

EXCERPTS FROM THE MINUTES OF THE MEETING
OF THE BOARD OF MAYOR AND ALDERMEN
OF THE TOWN OF MOUNT CARMEL, HAWKINS COUNTY, TENNESSEE
HELD ON JANUARY 14, 1988

The Board of Mayor and Aldermen of the Town of Mount Carmel, Hawkins County, Tennessee, met in special, public session at the Town Hall in Mount Carmel, Tennessee, its regular meeting place, at 7:15 o'clock p.m., local time, on the 14th day of January, 1988, the Honorable Gary Lawson presiding and the following named members of the Board of Mayor and Aldermen present:

Mayor Gary W. Lawson

Alderman Ronnie Davis

Vice-Mayor Charles Fuller

Alderman Mildred Ford

Alderman Carl Newland

Alderman Johnny McClellan

Alderman Fred Arnold

Absent:

Also present were Rita Jones, City Recorder, Steven C. Frazier, City Attorney, and the following named additional persons:

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(Other Business)

The following Resolution was thereupon introduced and read in full:

RESOLUTION AUTHORIZING THE ISSUANCE, AND PROVIDING DETAILS, OF SEWER SYSTEM CAPITAL OUTLAY NOTES, SERIES 1988, OF THE TOWN OF MOUNT CARMEL, TENNESSEE, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION FOUR HUNDRED THOUSAND DOLLARS (\$3,400,000); AUTHORIZING THE SALE THEREOF; AND PAYMENT OF SUCH NOTE

WHEREAS, pursuant to Title 9, Chapter 21, Parts 1, 4 and 6, Tennessee Code Annotated, as amended (the "Act"), the Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee (the "Municipality") has determined that it is necessary and desirable to sell capital outlay notes for the purpose of financing the costs of constructing and equipping a municipal sewer collection system and wastewater treatment plant (the "Project"), the acquisition of all property real and personal appurtenant thereto or connected with such work; and to pay legal, fiscal, administrative and engineering costs incident thereto, and costs incident to the issuance and sale of the capital outlay notes for the Municipality;

WHEREAS, in order to proceed as expeditiously as possible with the construction of the Project, it is necessary that interest bearing capital

outlay notes be issued for the purpose of providing funds to pay a portion of the costs of the Project;

WHEREAS, the Municipality is authorized by the Act to issue such notes for said purpose provided the issuance of such notes is first approved by the Director of Local Finance for the State of Tennessee (the "Director of Local Finance");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF MOUNT CARMEL, TENNESSEE:

Section 1. Authorization. For the purpose of providing a portion of the funds for the construction of the Project, there shall be issued pursuant to, and in accordance with, the Act and other applicable provisions of law the interest-bearing capital outlay notes of the Municipality, in the aggregate principal amount of not to exceed Three Million Four Hundred Thousand Dollars (\$3,400,000) (the "Notes") or such lesser amount as approved by the Mayor of the Municipality.

Section 2. Terms of the Notes. The Notes shall be designated "~~Sewer~~ System Capital Outlay Notes, Series 1988". The Notes shall be issued in registered form, without coupons, shall be dated as of the date of issuance, shall be numbered from 1 upwards, shall be sold at not less than ninety-nine percent (99%) of the par value thereof and accrued interest, shall bear interest at a rate not to exceed eleven percent (11%) per annum payable semi-annually; shall contain such terms, conditions and provisions other than as expressly provided or limited herein as may be agreed upon by the Mayor of the Municipality and the purchaser of the Notes; and shall mature not later than three (3) years from the date of issuance; provided, however, that with the approval of the Director of Local Finance the maturity date of the Notes may be extended for an additional period of not exceeding three (3) years. If renewed, each year the Notes are outstanding, one-twelfth (1/12th), but in no event less than one-twelfth (1/12th) of the original principal amount of the Notes shall mature without renewal but subject to prior redemption. The term of the Notes does not exceed the reasonably expected economic life of the Project of thirty (30) to fifty (50) years.

