municipality's obligations under a Credit Facility may be payable from and/or secured by a pledge of, and lien on, the Revenues as described herein, if and as set forth in a Supplemental Resolution.

In connection with the issuance of any Bonds or at any time thereafter so long as such Bonds remain Outstanding, the Municipality may enter into Hedge Agreements with Qualified Hedge Providers, and no other providers, with respect to any Bonds. The Municipality shall authorize the execution, delivery, and performance of each Qualified Hedge Agreement in a Supplemental Resolution, in which it shall designate the Bonds to which such Qualified Hedge Agreement relates. The Municipality's obligation to pay Hedge Payments on a Qualified Hedge Agreement may be payable from and/or secured by a pledge of, and lien on, the Revenues as described herein (other than with respect to Termination Payments), if and as set forth in a Supplemental Resolution.

No Obligations Other than Subordinate Indebtedness.

No obligations payable from the Revenues or any portion thereof, other than Subordinated Indebtedness, shall be issued or incurred by the Municipality. The Municipality may freely issue Subordinated Indebtedness.

Assumption of Debt from an Acquired System.

Upon the determination of the Municipality to combine an Acquired System into the System, all outstanding bonds, notes and other obligations of the Acquired System outstanding upon such combination (the "Assumed Debt") may, at the election of the Municipality, be payable from the Revenues of the combined System on a parity and equality of lien with all Outstanding Bonds, upon execution by an Authorized Finance Officer of a certificate:

(a) stating that upon the assumption of the Assumed Debt the Municipality will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution.

(b) setting forth the amounts of Net Revenues for the combined System for any twelve (12) consecutive month period within the twenty-four (24) consecutive months immediately preceding the date of assumption of the Assumed Debt; and stating that the Net Revenues for such 12 month period were at least equal to 110% of the maximum Debt Service Requirement on the then-outstanding Bonds and the Assumed Debt in any future Fiscal Year; provided, however, that the Net Revenues for such twelve (12) month period may be adjusted for the purposes of such certificate (x) to reflect for such period revisions in the rates, fees, rentals and other charges of the combined System made after the commencement of such period and preceding the date of assumption; and (y) to reflect any increase in Net Revenues due to any new facilities

of the combined System having been placed into use and operation subsequent to the commencement of such period and prior to the date of assumption, as certified by a Consultant.

(c) Providing whether the Assumed Debt will constitute an Additionally Secured Series, and the terms thereof.

In the event the Assumed Debt will constitute an Additionally Secured Series, the Municipality shall provide evidence of the funding of the applicable account of the Reserve Fund. Assumed Debt meeting the provisions set forth herein shall be subject in all respects to the terms and conditions of this Resolution and the pledge set forth herein, in the same manner as all other Outstanding Bonds.

Special Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds.

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of mandatory redemption requirements shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service Requirement only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity or (ii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Municipality any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then-current Accreted Value.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity or (ii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Municipality any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

DEFEASANCE

Except as otherwise provided in a Supplemental Resolution, if the Municipality 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 and paying agent for the applicable Bonds) 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);

(c) By delivering such Bonds to the applicable registration and paying agent, for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the applicable registration and paying 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 Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality 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 applicable registration and paying 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 such paying agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the paying 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 Municipality, as received by the such paying agent.

MODIFICATION OF RESOLUTION

(a) For any one or more of the following purposes and at any time or from time to time, this Resolution may be amended upon delivery of a Counsel's Opinion to the effect that such amendment will not have a material adverse effect on the interests of the registered owners of Outstanding Bonds (in rendering such opinion, such counsel may rely on certifications of the Financial Adviser or a Consultant as to financial and economic matters, the Consulting Engineer, as to matters within its field of expertise and such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) and such amendment shall be fully and (unless otherwise directed by the Municipality) immediately effective in accordance with its terms:

(i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

(ii) to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect; or

(iii) to make any other modification to or amendment of the Resolution which such counsel in its reasonable judgment shall determine will not have a material adverse effect on the interests of registered owners of the Bonds.

(b) Notwithstanding any other provision of the Resolution, in determining whether the interests of the registered owners of Outstanding Bonds are materially adversely affected, such counsel shall consider the effect on the registered owners of any Bonds for which a Credit Facility has been provided without regard to such Credit Facility.

