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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 APRIL 18, 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, Mount Carmel, Tennessee, at 7:15 o'clock, p.m., local time, on the 18th day of April, 1988, with the Honorable Gary Lawson, Mayor, and the following named members of the Board of Mayor and Aldermen present:

Charles Fuller
Ronnie Davis
Mildred Ford

Carl Newland
Johnny McClellan
Fred Arnold

Absent:

Also present were Rita Jones, City Recorder, Steven C. Frazier, Esq., city attorney for said Town, and the following named additional persons:

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(Other Business)

The following Resolution was presented:

RESOLUTION AUTHORIZING THE ISSUANCE, AND PROVIDING DETAILS, OF A CAPITAL OUTLAY NOTE, EXTENSION 1988, OF THE TOWN OF MOUNT CARMEL, TENNESSEE, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SEVEN HUNDRED THOUSAND DOLLARS (\$700,000); AUTHORIZING THE SALE THEREOF; AND PAYMENT OF SUCH NOTE

WHEREAS, pursuant to Section 7-36-103, Tennessee Code Annotated, as amended, the Board of Mayor and Aldermen (the "Board") of the Town of Mount Carmel, Tennessee (the "Municipality") duly adopted a resolution dated February 13, 1986, authorizing the issuance of interest-bearing Capital Outlay Notes (the "Original Notes") in an amount of not to exceed Seven Hundred Thousand Dollars (\$700,000) (the "Resolution") to mature in not to exceed three (3) years to provide funds to finance the costs of interim financing for the sewer project in and for the Municipality (the "Project");

WHEREAS, the Original Notes were issued and sold in the aggregate principal amount of Seven Hundred Thousand Dollars (\$700,000), dated April 23, 1986;

WHEREAS, upon the maturity of the Original Notes on April 23, 1987, the Board authorized the extension of the Original Notes for an additional year to mature April 23, 1988 (the "1987 Extension Notes");

WHEREAS, the Board finds that it is advantageous to the Municipality to authorize the issuance and sale of a capital outlay extension note to provide funds for the construction of the Project and to extend and renew the maturity of not to exceed Seven Hundred Thousand Dollars (\$700,000) of the 1987 Extension Notes maturing on April 23, 1988; and

WHEREAS, the Municipality is authorized by Section 7-36-103, Tennessee Code Annotated, as amended (the "Act"), and by the Resolution to extend such note for said purpose;

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 funds for the construction of the Project and to provide funds to extend and renew the 1987 Extension Notes, there shall be issued pursuant to, and in accordance with, the Act and other applicable provisions of law the interest-bearing capital outlay extension note of the Municipality, in the aggregate principal amount of not to exceed Seven Hundred Thousand Dollars (\$700,000) (the "Note").

Section 2. Terms of the Note. The Note shall be designated "Capital Outlay Note, Extension 1988". The Note shall be dated as of the date of issuance, shall be numbered from 1 upwards, shall be sold at not less than the par value thereof and accrued interest, shall bear interest at a rate not to exceed 6.35% per annum; 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 Note; and shall mature not later than July 26, 1988; provided, however, that with the approval of the Director of Local Finance the maturity date of the Note may be extended for an additional period of not exceeding three years. If renewed, each year the Note is outstanding, one-ninth (1/9th), but in no event less than one-ninth (1/9th) of the original principal amount of the Original Notes shall mature without renewal but subject to prior redemption.

Section 3. Security. The Note, 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. For the prompt payment of principal and interest on the Note, the full faith and credit of the Municipality is hereby irrevocably pledged.

If for any reason, the Note has not been paid at maturity or upon any extension of maturity granted pursuant to the Act, the Note 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 Note shall be subject to redemption at the option of the Municipality, in whole or in part, at any time, at the principal amount and accrued interest to the date of redemption without a premium.

Notice of intended redemption shall be given by first class mail to the registered holder of the Note to be redeemed or prepaid. Such notice shall be given not less than five (5) days nor more than thirty (30) days prior to the date fixed for redemption or prepayment. 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 Note 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 Note to be redeemed, the interest on such Note shall cease to accrue from and after the redemption date specified.