Section 3. Security. The Notes, as to both principal and interest, shall be payable from ad valorem taxes to be levied on all taxable property within the Municipality without limitation as to rate or amount. The levy and collection of a tax on all taxable property within the Municipality is hereby authorized in an amount necessary to pay principal of and interest on the Notes as they become due. Said tax shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of the Municipality, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount. For the prompt payment of principal and interest on the Notes, the full faith and credit of the Municipality is hereby irrevocably pledged. The Notes are additionally secured by and payable from the gross earnings of the complete sewer system of the Municipality (the "Net Revenues") after deduction of the reasonable and necessary cost of operating, maintaining, repairing and insuring the sewer system, including salaries, wages, costs of material, supplies and insurance, but shall exclude depreciation (the

"Current Expenses") and such Net Revenues are hereby pledged to the payment of the principal of and interest on the Notes.

If for any reason, the Notes have not been paid at maturity or upon any extension of maturity granted pursuant to the Act, the Notes shall be retired from funds of the Municipality or be converted to bonds as provided by Section 9-11-101 et. seq., Tennessee Code Annotated, as amended, or any other law, or otherwise be liquidated as approved by the Director of Local Finance.

Section 4. Redemption. The Notes shall be subject to redemption at the option of the Municipality, in whole or in part, on the interest payment date eighteen (18) months from the date of issuance and thereafter at the principal amount and accrued interest to the date of redemption without a premium, determined by lot or other customary method by the Note Registrar.

Notice of intended redemption shall be given by registered or certified mail to the registered owners of the Notes to be redeemed or prepaid. Such notice shall be given not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption or prepayment to the registered owners of Notes to be redeemed, at their addresses as such addresses appear on the Registration Books of the Municipality maintained by the Note Registrar. Each such notice of redemption or prepayment shall designate the date and place of redemption; shall specify the serial numbers and the aggregate principal amount of the Notes to be redeemed; and shall state that provided sufficient funds are available on such redemption date to pay the principal of and the unpaid interest accrued on such Notes to be redeemed, the interest on such Notes shall cease to accrue from and after the redemption date specified. In addition, notice of redemption of Notes shall also be published once not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption in a financial newspaper published in New York, New York. Neither failure to mail any such notice or any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Notes.

Section 5. Execution. The Notes shall be executed in the name of the Municipality and bear the manual or facsimile signature of the Mayor and shall be countersigned by the City Recorder with his or her manual or facsimile signature and shall have printed or impressed thereon the official seal of the Municipality. In the event any officer whose signature appears on the Notes shall cease to be such officer, such signature shall nevertheless be valid and sufficient for all purposes. The Notes shall be issued in typed, mimeographed, printed or photocopied form, or any combination thereof, substantially in the form attached hereto as Exhibit A, with such minor changes therein or such variations thereof as the Mayor may deem necessary or desirable, the blanks to be appropriately completed by the Mayor prior to issuance.

Section 6. Appointment of Note Registrar. The Municipality hereby appoints First Tennessee Bank National Association, Memphis, Tennessee, or its successor in interest as note registrar and paying agent (the "Note Registrar"). The Note Registrar shall establish and maintain suitable books (the "Registration Books") for recording the registration, conversion,

payment, and transfer of the Notes, and shall also perform such other duties as may be required in connection with any of the foregoing on behalf of the Municipality. The Note Registrar shall register in such books and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Note entitled to registration or transfer and to authenticate and deliver the Notes either at original issuance, upon transfer, or as otherwise directed by the Municipality. The Note Registrar is authorized to make all payments of principal, interest, and redemption premium, if any, with respect to the Notes.

(b) The Note Registrar shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by a written instrument of acceptance executed and delivered to the City Recorder prior to or on the Closing Date.

Section 7. Resignation or Removal of the Note Registrar and Appointment of Successors. (a) The Note Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least sixty (60) calendar days' written notice to the City Recorder. The Note Registrar may be removed at any time by resolution of the Municipality filed with such Note Registrar. Any successor Note Registrar shall be appointed by resolution of the Municipality and shall be a trust company or a bank having the powers of a trust company, having a combined capital, surplus, and undivided profits aggregating at least Twenty Million Dollars (\$20,000,000), and willing to be able to accept the office of Note Registrar on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(b) In the event of the resignation or removal of the Note Registrar, such Note Registrar shall pay over, assign and deliver any monies held by it as Note Registrar, and all registration books and records held by it to its successor, or if there be no successor then appointed, to the City Recorder until such successor be appointed.