(c) In addition to the amendments to this resolution without the consent of registered owners as referred to in subsection (a) above, the registered owners of not less than 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 Municipality 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 Municipality) shall have the right from time to time to consent to and approve the adoption by the Governing Body 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:

- (i) Make any change in the maturities or redemption dates of the Bonds;
- (ii) Make any change in the rates of interest borne by the Bonds;
- (iii) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;
- (iv) Modify the terms of payment of principal or interest on the Bonds or impose any conditions with respect to such payments;
- (v) Affect the rights of the registered owners of less than all of the Bonds then outstanding;
- (vi) 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.

Whenever the Municipality 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 Municipality 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 an instrument or instruments executed by the registered owners of not less than two-thirds (2/3) 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 Municipality may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.

If the registered owners of not less than 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 Municipality 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 Municipality 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.

RESOLUTION A CONTRACT

In consideration of the acceptance of any and all of the Bonds by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Municipality and the registered owners from time to time of the Bonds and any Credit Issuer or Qualified Hedge Provider; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Municipality shall be, except as expressly set forth in the Resolution or in a Supplemental Resolution and subject to any limitations set forth therein, for the equal benefit, protection and security of the registered owners of any and all of the Bonds and any Credit Issuer or Qualified Hedge Provider, all of which Bonds, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by the Resolution.

APPENDIX C
ANNUAL FINANCIAL STATEMENTS OF THE SYSTEM

Audited Financial Statements of the System and supplementary information as of and for the fiscal year ending June 30, 2023, together with the independent auditor's report from Mauldin and Jenkins, LLC, are available at <https://emma.msrb.org/P31450555-P31126445-P31538847.pdf> and are hereby incorporated by reference as part of this Appendix C. To the extent there are any differences between the electronically posted financial statements of the Municipality and the printed financial statements of the Municipality, the printed version shall control.

Mauldin and Jenkins, LLC has not been engaged to perform and has not performed, since the date of its reports included herein, any procedure on the financial statements addressed in those reports and has not performed any procedures relating to this Official Statement.

APPENDIX D
CITY OF CLARKSVILLE, TENNESSEE
GENERAL INFORMATION

INTRODUCTION

Founded in 1785 near the confluence of the Cumberland and Red Rivers, the City of Clarksville, Tennessee (the “Municipality” or the “City”) is one of the South's most historic cities. The Municipality is located approximately 25 miles due south of Hopkinsville, Kentucky on U.S. Highway 41, 50 miles northwest of Nashville, Tennessee on Interstate 24, and 180 miles southwest of Louisville, Kentucky on Interstate 65.

The Municipality, as Tennessee's fifth largest and second fastest growing city, is proud to offer both a rich heritage and a vibrant city on the move. The Municipality is also the county seat of Montgomery County (the “County”) and has profited from communication and mechanical technology, a growth in population, and industrial expansion. No longer dependent upon an agriculture base, the area has become a transport, industrial, retail, and professional center with numerous recreational facilities.

Visitors and residents alike experience the City’s history through memorable attractions, unique architecture, and a variety of festivals and events. The Clarksville-Hopkinsville MSA enjoys many amenities of a large population without many of the problems that often follow a large central city. The educational and health care facilities in the area have received recognition on state and national levels. Housing is abundant and moderately priced. Recreation of many types, including NCAA basketball and football, golfing, water skiing, jet skiing and fishing, is located in the area.

GOVERNMENTAL STRUCTURE

The City was incorporated under the 1807 Private Acts of the General Assembly of the State of Tennessee. The City operates under a Mayor-Council form of government. The Mayor is elected at-large and serves a four-year term. The City Council is composed of twelve representative citizens who are elected from wards to serve four-year terms. The major administrative divisions of the City include: General Government (public safety, roads, buildings and codes, recreation, and general), the Department of Electricity, the Gas, Water, and Sewer Departments, the Natural Gas Acquisition, the Clarksville Parking Commission, and the Clarksville Transit System. Also, the City has three component units: the Natural Gas Acquisition Corporation, the Clarksville Montgomery County Museum and the Ajax Turner Senior Citizens Center.