Section 5. Execution. The Note 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 Note shall cease to be such officer, such signature shall nevertheless be valid and sufficient for all purposes. The Note 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. Registration and Negotiability. The City Recorder is hereby appointed the Note Registrar and as such official shall establish and maintain suitable books (the "Registration Books") for recording the registration, conversion, and payment of the Note, and shall also perform such other duties as may be required in connection with any of the foregoing. The Note 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 Note 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 Note will be paid by check or draft of the Municipality mailed to the registered owners thereof at the address shown on the Registration Books of the Municipality, as set forth in the Note without, except for final payment, presentation or surrender of the Note, 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 Note shall have been presented and surrendered for payment.

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 holders of the Note as to 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 7. Sale of Note. The Note herein authorized may, at the discretion of the Mayor, be sold at either public or private sale at not less than 100% par value thereof plus accrued interest to the date of delivery.

Section 8. Deposit and Disbursement of Proceeds; Investment of Proceeds. The City Recorder is to designate a separate fund into which all monies received from the sale of the Note shall be deposited and the City Recorder shall cause payment to be made from this fund for costs incurred and expenditures made for the specific purposes authorized by this Resolution.

Section 9. After the issuance and sale of the Note, and for each year that the Note is outstanding, the Municipality shall submit its annual budget to the Director of Local Finance for approval immediately upon adoption of the budget.

Section 10. Non-Arbitrage Certification. The Municipality certifies and covenants with the holder of the Note that so long as the principal of any Note remains unpaid, moneys on deposit in any fund or account in connection with the Note, whether or not such moneys were derived from the proceeds of the sale of the Note or from any other source, will not be used in a manner which will cause the Note to be an "arbitrage bond" 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 bonds (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.

Section 11. Designation of Note as a Qualified Tax-Exempt Obligation. The Municipality hereby designates the Note as a "qualified tax-exempt obligation" 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 12. 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 Note or limit the rights and remedies of the holder thereof, or affect the tax exempt status of the interest payable thereon.

Section 13. Miscellaneous Acts. The Mayor, the 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 14. 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 15. 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 18th day of April, 1988.


MAYOR

(SEAL)

ATTEST:


CITY RECORDER

After full discussion, it was thereupon moved by Alderman Charles Fuller and seconded by Alderman Mildred Ford that said Resolution be adopted. Upon roll being called the following voted:

Aye: Carl Newland
Johnny McClellan
Fred Arnold

Charles Fuller
Mildred Ford
Lonnie Davis

Gary Lawson

Nay:

The Mayor thereupon declared said Resolution duly adopted and approved the same in open meeting.

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There being no further business, upon motion duly made, seconded, and unanimously adopted, the Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee, adjourned.

Gary Lawson
Mayor

ATTEST:

Rita Jones
City Recorder

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 April 18, 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 \$700,000 Capital Outlay Note, Extension 1988, of said Municipality.

WITNESS my official signature and the seal of said Municipality, this
20th day of April, 1988.



CITY RECORDER

(SEAL)

(Form of Note)

EXHIBIT A

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 the 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 issued for the purpose of financing the construction of the sewer system of the Municipality and to extend and renew the maturity of a portion of the Capital Outlay Notes, authorized by resolution of the Municipality duly adopted on February 13, 1986. The Note is subject to redemption prior to maturity, at the option of the Municipality, in whole or in part, at any time, 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, Section 7-36-103, Tennessee Code Annotated, as amended.

Section 7-36-103(18), 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 22 day of April, 1988.

TOWN OF MOUNT CARMEL

By: _____
Mayor

Mary Lawson

(SEAL)

Attest: _____

Rita Jones
City Recorder

CERTIFICATE OF AUTHENTICATION

This Note is one of the series described in the within mentioned Resolution.

Rita Jones
Note Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto Citizens Union Bank (SS or I.D.# 62-0159510) the within Note, together with accrued interest thereon, and all right, title, and interest thereto, and hereby irrevocably authorizes, constitutes and appoints Rita J. Jones, attorney to transfer said Note on the registration books of the within named Municipality kept by the Note Registrar thereof, with full power of substitution in the premises.

Dated: April 22, 1988

Rita Jones
Notice: The signature of this assignment must correspond with the name as it appears upon the face of the within Note in very particular, without alteration or enlargement or any change whatsoever.

In the presence of:

Nancy F. Carter