Section 8. Merger or Consolidation of Note Registrar. Any corporation or association into which the Note Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole, or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party shall be and become successor Note Registrar hereunder and shall be vested with all the trusts, powers, discretion, immunities, privileges and other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein contained to the contrary notwithstanding.

Section 9. Authentication. Only such of the Notes as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit "A" hereto duly executed by the Note Registrar, shall be entitled to the rights, benefits and security of the Resolution. No Note shall be valid or obligatory for any purpose unless, and until, such certificate of authentication shall have been duly executed by the Note Registrar.

Such executed certificate of authentication by the Note Registrar upon any such Note shall be conclusive evidence that such Note has been duly authenticated and delivered under the Resolution as of the date of authentication. The certificate of authentication of the Note Registrar on any Note shall be deemed to have been duly executed if manually signed by an authorized officer of the Note Registrar, but it shall not be necessary that the same officer sign and date the certificate of authentication on all Notes that may be issued hereunder.

Section 10. Registration and Negotiability. The Notes shall be fully registered as to both principal and interest and shall be fully negotiable upon proper endorsement by the registered owner thereof. No transfer of the Notes will be valid unless such transfer is noted upon the Registration Books and until such note is surrendered, cancelled, and exchanged for a new Note which shall be issued to the transferee, subject to all the conditions contained herein, having the same maturity, bearing interest at the same rate of interest, and in the same aggregate principal amount, all as the surrendered Note. Interest on the Notes will be paid by check or draft mailed by United States Mail, first class prepaid, on the interest payment dates to the registered owners thereof at the address shown on the Registration Books of the Municipality as maintained by the Note Registrar on the close of business on the fifteenth (15th) day of the month next preceding the applicable interest payment date, except for final payment, presentation or surrender of the Notes, and payment in such manner shall forever discharge and release the obligation of the Municipality to the extent of the interest so paid. Principal will be paid at maturity in like manner, provided that the Notes shall have been presented and surrendered for payment at the principal corporate trust office of the Note Registrar.

In the event any Note issued hereunder shall become mutilated, or be lost, stolen or destroyed, it shall, at the written request of the registered owner, be cancelled on the Registration Books and a new Note shall be authenticated and delivered, corresponding in all aspects but number to the mutilated, lost, stolen or destroyed Note. If the principal on said Note shall be due within fifteen days of receipt of the written request of the registered owner, payment therefor shall be made as scheduled in lieu of issuing a new Note. In every case the registered owner shall certify in writing as to the destruction, theft or loss of such Note and shall reimburse the Municipality for the expense incurred in the reissuance thereof.

Any notice to the contrary notwithstanding, the Municipality and all of the officials, employees and agents thereof, including the Note Registrar, may deem and treat the registered owners of the Notes as the absolute owners thereof for all purposes, including, but not limited to, payment of the principal thereof, and the interest thereon, regardless of whether such payment shall then be overdue.

Section 11. Sale of Notes. The Notes herein authorized may, at the discretion of the Mayor, be sold at either public or private sale at not less than 99% par value thereof plus accrued interest to the date of delivery. The Notes shall be sold only after the receipt of the written approval of the Director of Local Finance for the State of Tennessee.

Section 12. Deposit and Disbursement of Proceeds; Investment of Proceeds. The City Recorder is to designate a fund the "Series 1988 Capital Outlay Note Sewer System Construction Fund (the "Fund")", to be kept separate and apart from all other funds, into which all monies received from the sale of the Notes shall be deposited. The funds in the Fund shall be disbursed solely to pay the costs of constructing the Project, to retire short-term indebtedness the proceeds of which were used to pay a portion of the cost of construction of the Project, and the costs of issuing the Notes, including necessary legal, accounting, engineering, fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, and to pay other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Notes and construction of the Project. Money in the Fund shall be invested in accordance with applicable law. Any funds remaining in the Fund after completion of the Project, and payment of authorized expenses shall be transferred to the Municipality's Debt Service Fund and used to pay principal of and interest on the Notes.

