

RESOLUTION 20-R-18 approving the interfund transfer of real property and fiber connection assets from the Murfreesboro Electric Department Enterprise Fund to the City's General Fund.

WHEREAS, on January 14, 2020, the City of Murfreesboro (the "City") and the Middle Tennessee Electric Membership Corporation ("MTEMC") entered into an Asset Purchase and Sale Agreement (the "Purchase Agreement"), pursuant to which the City agreed to sell to MTEMC and MTEMC agreed to purchase from the City substantially all of the City's electric plant and system assets comprising the Murfreesboro Electric Department ("MED") (the "Transaction"); and

WHEREAS, by the terms of the Agreement, the City will retain title to certain real property (specifically identified below as the "Office and Storage Yard Parcels"), that are currently used in connection with MED's business;

WHEREAS, the "Office and Storage Yard Parcels," which include the real property, together with all improvements thereon, are identified for ad valorem tax purposes as: (i) 091K-H-022.00-000; (ii) 091K-J-008.00-000; and (iii) 091K-J-010.00-000;

WHEREAS, the assignment of City's wholesale power contract with the Tennessee Valley Authority ("TVA") to MTEMC (the "Assignment") is a required condition to the closing of the Transaction; and

WHEREAS, TVA's prior written consent is required to effect the Assignment; and

WHEREAS, on June 9, 2020, TVA issued a determination letter regarding the Assignment, in which TVA stated that it would consent to the Assignment, subject to the satisfaction of certain conditions to be satisfied or affirmed by the parties prior to the closing of the Transaction. Condition No. 4 of the Determination Letter states that "the City agrees to pay MED prior to closing, or credit MED at closing, \$2,134,930 for the fiber connections, MED headquarters building, and storage lot" (hereafter the "Condition No. 4 Adjustment"); and

WHEREAS, TVA has allocated \$1,487,689 of the Condition No. 4 Adjustment to the value of the Office and Storage Yard Parcels ("Property Credit"); and

WHEREAS, TVA has allocated \$647,241 of the Condition No. 4 Adjustment to the value of the City fiber connections ("Fiber Credit");

WHEREAS, at its meeting on June 25, 2020, the City Council approved a letter agreement between the City and MTEMC amending the Purchase Agreement whereby the parties agreed that the Office and Storage Yard Parcels and the City fiber connections would be transferred from the MED Enterprise Fund to the City's General Fund and that the City would provide the Property Credit and Fiber Credit from the City's General Fund to the MED Enterprise Fund; and

WHEREAS, City Council must authorize both credits as well as the interfund transfer of the Office and Storage Yard Parcels and the fiber connections from MED's asset list to that of the City's General Fund; and

WHEREAS, it is the intent of City Council to dissolve the MED Enterprise Fund upon closing of the Transaction and to reassign any and all remaining assets not purchased by MTEMC to a government-activity fund.

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

SECTION 1. Prior to closing of the Transaction, the Office and Storage Yard Parcels are to be transferred from the MED Enterprise Fund to the City's General Fund with a corresponding credit from the City's General Fund to the MED Enterprise Fund in an amount not to exceed \$1,487,689.

SECTION 2. Prior to the closing of the Transaction, the City fiber connections, which are particularly described in the letter agreement between the City and MTEMC approved by City Council on June 25, 2020, are to be transferred from the MED Enterprise Fund to the City's General Fund with a corresponding credit from the City's General Fund to the MED Enterprise Fund in an amount not to exceed \$647,241.

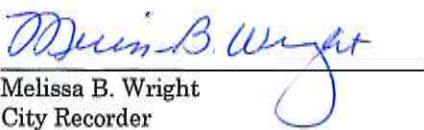
SECTION 3. Upon closing of the Transaction, the City Manager, the City Recorder, and the City Budget Director are hereby authorized to dissolve the MED Enterprise Fund and to reassign any all remaining assets in the fund not purchased by MTEMC to a government-activity fund. Such actions shall be completed within a commercially reasonable time after the closing of the Transaction.

SECTION 4. This Resolution shall be effective immediately, the public welfare and the welfare of the City requiring it.

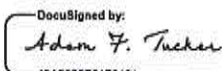
Passed: June 25, 2020


Shane McFarland, Mayor

ATTEST:


Melissa B. Wright
City Recorder

APPROVED AS TO FORM:

DocuSigned by:

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Adam F. Tucker
City Attorney