The City and its Component Units, which act as separate entities for which the City is financially accountable, provide a full range of services including, but not limited to, the construction and maintenance of highways, streets and infrastructure; fire and police protection; public transportation; community services; electric, gas, water and wastewater utilities; sanitation services; and recreation and cultural events. The City employs over 1,200 regular fulltime employees, in addition to a fluctuating number of seasonal and part-time employees.

ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION

Between April 1, 2020 and July 1, 2022, the population of the nation is estimated to have increased by 0.6% and the State of Tennessee by 2.0%. During this same period, the population of the City is estimated to have shown a population increase of 6.1%. The 2022 population of the City is estimated by the U.S. Census Bureau to be approximately 170,957.

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POPULATION: CITY, COUNTY, STATE AND NATION

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City of Clarksville	153,205	156,800	158,146	166,722	170,957
Montgomery County	205,950	208,993	214,251	216,355	235,201
Tennessee	6,770,010	6,770,010	6,886,834	6,980,000	7,051,339
United States	327,167,434	327,167,434	329,484,123	332,915,073	333,287,557

Source: U.S. Bureau of the Census.

PER CAPITA PERSONAL INCOME

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Percent Change</u> <u>2018-2022</u>
Clarksville, MSA	39,991	40,633	43,028	44,908	47,519	19%
Montgomery County	41,031	41,031	43,028	45,871	48,104	17%
Tennessee	46,900	47,179	48,684	56,616	58,279	24%
United States	54,446	53,712	56,490	64,117	65,423	20%

Source: U.S. Bureau of Economic Analysis

2022 PERCENTAGE OF HOUSEHOLDS BY EFFECTIVE BUYING INCOME

	<u>City of</u> <u>Clarksville</u>	<u>Montgomery</u> <u>County</u>	<u>State of</u> <u>Tennessee</u>	<u>United</u> <u>States</u>
Under \$24,999	15.9%	13.5%	19.1%	16.3%
\$24,999-\$34,999	11.2%	15.9%	10.4%	9.1%
\$35,000-\$49,999	19.0%	19.0%	15.5%	13.8%
\$50,000 and over	53.9%	51.5%	55.0%	60.9%
Median Household EBI	\$54,530	\$58,429	\$56,989	\$64,448

Source: Claritas, Inc.

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MONTGOMERY COUNTY
RETAIL SALES BY STORE GROUP
2018-2022
(\$000s)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Building Materials	271,120	287,616	353,818	432,950	367,270
General Merchandise	630,171	694,776	744,704	846,585	667,949
Food Stores	416,031	411,644	432,492	468,614	376,123
Autos, Boats, Aircraft	628,968	741,229	776,178	889,435	689,818
Service Stations	171,742	161,249	156,869	246,076	232,803
Apparel & Accessories	85,318	89,178	82,268	112,324	85,656
Furniture & Home Décor	95,391	118,039	117,471	133,633	93,265
Eating & Drinking	287,104	360,718	355,705	436,382	350,890
Other Retail	339,590	353,937	362,546	423,285	312,258
Total Retail Sales	2,925,436	3,218,386	3,382,054	3,999,284	3,176,032

Source: Tennessee Department of Revenue

EMPLOYMENT

According to the United States Bureau of Labor Statistics, the unemployment rate for Montgomery County as of August 2023 was 3.9%. Employment and unemployment trends for Montgomery County from 2018 to 2022 are presented below.

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate (%)</u>	<u>Tennessee</u>	<u>USA</u>
2018	114,198	80,679	3,187	4.30%	3.50%	3.90%
2019	117,330	112,370	4,960	4.20%	3.40%	3.70%
2020	83,935	75,740	8,195	9.80%	7.50%	8.10%
2021	120,678	83,357	4,855	6.10%	4.60%	5.30%
2022	119,910	114,275	5,635	4.70%	3.20%	3.60%

Source: Bureau of Labor Statistics

The major areas of employment in Montgomery County are the services and retail trade industries. Comparatively, both the Southeast Region and the United States show a heavier concentration in manufacturing than does Montgomery County.