Section 13. Annual Budget. After the issuance and sale of the Notes, and for each year that the Notes are outstanding, the Municipality shall submit its annual budget to the Director of Local Finance for approval immediately upon adoption of the budget.

Section 14. Non-Arbitrage Certification. The Municipality certifies and covenants with the owners of the Notes that so long as the principal of any Note remains unpaid, moneys on deposit in any fund or account in connection with the Notes, whether or not such moneys were derived from the proceeds of the sale of the Notes or from any other source, will not be used in a manner which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code"), as amended, and any lawful regulations promulgated thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Municipality reserves the right, however, to make any investment of such moneys permitted by Tennessee law and this Resolution if, when and to the extent that said Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of counsel of recognized competence in such matters, result in making the interest on the Notes subject to federal income taxation.

The aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the Municipality (and all subordinate entities thereof) during calendar year 1988 is not reasonably expected to exceed \$5,000,000. The Municipality shall comply with Section 148(f) of the Code, unless legally exempted therefrom and it represents that in the event it shall be required by Section 148(f) of the Code to pay any excess nonpurpose investment earnings of the Notes to the United States Government it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Notes from becoming taxable. The Municipality further covenants that it will not take any action that will cause the interest on the Notes to be

subject to federal income taxation under Sections 103 and 141 through 150 of the Code.

Section 15. Designation of Notes as Qualified Tax-Exempt Obligations. The Municipality hereby designates the Notes as "qualified tax-exempt obligations" within the meaning and for the purpose of Section 265 of the Code subject to a certification of the Mayor that it is reasonably anticipated that the amount of "qualified tax-exempt obligations" within the meaning of Section 265 of the Code which will be issued during the calendar year by the Municipality as an issuer as defined in Section 265 of the Code will not exceed \$10,000,000.

Section 16. No Action to be Taken Affecting Validity of the Notes. The Municipality hereby covenants and agrees that it will not take, cause to be taken, nor permit to be taken, any action that would in any manner affect the validity of the Notes or limit the rights and remedies of the holders thereof, or affect the tax exempt status of the interest payable thereon.

Section 17. Failure to Present Notes. Subject to the provisions of Section 10 hereof, in the event any Note shall not be presented for payment when the principal becomes due at maturity and in the event monies sufficient to pay such Note shall be held by the Note Registrar for the benefit of the Owner thereof, all liability of the Municipality to such Owner for the payment of such Note shall forthwith cease, determine, and be completely discharged. Thereupon, the Note Registrar shall hold such monies, without liability for interest thereon, for the benefit of the Owner of such Note who shall thereafter be restricted exclusively to such monies for any claim under the Resolution or on, or with respect to, said Note, subject to escheat or other similar law, and any applicable statute of limitation.

Section 18. Resolution a Contract; Amendments. The provisions of this Resolution shall constitute a contract between the Municipality and the Owners of the Notes, and after the issuance of the Notes, no change, variation, or alteration of any kind in the provisions of this Resolution shall be made in any manner, until such time as all installments of the principal of and interest on the Notes shall have been paid in full; provided, however, that the Municipality is hereby authorized to make such amendments to the Resolution as will not impair the rights of Noteholders. The laws of the State of Tennessee shall govern this Resolution.

Section 19. No Recourse Under Resolution or on Notes. All stipulations, promises, agreements, and obligations of the Municipality contained in this Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the Municipality and not of any officer, director, or employee of the Municipality in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Notes or for any claim based thereon or on this Resolution against any officer, director, or employee of the Municipality or against any official or individual executing the Notes.

Section 20. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of maturity or interest on or principal of any Note shall

be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions similar to the Note Registrar are authorized by law to close, then the payment of the interest on, or the principal of such Note need not be made on such date but must be made on the next succeeding day not a Saturday, Sunday, or a legal holiday or a day upon which banking institutions similar to the Note Registrar are authorized by law to close, with the same force and effect as if made on the date of maturity and no interest shall accrue for the period after such date.

