

RESOLUTION NO. 109

RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF MOUNT CARMEL, TENNESSEE, AUTHORIZING THE ISSUANCE, SALE, AND PAYMENT OF INTEREST-BEARING PAVING CAPITAL OUTLAY NOTES NOT TO EXCEED \$100,000.00

WHEREAS, the Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee, has determined that it is necessary and desirable to complete the Brookshire Hills\Marshall Estates Paving Project (the "Project") for the benefit of the citizens of the Town of Mount Carmel; and

WHEREAS, the Board of Mayor and Aldermen has determined that the Project will promote or provide a traditional governmental activity or otherwise fulfill a public purpose; and

WHEREAS, under the provisions of Parts I, IV, and VI of Title 9, Chapter 21, Tennessee Code Annotated (the "Act"), local governments in Tennessee are authorized to finance the cost of this Project through the issuance and sale of interest bearing capital outlay notes upon the approval of the State Director of Local Finance; and

WHEREAS, the Board of Mayor and Aldermen finds that it is advantageous to the Town of Mount Carmel to authorize the issuance of capital outlay notes to finance the cost of the Project;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee, as follows:

Section 1. That, for the purpose of providing funds to finance the cost of the Project in and for the Town of Mount Carmel, the Mayor is hereby authorized in accordance with the terms of this resolution to issue and sell interest-bearing capital outlay notes in a

principal amount not to exceed **ONE HUNDRED THOUSAND DOLLARS** (\$100,000.00) (the "Notes") at either a competitive public sale or at a private negotiated sale upon approval of the State Director of Local Finance pursuant to the terms, provisions, and conditions permitted by law. The Notes shall be designated "Paving Capital Outlay Notes, Series 1994"; shall be numbered serially from 1 upwards; shall be dated as of the date of issuance; shall be in denomination(s) as agreed upon with the purchaser; shall be sold at not less than 99% of par value and accrued interest; and shall bear interest at a rate or rates not to exceed Seven Percent (7%) per annum, and in no event shall the rate exceed the legal limit provided by law.

Section 2. That, the Notes shall mature not later than three (3) years after the date of issuance and that the Notes and any extension or renewal notes shall not exceed the reasonably expected economic life of the Project, which is hereby certified by the Board of Mayor and Alderman to be at least nine (9) years. Provided, however, that each year the Notes are outstanding, the Town of Mount Carmel shall retire in portion thereof equal to not less than one-ninth (1/9) of the original principal amount of the Notes, but subject to prior redemption.

Section 3. That, the Notes shall be subject to redemption at the option of the Town of Mount Carmel, in whole or in part, at any time, at the principal amount and accrued interest to the date of redemption, without a premium, or, if sold at par, with or without a premium of not exceeding one percent (1%) of the principal amount.

Section 4. That, the Notes shall be direct general obligations of the Town of Mount Carmel, for which the punctual payment of the principal and interest on the notes, the full faith and credit of the Town of Mount Carmel is irrevocably pledged and the Town of Mount Carmel hereby pledges its taxing power as to all taxable property in the Town of Mount

Carmel for the purpose of providing funds for the payment of principal of and interest on the Notes. The Board or Mayor and Aldermen of the Town of Mount Carmel hereby authorizes the levy and collection of a special tax on all taxable property in the Town of Mount Carmel over and above all other taxes authorized by the Town of Mount Carmel to create a sinking fund to retire the Notes with interest as they mature in an amount necessary for that purpose.

Section 5. That, the Notes shall be executed in the name of the Town of Mount Carmel and bear the manual signature of the Mayor of the Town of Mount Carmel and the manual signature of the Recorder with the Town of Mount Carmel seal affixed thereon; and shall be payable as to principal and interest at the office of the Recorder of the Town of Mount Carmel or the paying agent duly appointed by the Town of Mount Carmel. Proceeds of the Notes shall be deposited with the Recorder of the Town of Mount Carmel and shall be paid out for the purpose of financing the Project pursuant to this Resolution and as required by law.