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MAJOR EMPLOYERS

A diversified employment base of military, industries, state and local governments, health care, higher education and retail trade supports the economic base of the area. The City's principal employers for 2022 are:

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Department of Defense (Ft. Campbell)	7,056	8.16%
Clarksville-Montgomery County School System	5,000	3.50%
Agero	1,700	1.30%
Trane Company	1,640	1.01%
Tennova Healthcare	1,250	0.96%
Montgomery County	1,207	0.75%
City of Clarksville	1,100	0.74%
Hankook Tire Manufacturing	1,000	0.66%
Austin Peay State University	860	0.53%
Jostens	850	0.35%
	<u>21,663</u>	<u>17.97%</u>

Source: Clarksville Chamber of Commerce; Tennessee Department of Labor and Workforce Development

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HOUSING AND CONSTRUCTION

The demand for housing in the City has promoted the building of over 6,600 additional housing units between 2018 and 2022, an increase of 10.69%. According to the U.S. Bureau of the Census, housing units in the City of Clarksville increased from 61,873 in 2018 to 68,485 in 2022. The median price for a single dwelling unit in Clarksville is approximately \$262,800. The following table presents data on housing units in Clarksville from 2018 to 2022.

HOUSING UNITS

<u>Year</u>	<u>Total Units</u>	<u>Occupied Owner Units</u>	<u>Occupied Renter Units</u>	<u>Occupied Units</u>	<u>Occupancy Rate</u>
2018	61,873	28,957	26,729	55,686	91.00%
2019	62,705	29,346	27,089	56,435	90.00%
2020	64,806	33,051	31,755	58,973	91.00%
2021	63,968	34,543	29,425	57,571	90.00%
2022	68,485	36,982	31,503	63,691	93.00%

Source: U.S. Bureau of the Census.

OCCUPIED HOUSING UNITS County and City (2018-2022)

Clarksville	2018	2019	2020	2021	2022
Owner Units	32,174	32,607	33,051	34,543	36,982
Renter Units	29,699	30,098	31,755	29,425	31,503
Total Units	61,873	62,705	64,806	63,968	68,485
Montgomery County	2018	2019	2020	2021	2022
Owner Units	47,791	48,732	49,647	50,473	55,683
Renter Units	33,211	33,864	34,500	32,269	34,129
Total Units	81,002	82,596	84,147	82,742	89,812

Source: U.S. Bureau of the Census.

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The table below provides annual data on the number of building permits granted by the City of Clarksville and the value of related construction between 2018 through 2022.

**BUILDING PERMITS ISSUED
2018 through 2022**

<u>Year</u>	<u>No. of Permits</u>	<u>Value</u>
2018	1,586	\$1,078,145
2019	1,639	\$1,072,196
2020	1,995	\$1,355,630
2021	2,486	\$2,321,720
2022	5,010	\$2,499,250

Source: Clarksville-Montgomery County Regional Planning Commission

TRANSPORTATION

The highway system in Montgomery County includes Interstate 24 which connects the City to Nashville, Chattanooga, and Atlanta and to Interstate 75 leading to St. Louis and Chicago. Other highways in the County include U.S. Highway 79 and 41A and State Highways 12, 13, 48, 76, 149, 374, 236, and 237. The widening of State Highway 374 through the center of the City was completed in 2020.

The northern portion of the four-lane loop, Route 840, runs south of the City and connects east of Nashville to Interstate 40 and west of Nashville to Interstate 24, which runs through the County and north of Nashville to Interstate 65 North. The southern portion of the loop around Nashville also connects at Interstate 40 and provides additional access to Interstate 65 and Interstate 40 through Nashville to Chattanooga/Atlanta and Birmingham, Alabama.

The highway system provides for one-day delivery to 76% of major U.S. markets. In addition to the highway system, the R.J. Corman Railroad runs from Clarksville to CSX Transportation mainline in Guthrie, Kentucky, approximately 20 miles north.

The transportation system includes the Cumberland River, a navigable waterway of 381 miles from Celina, Tennessee east of Nashville to its mouth on the Ohio River upstream from Paducah, Kentucky. A canal connects the Cumberland River and Tennessee River (Kentucky Lake) at Lake Barkley.

