

RESOLUTION 19-R-22 approving use of Murfreesboro Electric Department contingency funds to pay for legal, accounting, and other due-diligence expenses related to the possible sale of the Murfreesboro Electric Department's operational assets to Middle Tennessee Electric Membership Corporation.

WHEREAS, Middle Tennessee Electric Membership Corporation ("MTEMC") has expressed interest in acquiring the operational assets of the City's electric department, which is commonly known as the Murfreesboro Electric Department and currently operates and is accounted for as a separate proprietary business-type operation of the City;

WHEREAS, the City Manager, on behalf of the City, has been engaged in ongoing discussions with MTEMC's leadership over the past year about the benefits of merging MED's operations into MTEMC (the "Proposed Transaction"); and

WHEREAS, the Proposed Transaction may yield significant short- and long-term benefits to the current rate payers of both MED and MTEMC and the City's citizens and businesses; and

WHEREAS, the City Manager and MTEMC's President and CEO have executed a non-binding term sheet that reflects the basic terms of the Proposed Transaction; and

WHEREAS, for the sale and merger to occur, the Proposed Transaction must be approved by both City Council and MTEMC's Board of Directors, and it is necessary to engage in a variety of due diligence activities to prepare a definitive agreement for approval by both bodies; and

WHEREAS, City Council believes completion of these due diligence activities is necessary before it can make an informed decision regarding the potential positive and negative aspects of the Proposed Transaction; and

WHEREAS, the City Manager and City Attorney have identified outside legal counsel, accountants, and financial experts to assist the City in conducting due diligence related to the Proposed Transaction; and

WHEREAS, MED's Power Board has recommended that such due diligence expenses be paid from MED's Contingency for Storms and Unanticipated Growth or MED's Cash Reserves; and

WHEREAS, City Council finds that potential benefits that might accrue to MED's current rate payers as well as the City's citizens and business were MED's operational assets sold to and merged with those of MTEMC justify the expenditure of funds for legal, accounting, and other due diligence expenses; and

WHEREAS, the City is likely to be reimbursed by MTEMC for the majority of such due diligence expenses in the event the Proposed Transaction is consummated.

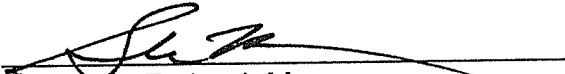
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MURFREESBORO, TENNESSEE, AS FOLLOWS:

SECTION 1. The City Council endorses and authorizes the expenditure of funds in an amount not to exceed Five Hundred Thousand Dollars (\$500,000.00) from MED's Contingency for Storms and Unanticipated Growth or MED's Cash Reserves to pay for due diligence expenses related to the Proposed Transaction. The City Manager and City

Attorney shall provide a summary of all such expenditures to the MED Power Board and City Council on a monthly basis.

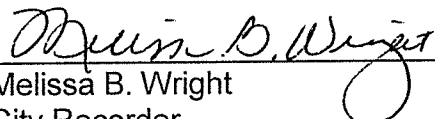
SECTION 2. This Resolution shall be effective immediately upon its passage and adoption, the public welfare and the welfare of the City requiring it.

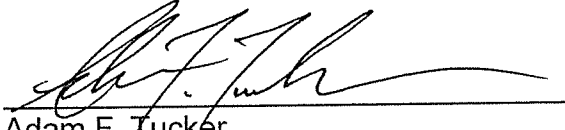
Passed: October 3, 2019


Shane McFarland, Mayor

ATTEST:

APPROVED AS TO FORM:


Melissa B. Wright
City Recorder


Adam F. Tucker
City Attorney