Section 6. That, the Notes will be issued in fully registered form and that at all times during which any Note remains outstanding and unpaid, the Town of Mount Carmel or its agent shall keep or cause to be kept at its office a note register for the registration, exchange or transfer of the Notes. The note register, if held by an agent of the Town of Mount Carmel, shall at all times be open for inspection by the Town of Mount Carmel or any duly authorized officer of the Town of Mount Carmel. Each Note shall have the qualities and incidents of a negotiable instrument and shall be transferable only upon the note register kept by the Town of Mount Carmel or its agent, by the registered owner of the Note in person or by the registered owner's attorney duly authorized in writing, upon presentation and surrender to the Town of Mount Carmel or its agent together with a written instrument of transfer satisfactory

to the Town of Mount Carmel duly executed by the registered owner or the registered owner's duly authorized attorney. Upon the transfer of any such Note, the Town of Mount Carmel shall issue in the name of the transferee a new registered note or notes of the same aggregate principal amount and maturity as the surrendered Note. The Town of Mount Carmel shall not be obligated to make any such Note transfer during the fifteen (15) days next preceding an interest payment date on the Notes or, in the case of any redemption of the Notes, during the forty-five (45) days next preceding the date of redemption.

Section 7. That, the Notes shall be in substantially the form attached hereto and shall recite that the Notes are issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated.

Section 8. That, the Notes shall be sold only after the receipt of the written approval of the State Director of Local Finance for the sale of the Notes.

Section 9. That, the Notes are hereby designated as qualified tax-exempt obligations for the purpose of Section 365(b)(3) of the Internal Revenue Code of 1986.

Section 10. That, after the issuance and sale of the Notes, and for each year that any of the Notes are outstanding, the Town of Mount Carmel shall submit its annual budget to the State Director of Local Finance for approval immediately upon the Town of Mount Carmel's adoption of the budget.

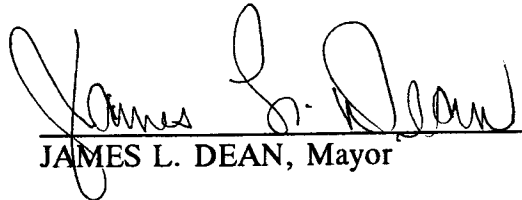
Section 11. That, if any of the Notes shall remain unpaid at the end of three (3) years from the issue date, then the unpaid Notes shall be renewed or extended as permitted by law, or retired from the funds of the Town of Mount Carmel or be converted into

bonds pursuant to Chapter 11 of Title 9 of the Tennessee Code Annotated, or any other law, or be otherwise liquidated as approved by the State Director of Local Finance.

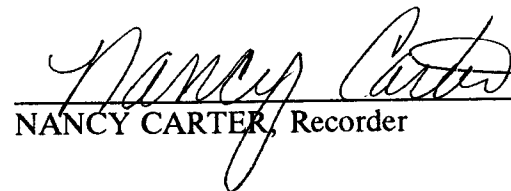
Section 12. That, all orders or resolutions in conflict with this Resolution are hereby repealed insofar as such conflict exists and this Resolution shall become effective immediately upon its passage.

Duly passed and approved this 14th day of October, 1994.

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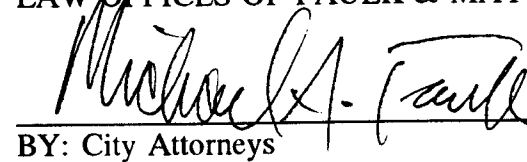

JAMES L. DEAN, Mayor

ATTESTED:


NANCY CARTER, Recorder

APPROVED AS TO FORM:

LAW OFFICES OF FAULK & MAY


BY: City Attorneys

Registered

No. R-001

TOWN OF MOUNT CARMEL

Hawkins County
State of Tennessee

Registered

\$ 100,000.00
Principal Amount

BROOKSHIRE HILLS/MARSHALL ESTATES PAVING CAPITAL OUTLAY NOTE, SERIES 1994

DATED

October 18, 1994

INTEREST

RATE

7.00 %

MATURITY

DATE

October 1, 1997

Registered Owner: HERITAGE FEDERAL BANK FOR SAVINGS

Principal Sum: ONE HUNDRED THOUSAND DOLLARS

The Town of Mount Carmel (the "Local Government") of the State of Tennessee hereby acknowledges itself indebted, and for value received hereby promises to pay to the Registered Owner hereof (named above), or registered assigns, the Principal Sum (specified above) on the Maturity Date (specified above) (unless this note shall have been duly called for prior redemption and payment of the redemption price shall have been duly made or provided for), upon presentation and surrender to the Local Government or its agent, and to pay interest on the Principal Sum on April 1, 1995 and semi-annually thereafter until maturity at the Interest Rate per annum (specified above), by check, draft, or warrant mailed to the Registered Owner, at the address of the Registered Owner as it appears on the fifteenth (15th) calendar day of the month next preceding the applicable payment date in the note register maintained by or on behalf of the Local Government. Both principal of and interest on this note are payable at the office of the Recorder or paying agent duly appointed by the Local Government in lawful money of the United States of America.