Air transportation includes Outlaw Field overseen by the Clarksville/Montgomery County Airport Authority with runways of 6,000 and 4,300 feet to accommodate more than 40,000 private and corporate flights. The Nashville International Airport located approximately 45 miles southeast in Nashville provides commercial service on several airlines, including but limited to, Alaska Airlines, American, Air Canada, Allegiant, British Airways, Delta, Frontier, Jet Blue, Southwest, Spirit, and United. In fiscal year 2020, the Nashville International Airport served over 17 million passengers.

UTILITIES

In addition to the Clarksville Gas and Water Department, the City of Clarksville operates the Clarksville Department of Electricity (the “Electric Department”). The Electric Department generally confines its sales to within the City. The following tables provide basic information about the Clarksville Gas and Water Department and the Electric Department.

STATISTICAL DATA - CITY OF CLARKSVILLE
For the Fiscal Years 2018 through 2022

Clarksville Department of Electricity

	2018	2019	2020	2021	2022
Number of Customers					
Residential	62,609	62,639	65,352	67,779	70,523
Commercial and Industrial	1,457	7,721	7,897	8,162	8,344
Other	619	434	436	436	441
Total Customers	64,685	70,794	73,685	76,377	79,308
Kilowatt hours sold	1,696,968,791	1,671,336,807	1,647,253,555	1,680,007,858	1,737,240,464
Utility Sales	\$169,444,701	\$172,778,754	\$173,358,347	\$176,071,668	\$195,277,704

Source: City of Clarksville Department of Finance and Revenue

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MEDICAL FACILITIES

The City is quickly becoming a regional medical hub for the area. The medical facilities offer programs, services, and facilities that rival the best in the state. Tennova Healthcare-Clarksville, formerly Gateway Medical Center, opened its doors in 2008 in St. Bethlehem, near Exit 4 on I-24, near Governors Square. The hospital employs 1,250 professionals and serves Upper Middle Tennessee and South-Central Kentucky.

Tennova Healthcare-Clarksville is a fully accredited 270-bed medical center that provides numerous state-of-the-art services, including a heart center, magnetic resonance imaging, respiratory care, surgery, critical care, inpatient rehabilitation and emergency services. The medical staff has more than 400 physicians, representing numerous specialties and sub-specialties. Tennova Healthcare-Clarksville is an accredited Chest Pain Center, and an accredited facility in extracranial cerebrovascular testing, peripheral venous testing and peripheral arterial testing.

EDUCATION

Clarksville-Montgomery County School System – One of the area’s major assets is the education network of public and private elementary and secondary education and the higher education institutions. The Clarksville-Montgomery County School System has 44 schools, of which 23 are elementary schools, eight are middle schools, and seven are high schools. All schools in the system are approved by the Tennessee State Department of Education and accredited by the Southern Association of Colleges and Schools (SACS). The school system has been recognized in the top 10 percent of the nation’s schools in meeting parents’ goals.

Clarksville-Montgomery County Schools

<u>Year</u>	<u>Enrollment</u>
2017-18	34,900
2018-19	36,000
2019-20	36,606
2020-21	36,483
2021-22	37,900

Source: FY 2022 City of Clarksville, TN Comprehensive Annual Financial Report

There are four private schools in Montgomery County offering an educational program for grades K through 12. Private schools in the Clarksville-Montgomery County area offer a choice for parents seeking an alternative to the traditional school system.

Austin Peay State University – Clarksville is home to Austin Peay State University, one of Tennessee's regional higher education institutions. Austin Peay’s campus is adjacent to the central business district. Founded in 1927 and named for native son, Governor Austin Peay, APSU is Tennessee's designated liberal arts university. APSU offers:

- *Diverse Degree Programs:* More than 50 majors in associate's, bachelor's, master's, and education specialist's degrees with additional areas of concentration.
- *Two Accomplished Centers of Excellence:* The Center for the Creative Arts and The Center for Field Biology of Land Between the Lakes.

- *Four Chairs of Excellence*: Roy Acuff Chair in the Creative Arts, Foundation Chair in Free Enterprise, Harper/Bourne Chair in Business, and Lenora C. Reuther Chair in Nursing.
- *Athletics*: The Governors and Lady Govs are members of the Ohio Valley Conference (NCAA-Division I-A), fielding teams in 15 competitive sports.