Section 21. Miscellaneous Acts. The Mayor and the City Recorder, and any other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications hereinbefore authorized and approved, as may, in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution, and for the authorization, issuance, and delivery of the Notes.

Section 22. Severability. Should any provision or provisions of this Resolution be declared invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, provision, or provisions shall not affect the remaining provisions of such Resolution.

Section 23. Repeal of Conflicting Resolutions. All resolutions are, to the extent of such conflict, hereby repealed and this Resolution shall take effect as soon as permitted by laws, the welfare of the Municipality requiring it.

Adopted this 14th day of January, 1988.

MAYOR

Mary Lanson

(SEAL)

ATTEST:

Rita Jones
CITY RECORDER

* * * * *

Pursuant to motion duly made and carried, the meeting adjourned.

ATTEST:

Rita Jones
CITY RECORDER

Mary Lanson
MAYOR

GA motion
M7 Secord
CN-ges
JM-ges
FH-ges
GL-ges
CZ-ges
RD-ges
m7-ges

STATE OF TENNESSEE)
COUNTY OF HAWKINS)

I, Rita Jones, hereby certify that I am the duly qualified and acting City Recorder of the Town of Mount Carmel, Tennessee, and, as such official, I further certify that the attached hereto is a copy of excerpts from the minutes of a special meeting of the governing body of said Municipality held on January 14, 1988; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$3,400,000 Sewer System Capital Outlay Notes, Series 1988, of said Municipality.

WITNESS my official signature and the seal of said Municipality, this 14th day of January, 1988.

Rita Jones

CITY RECORDER

(SEAL)

FORM OF NOTE

EXHIBIT "A"

STATE OF TENNESSEE

COUNTY OF HAWKINS

Registered
NO. _____

TOWN OF MOUNT CARMEL

Registered
\$ _____

SEWER SYSTEM
CAPITAL OUTLAY NOTES,
SERIES 1988

INTEREST RATE:

MATURITY DATE:

DATED DATE:

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

THE TOWN OF MOUNT CARMEL, HAWKINS COUNTY, TENNESSEE (the "Municipality"), a lawfully organized and existing municipal corporation, for value received, hereby promises to pay to the registered owner hereof and hereinabove named, or registered assigns, the principal amount hereinabove set forth on the maturity date hereinabove set forth, or earlier as provided herein, and to pay interest thereon at the rate of _____ percent (____%) per annum from the date hereof or such later date as to which interest has been paid, such interest being payable semi-annually on _____ and _____ of each year. Both principal hereof and the interest hereon are payable in lawful money of the United States of America. Principal is payable at maturity by check or draft, after presentation and surrender of this Note at the office of First Tennessee Bank National Association, Memphis, Tennessee or its successors (the "Note Registrar"). Interest on this Note is payable by check or draft to be mailed to the registered holder hereof at the address shown on the Registration Books of the Municipality, as of the fifteenth (15th) day of the month next preceding an interest payment date, as hereinafter provided, of the Municipality, without, except for final payment, presentation or surrender of this Note, and payment in such manner shall forever discharge and release the obligation of the Municipality to the extent of the interest so paid.

In the event that any amount payable hereunder as interest shall at any time exceed the rate of interest lawfully chargeable on this note under applicable law, any such excess shall, to the extent of such excess, be applied against the principal hereof as a prepayment thereof without penalty, and such excess shall not be considered to be interest. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

This Note is one of a series of capital outlay notes (the "Notes") in the aggregate principal amount of _____ Dollars (\$ _____) authorized by a resolution (the "Resolution") duly adopted by the Board of Mayor and Aldermen of the Municipality on January _____, 1988, entitled "RESOLUTION AUTHORIZING THE ISSUANCE, AND PROVIDING DETAILS, OF SEWER SYSTEM CAPITAL OUTLAY NOTES, SERIES 1988, OF THE TOWN OF MOUNT CARMEL, TENNESSEE, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION

FOUR HUNDRED THOUSAND DOLLARS (\$3,400,000); AUTHORIZING THE SALE THEREOF; AND, PROVIDING FOR THE PAYMENT OF SUCH NOTE"; reference is hereby made to said Resolution for the terms and conditions upon which the Note is issued and secured and for the rights of the holders thereof.

