

RESOLUTION NO. 252

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND PAYMENT OF INTEREST-BEARING GENERAL OBLIGATION CAPITAL OUTLAY NOTES IN AN AMOUNT NOT TO EXCEED THIRTY THOUSAND DOLLARS FOR A COMPUTER SYSTEM.

WHEREAS, it has been determined that it is necessary and desirable to provide funds for a computer system (hereinafter "the Project"); 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 ALDERMAN, as follows:

Section 1. That, for the purpose of providing funds to finance the cost of the Project, 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 Thirty Thousand Dollars (\$30,000.00) (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 "Computer System Capital Outlay Notes, Series 2002", shall be numbered serially from One (1) upwards; shall be dated as of the date of issuance; shall be 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 FIVE percent (5 %) 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 Governing Body to be at least Twenty (20) years. Provided, however, that each year the Notes are outstanding, one-ninth (1/9), but in no event not less than one-ninth (1/9), of the original principal amount of the Notes shall mature without renewal 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 of Mayor and Aldermen hereby authorizes the levy and collection of a special tax on all taxable property of 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 chief executive officer of the Local Government 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 Notes 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, 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 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 of 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 Notes. 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 of 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 265(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 approval 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.

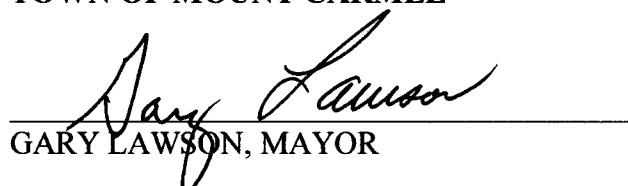
Duly passed and approved this 25 day of April, 2002.

AYES 4

NAYS 0

OTHER 0

TOWN OF MOUNT CARMEL



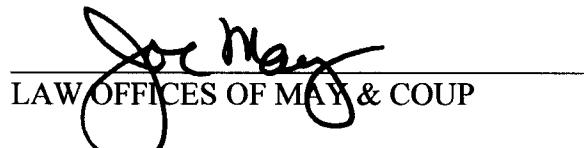
GARY LAWSON, MAYOR

ATTESTED:



NANCY CARTER, CITY RECORDER

APPROVED AS TO FORM:



LAW OFFICES OF MAY & COUP

**STATE OF TENNESSEE
COUNTY OF HAWKINS**

I, Nancy Carter, City Recorder for 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 _____ day of _____, 2002, the original of which is on file in this office. I further certify that _____ members voted in favor of the resolution and that _____ members of the governing board were present and voting.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Town of Mount Carmel, Tennessee.

NANCY CARTER, CITY RECORDER