Austin Peay State University is also home to the Sundquist Science Complex, one of the South's premier science education facilities. With a price tag in excess of \$38 million, it represents the largest capital appropriation ever in Tennessee for a single classroom building. The 180,000-square foot facility houses the biology, chemistry, physics and agriculture departments, as well as the Center for Field Biology, a museum of zoology, a herbarium, and the Robert F. Sears Memorial Planetarium.

DOWNTOWN HISTORIC DISTRICT

The Montgomery County Courthouse serves as the center of the City's historic downtown. Its grandeur and historical significance make it the very heart of the community.

Courthouse – The Courthouse has been fully restored since being damaged by a 1999 tornado and includes an additional floor to accommodate additional office and storage space, a center rotunda, a two-level commission meeting room with balcony seating, and a bell tower.

Courthouse Complex – The 176,000-square-foot Courts Complex includes spires, a domed skylight, and other architectural elements, and occupies the north end of the Courthouse block.

Millennium Plaza – Located between the Courthouse and Courts Complex is a plant-filled plaza containing ornamental horticulture mixed with brick walkways and public art. This pedestrian-friendly project was funded primarily by a federal grant, with the remaining 20% covered by individual contributors.

With an aim to be the highlight of downtown beautification efforts, key elements include a semi-circular plaza in front of the court facility, a sculptural fountain, and a curved wall depicting the history of the Montgomery County Courthouse.

Riverwalk – The City continues to extend its famous walkway, extending from McGregor Park located on the scenic Cumberland River, across Riverside Drive, into the Downtown Historic District. The walkway features beautiful overlook plazas, a children's playground, an amphitheater, picnic facilities, performance stages, a boat ramp, a wharf, and a pedestrian gateway into the Downtown Historic District. A permanent exhibit is housed in the Cumberland River Center, which features a 12-panel chronological history of the Cumberland River and the river's significance to the development of Clarksville.

GOVERNMENT

Fort Campbell – One of the key factors in the City's growth is the relationship it has with adjoining Fort Campbell, Kentucky, home of the 101st Airborne Division (Air Assault), the 160th Special Operations Aviation Regiment (SOAR), 5th Special Forces Group and 101st Corps Support Group. The 101st Airborne Division is one of the most powerful and prestigious divisions, having made a name for itself during World War II as the *Screaming Eagles* in Bastogne, Market Garden, Holland. Today, the highly trained soldiers of the 101st are the world's only Air Assault Division. The 101st participates in peacekeeping and humanitarian missions at home and abroad.

Approximately 26,587 active duty soldiers, 50,812 family members, and 70,445 retirees and their family members and reserve component call Fort Campbell home. The installation manages the records of some 4,000 civilians, with approximately \$2.5 billion per year, making it the largest employer in both Tennessee and Kentucky.

RECREATION AND CULTURAL ACTIVITIES

The Clarksville Parks and Recreation Department (“CPRD”) is a Tier II Benchmarked Agency and offers a wide variety of recreational facilities and activities for all ages. Within the City, the CPRD maintains over 1,000 acres of parks and facilities. The City’s 21 park facilities offer playgrounds, picnic areas, walking trails and pavilions. Several City parks also feature restrooms, basketball areas, tennis courts and ball fields. The CPRD also maintains three community centers with year-round programming for all ages.

The Riverwalk is the launch pad for the City’s recreational trail system which in the future may span 334 miles. The trail is partnered with the Rails to Trails initiative, which transforms abandoned railroad beds into scenic walkways. The Riverwalk is also the venue for City events such as Riverfest and Christmas on the Cumberland.

The Clarksville Greenway System is the City's inventory of over 15 miles of linear parks and trails that connect neighborhoods to schools, parks, transportation, shopping and work. The City's Greenway System is part of the Rails to Trails Initiative that transform scenic, abandoned railroad right of ways and river corridors into walking and biking trails.

The CPRD also maintains Fort Defiance, a Civil War outpost that overlooks the Cumberland and Red Rivers. The four-acre site includes a walking trail, an interpretive center as well as some of the best preserved earth works in the nation.