This Note shall be fully registered as to both principal and interest in the name of the holder thereof on the books of the Municipality (the "Registration Books") kept for such purpose by the Note Registrar. No transfer of this Note shall be valid unless, at the written request of the registered holder, or the attorney duly authorized in writing for such registered holder, such transfer is noted by the Note Registrar upon said Registration Books, and this Note is surrendered and cancelled. Upon any such transfer, a new fully registered note or notes, having the same maturity as herein, bearing the same rate of interest as payable hereon, and in an aggregate principal amount equal to the principal amount hereof, shall be issued to the transferee, who shall take such new fully registered note or notes subject to all the conditions herein contained.

Any notice to the contrary notwithstanding, the Municipality and all of the officials, employees, and agents thereof, including the Note Registrar, may deem and treat the registered holder hereof, as determined in the above manner, as the absolute owner of this Note for all purposes, including, but not limited to, payment of the principal hereof and the interest hereon, regardless of whether any such payments shall then be overdue.

This Note, as to both principal and interest as the same shall become due, is payable from ad valorem taxes to be levied on all taxable property within the limits of the Municipality without limitation as to time, rate or amount. For the prompt payment of both principal and interest on the Notes, the full faith and credit of the Municipality is hereby irrevocably pledged. This Note is additionally secured by and payable from the gross earnings of the complete sewer system of the Municipality (the "Net Revenues") after deduction of the reasonable and necessary cost of operating, maintaining, repairing and insuring the sewer system. For a more complete statement of the general covenants and provisions pursuant to which this Note is issued, reference is hereby made to said resolution.

This Note is issued for the purpose of financing a portion of the costs of the constructing and equipping of a municipal sewer collection system and wastewater treatment plant for the Municipality. The Note is subject to redemption prior to maturity, at the option of the Municipality, in whole or in part, on _____, 19__ and thereafter, at the principal amount and accrued interest to the date of redemption without a premium.

It is hereby certified, recited, and declared that all acts and conditions required to be done and to exist precedent to, and in the issuance of, this Note in order to make such Note a legal, valid, and binding obligation of the Municipality, have been done, and did exist in due time and form as required by the Constitution and statutes of the State of Tennessee; and that this Note and the issue of which it is a part, together with all other indebtedness of such Municipality, does not exceed any limitation prescribed by the Constitution or statutes of the State of Tennessee.

This Note is issued pursuant to, and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Parts 1, 4 and 6, Tennessee Code Annotated, as amended.

Section 9-21-117, Tennessee Code Annotated, as amended, provides that neither the principal nor the interest of notes issued pursuant to the provisions of said Section shall be taxed by the State of Tennessee, or by any county, or by any municipality therein; however, under certain other statutes the principal of and interest on such Notes may be subject to inheritance, transfer, estate and corporate excise taxation in the State of Tennessee.

This Note shall not be valid or become obligatory for any purpose or entitled to the benefit of any security under the Resolution until the Certificate of Authentication endorsed hereon shall have been signed by the Note Registrar.

IN WITNESS WHEREOF, the Municipality has caused this Note to be signed by its Mayor with his manual or facsimile signature and attested by its City Recorder with her manual or facsimile signature under the corporate seal or a facsimile thereof of the Municipality, all as of the date hereinabove set forth. All as of ____ day of _____, 1988.

TOWN OF MOUNT CARMEL

Mayor

Attest:

City Recorder

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This Note is one of the series described in and issued under the provisions of the within mentioned Resolution.

Note Registrar

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ the within note and does hereby irrevocably constitute and appoint _____, Attorney, to transfer the same note on the books kept for registration thereof with full power of substitution in the premises.

Date:

Signature Guaranteed:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

The Trustee will not effect transfer of this note unless the information concerning the Transferee requested below is provided.

Name and Address: _____

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER OF
ASSIGNEE. _____

(Include information for all joint owners if the Notes are held by joint account.)

[END FORM OF NOTE]