This note is a direct obligation of the Local Government for the payment of which as to both principal and interest the full faith and credit of the Local Government is pledged.

This note is subject to redemption prior to its stated maturity in whole or in part at any time at the option of the Local Government upon payment of the principal amount of the note together with the interest accrued thereon to the date of redemption with a premium of 0% of par value.

This note is issued under the authority of Parts I, IV, and VI of Title 9, Chapter 21, Tennessee Code Annotated, and a Resolution duly adopted by the Governing Body of the Local Government meeting in special session on the 14th day of October, 1994, (the "Resolution") to finance some or all of the cost of the Sewer Extension Project.

This note shall have the qualities and incidents of a negotiable instrument and shall be transferable only upon the note register kept by the Local government or its agent, by the Registered Owner of the note in person or by the Registered Owner's attorney duly authorized in writing, upon presentation and surrender to the Local Government or its agent of the note together with a written instrument of transfer satisfactory to the Local Government duly executed by the Registered Owner or the Registered Owner's duly authorized attorney but only in the manner as provided in the Resolution of the Local Government authorizing the issuance of this note and upon surrender hereof for cancellation. Upon the transfer of any such note, the Local Government or its agent shall issue in the name of the transferee a new registered note or notes of the same aggregate principal amount and maturity as the surrendered note. The Local government shall not be obligated to make any such Note transfer during the fifteen (15) days next preceding an interest payment date on the Notes or, in the case of any redemption of the Notes, during the forty-five (45) days next preceding the date of redemption.

Title 9, Chapter 21, Section 117, Tennessee Code Annotated provides that this note and interest thereon are exempt from taxation by the State of Tennessee or by any county, municipality or taxing district of the State, except for inheritance, transfer and estate taxes and except as otherwise provided under the laws of the State of Tennessee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this note exist, have happened and have been performed in due time, form and manner as required by the constitution and the laws of the State of Tennessee, and that the amount of this note, together with all other indebtedness of the Local Government, does not exceed any constitutional or statutory limitation thereon, and that this note is within every constitutional and statutory limitation.

IN WITNESS WHEREOF, the Governing Body of the Local Government has caused this note to be executed in the name of the Local Government by the manual signature of the mayor, and countersigned and attested by the manual signature of the Recorder, with the Seal of the Local Government affixed hereto or imprinted hereon, and this note to be dated as of the 18th day of October, 1994.

TOWN OF MOUNT CARMEL, TENNESSEE

James L. Dean
James L. Dean, Mayor

ATTESTED:

Nancy Carter
Nancy Carter, Recorder

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

(name and address of assignee)

Please insert social security or other tax identifying number of assignee:

the within-mentioned note and hereby irrevocable constitutes and appoints:

attorney-in-fact, to transfer the same on the note register in the office of the Recorder, or the agent of the Local Government with full power of substitution in the premises.

Date: _____

(name of assignor)

Signature Guaranteed: _____

(address of assignor)

NOTE: The signature as to this assignment must correspond with the name as written on the face of the within note in every particular, without alteration, enlargement or any change whatsoever.

STATE OF TENNESSEE
COUNTY OF HAWKINS

I, Nancy Carter, City Recorder of the Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee, do hereby certify that this is a true and exact copy of the foregoing resolution that was approved and adopted at a meeting held on the 14 day of October, the original of which is on file in this office. I further certify that 6 members voted in favor of the resolution and that 6 members were present and voting.

IN WITNESS THEREOF, I have hereunto set my hand, and the seal of the TOWN OF MOUNT CARMEL, TENNESSEE.

Nancy Carter
CITY RECORDER

To: Ms Nancy Carter, Recorder
Company: Town of Mount Carmel, Tennessee

From: LAW OFFICES of FAULK and MAY
CHURCH HILL, TENNESSEE

Subject: Capital Outlay Note

Fax Phone Number: 615/357-7710

Date: October 17, 1994

Copy:

of Pages (including this cover sheet): 1

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Message: Please let me know when you finalize the arrangements for closing the note. I have tentatively scheduled myself to be available at ~~1:30~~ 2:00 p.m. tomorrow.

I have received a FAX'ed approval from the state for this issue. The original will be addressed to the Mayor at City Hall. I am sending you this FAX because it was not working correctly before and I wanted to be sure it is working now.

Thank you.

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