Opened in 2012, Liberty Park includes the Clarksville Marina and the redeveloped fairgrounds. The Clarksville Marina is home to numerous boat slips, dry docks and four boat ramps. Adjoined to the marina, Liberty Park features amenities such as a ball fields, a pavilion, an amphitheater and a building to be used for special events, such as the Independence Day Celebration, overlooking the Cumberland River. Both private and public funds were utilized to complete the project. Also located within the Liberty Park grounds is Liberty Park Grill— a dining destination and long-term public-private partnership with potential future expansion.

The CPRD has a partner agreement with the Clarksville-Montgomery County School System to use their park facilities for tournaments and athletics. Heritage Park boasts eight soccer fields, four softball fields, four baseball fields and two full-court basketball pads. The Swan Lake Sports Complex has eight tennis courts, three softball fields tennis facility, splash pad and an Olympic-sized pool. Both the Swan Lake Pool and the New Providence pool offer a year-round swimming facility.

Aside from their park facilities, athletics, walking trails and Marina project, the City also has several special events throughout the year. The Queen City Road Race, Downtown Market, Movies in the Park, the Clarksville BBQ Bash, Riverfest and Christmas on the Cumberland are all staples in the Clarksville community.

Austin Peay State University's Center for the Creative Arts – The Center, established in 1985 to promote the creative arts in Tennessee, promotes over 100 musical and dance productions, recitals, concerts, theatrical performances, literary readings and art exhibitions annually.

Roxy Regional Theatre – This hallmark theatre is located at 100 Franklin Street in historic downtown. The theatre is Clarksville's oldest professional theatre and offers patrons a combination of professional company shows and community offerings. Housed in a 1947 art deco theatre, The Roxy produces 10 main stage productions annually.

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

CITY OF CLARKSVILLE, TENNESSEE

\$35,225,000 WATER, SEWER AND GAS REVENUE BONDS, SERIES 2023

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered as of this 19th day of December, 2023 by the City of Clarksville, Tennessee (the “Municipality”) in connection with the issuance of its \$35,225,000 Water, Sewer and Gas Revenue Bonds, Series 2023 (the “Bonds”). The Municipality hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Municipality for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (the “SEC”). This Disclosure Agreement is being executed and delivered by the Municipality under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” means DAC, or any successor designated in writing by the Municipality and which was accepted such designation in writing.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the Municipality as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement of the Municipality, dated November 30, 2023, relating to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Registered Owner” means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Municipality with respect to the Bonds.

“Resolution” shall mean the resolution of the City Council of the Municipality adopted on February 7, 1985, as supplemented and amended on February 1, 1991, November 7, 1991, October 1, 1992, May 1, 1997, November 5, 1998, and June 7, 2001, as amended and restated on May 6, 2004, as further supplemented and amended on March 29, 2007, April 7, 2011, June 6, 2013, May 5, 2016, November 30, 2017, June 3, 2021 and November 2, 2023, and as may be further supplemented and amended.

“State” shall mean the State of Tennessee.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository to which continuing disclosure information shall be sent pursuant to State law. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Continuing Disclosure. The Municipality hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2024, the Municipality shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) The Municipality’s audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Municipality’s audited financial statements are not available, then the Municipality’s unaudited financial statements; and

(ii) Operating data of the type included under the following headings of Appendix A to the Official Statement, which data may be presented in a manner other than as set in Appendix A to the Official Statement:

1. "Water Rates";
2. "Water System Customer Base and Usage";
3. "Ten Largest Water System Customers";
4. "Operating History of the Water and Sewer System";
5. "Sewer Rates";
6. "Sewer System Customer Base and Usage";
7. "Ten Largest Sewer System Customers";
8. "Gas Rates";
9. "Gas System Customer Base Usage";
10. "Ten Largest Gas System Customers";
11. "Operating History of the Gas System";
12. "Historical Revenue Coverage"; and
13. "Billing and Collections".

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2024, the Municipality shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices.* The Municipality will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation* of the Municipality, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation* of the Municipality, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation* of the Municipality, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security

or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information.* The Municipality will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement.* The Municipality will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Municipality shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

(a) This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Municipality (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3 above, the Municipality shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Municipality. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in

narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The Municipality's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Municipality may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Municipality may, from time to time, discharge the Dissemination Agent, with or without appointing a successor. If at any time there is not a designated Dissemination Agent, the Municipality shall be the Dissemination Agent.

SECTION 8. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Municipality agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the Municipality), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The obligations of the Municipality under this Section 8 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Municipality chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Municipality shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 10. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 11. Default. In the event of a failure of the Municipality to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Municipality to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 13. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

CITY OF CLARKSVILLE, TENNESSEE

By: _____
Mayor

APPENDIX F
FORM OF BOND COUNSEL OPINION

Form of Opinion of Bond Counsel

December 19, 2023

City Council
City of Clarksville
One Public Square
Clarksville, Tennessee 37040

Morgan Stanley & Co. LLC
New York, New York

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Clarksville, Tennessee (the "Issuer") of \$35,225,000 Water, Sewer and Gas Revenue Bonds, Series 2023 (the "Series 2023 Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Series 2023 Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.
2. The resolution of the City Council of the Issuer authorizing the Series 2023 Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The principal of and interest on the Series 2023 Bonds are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the water, sewer and gas systems of the Issuer (collectively, the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System and on a parity and complete equality of lien with respect to such revenues with the Municipality's remaining outstanding Water, Sewer and Gas Revenue Refunding Bonds, Series 2016, Water, Sewer and Gas Revenue Refunding Bonds, Series 2017, Water, Sewer and Gas Revenue Bonds, Series 2021A and Water, Sewer and Gas Revenue Refunding Bonds, Series 2021B (Federally Taxable) (collectively, the "Outstanding Bonds") and any bonds hereafter issued on a parity therewith, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System. We express no opinion as to the sufficiency of such revenues for the payment of principal of or interest on the Series 2023 Bonds. The owner of the Series 2023 Bonds shall have no recourse to the power of taxation of the Issuer.
4. Interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative

minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "Code"); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2023 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Series 2023 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2023 Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Series 2023 Bonds.

5. Under existing law, the Series 2023 Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Series 2023 Bonds during the period such Series 2023 Bonds are 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 Series 2023 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 to be understood that the rights of the owners of the Series 2023 Bonds and the enforceability of the Series 2023 Bonds and the resolution authorizing the Series 2023 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2023 Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

Bass, Berry & Sims, PLC

APPENDIX G
BOOK-ENTRY-ONLY SYSTEM

BOOK-ENTRY-ONLY SYSTEM

The following information about DTC and the book-entry-only system applicable to the Series 2023 Bonds has been supplied by DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their Beneficial Ownership Interests in Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2023 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Municipality as soon as possible after the record date. The Omnibus

Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2023 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information for the Municipality or the Registration Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registration Agent, as hereinafter defined, or the Municipality, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Municipality or the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE OWNER, REFERENCES HEREIN TO THE OWNERS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS, AND THE REGISTRATION AGENT SHALL TREAT CEDE & CO. AS THE ONLY OWNER FOR ALL PURPOSES UNDER THE RESOLUTION INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE SERIES 2021 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE RESOLUTION.

The Municipality and the Registration Agent cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Series 2023 Bonds (i) payment of principal of, premium, if any, and interest on, the Series 2023 Bonds, (ii) confirmation of ownership interests in the Series 2023 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2023 Bonds, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may discontinue providing its services as securities depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the Municipality and the Registration Agent. The Municipality may determine not to continue participation in the system of book-entry transfers through DTC at any time. In either situation, if another qualified securities depository is not appointed by the Municipality to replace DTC, bond certificates will be delivered to each Beneficial Owner as required by the Resolution.

THE MUNICIPALITY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (B) THE PAYMENT OR TIMELINESS OF PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON, THE SERIES 2021 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO OWNERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2023 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

THE MUNICIPALITY MAY ENTER INTO AN AMENDMENT TO THE AGREEMENT WITH DTC OR SUCCESSOR AGREEMENTS WITH A SECURITY DEPOSITORY RELATING TO THE BOOK-ENTRY SYSTEM TO BE MAINTAINED WITH RESPECT TO THE SERIES 2023 BONDS WITHOUT THE CONSENT OF THE BENEFICIAL OWNERS OR HOLDERS OF THE SERIES 2023 BONDS.