

## RESOLUTION NO. 288

### **RESOLUTION PROVIDING THE DETAILS OF THE NOT EXCEEDING \$1,600,000 SEWER REVENUE AND TAX REFUNDING BONDS, SERIES 2003, OF THE TOWN OF MOUNT CARMEL, TENNESSEE, AUTHORIZING AND DIRECTING THE SALE THEREOF, AND PROVIDING FOR THE PLEDGE OF REVENUES AND FOR THE LEVY OF TAXES FOR THE PAYMENT THEREOF.**

WHEREAS, the Town of Mount Carmel (the "City") is a municipality lawfully organized and existing under the laws of the State of Tennessee, of which the Board of Mayor and Aldermen (the "Board") is the city legislative body; and

WHEREAS, pursuant to resolutions adopted by the Board, the City has previously authorized and issued its Sewer Revenue and Tax Refunding Bonds, Series 1993, dated September 15, 1993, as well as its Sewer Revenue and Tax Bonds, Series 1993 and its Sewer Revenue and Tax Bonds, Series 1993A (collectively the "Refunded Bonds"); and

WHEREAS, the City is authorized by Sections 9-21-101 *et seq.*, *Tennessee Code Annotated*, to issue, by resolution, bonds to refund, redeem, or make principal and interest payments on bonds or other obligations previously issued by the City; and

WHEREAS, the plan of refunding of certain maturities of the Refunded Bonds and a computation of projected cost savings has been submitted to the State Director of Local Finance for review as required by Section 9-21-903, *Tennessee Code Annotated*; and

WHEREAS, the State Director of Local Finance has issued his report with respect to such plan of refunding; and

WHEREAS, the Board deems it to be appropriate and necessary to refund certain of the Refunded Bonds in advance of their maturity; and

WHEREAS, it is now necessary and advisable that proceedings be taken so as to provide the details of said bonds, to authorize and direct the sale of said bonds and the disposition of proceeds therefrom, and to provide for the levy of taxes and other security to meet the principal and interest thereon as the same fall due.

NOW, THEREFORE, Be It Resolved by the Town of Mount Carmel, Tennessee, Board of Mayor and Aldermen, acting as the city legislative body of said City, as follows:

*Section 1. Authority.* The Bonds shall be issued pursuant to the provisions of the Act.

*Section 2. Definitions.* For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this section shall have the meanings set forth below, and shall include the plural as well as the singular:

"Act" shall mean Title 9, Chapter 21, *Tennessee Code Annotated*, and more particularly Part 9 thereof, as amended and supplemented.

"Beneficial Owner" shall mean the person in whose name a Bond is recorded as the beneficial owner thereof by the respective systems of DTC and each of the DTC Participants, or the Registered Holder of such Bond if such Bond is not then registered in the name of Cede & Co.

"Bond" or "Bonds" shall mean one or more of the Sewer Revenue and Tax Refunding Bonds, Series 2003, authorized to be issued by the terms of this Resolution.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement between the City and the Underwriter authorized by Section 10 and approved by the Mayor.

"Bond Register" shall mean the books of the City kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

"Bond Registrar" shall mean a commercial bank with trust powers designated by the Mayor as set out herein.

"Book-Entry System" shall mean the system in which the Bonds (represented by one certificate for each maturity of each series) are delivered into the possession of DTC and are issued and fully registered as to principal and interest in the name of Cede & Co. and whereby beneficial interests in such Bonds are purchased by investors through DTC Participants, such interests shown and transfers thereof effected only through the records maintained by the respective DTC Participants from whom each Beneficial Owner acquired its interest.

"Cede & Co." shall mean Cede & Co., as nominee of DTC, and any successor nominee of DTC substituted in accordance with this Resolution.

"City" shall mean the Town of Mount Carmel, Tennessee.

"City Recorder" shall mean the duly elected and qualified City Recorder of the City and all successors to such office.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Costs of Issuance" shall mean any and all costs incurred and paid in connection with the authorization, issuance and sale of the Bonds, including but not limited to fees paid in connection with the initial offering and sale of the Bonds; out-of-pocket expenses incurred by the City and fees and expenses of bond counsel and the counsel to the City; printing and engraving costs for the Bonds and the materials used in connection with the offering of the Bonds for sale; rating agency fees; financial adviser fees; bond insurance premiums, if any; and other costs incidental to the sale of the Bonds.

"DTC" shall mean The Depository Trust Company, a limited purpose trust company

organized under the laws of the State of New York and its successors and assigns (in each case, which shall be a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended).

"DTC Participants" shall mean trust companies, banks, brokers, dealers, clearing corporations, and certain other organizations that are participants of DTC.

"Governing Body" shall mean the Board of Mayor and Aldermen of the City, acting as the city legislative body of the City, or such other council, board or body, by whatever name known, which shall succeed to its powers.

"Investment Securities" shall mean investment securities authorized for investment by the City under applicable law.

"Letter of Representations" shall mean, in respect of the Bonds issued under the Book-Entry System, the customary letter or document from the City to DTC, substantially in the form as agreed to and executed by Mayor, including any amendments thereto as shall be agreed upon from time to time by the City and DTC.

"Mayor" shall mean the duly elected and qualified Mayor of the City and all successors to such office.

"Net Revenues" shall mean Revenues, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets; less Operating Expenses.

"Operating Expenses" means the current expenses, paid or accrued, of operation, maintenance and current repair of the Sewer System, as calculated in accordance with sound accounting practice, and includes, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the City relating solely to the Sewer System's labor, executive compensation, the cost of materials and supplies used for current operations, and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice. Operating Expenses shall not include any allowance for depreciation or replacements of capital assets of the Sewer System.

"Resolution" shall mean this resolution as adopted by the Governing Body of the City.

"Revenues" means all rates, fees, rentals or other charges or other income received by the City in connection with the management and operation of the Sewer System, and all parts thereof, from the operation of the Sewer System, including amounts received from the investment or deposit of moneys in any fund or account, all as calculated in accordance with sound accounting practice, but shall not include any amounts collected by the City representing Tennessee sales taxes or Tennessee user fees which are required by law or agreement to be paid to the State of Tennessee.

"Sewer System" means the complete sewerage system of the City now owned by the City or hereafter constructed and acquired, and shall include (1) all sanitary sewers, all waste water disposal and purification plants, and all equipment used in connection therewith, all facilities for the collection, treatment and disposal of sewage and waste matter, including industrial wastes, and (2) other facilities or any nature or description, real or personal, now or hereafter owned or used by the City in the conveyance and treatment of sewage by its municipally owned sewerage system.

"Underwriter" shall mean Morgan Keegan & Company, Inc.

*Section 3. Authorization; Bond Details.* The Bonds shall be sold and issued in the principal amount of not exceeding \$1,600,000. The Bonds shall be designated "Town of Mount Carmel, Tennessee, Sewer Revenue and Tax Refunding Bonds, Series 2003," shall be dated July 15, 2003, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), shall be appropriately numbered, and shall mature serially, on June 1 each year, beginning on June 1, 2004 through June 1, 2027, in such principal amounts as shall be determined as described in Section 10 hereof.

*Section 4. Interest; Payment Provisions.* The Bonds shall bear interest from their date or from the most recent Interest Payment Date (as defined herein) to which Interest has been paid or duly provided for, at a rate or rates not exceeding 5.25% per annum established at the sale of the Bonds as hereinafter provided, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year commencing December 1, 2003 (each an "Interest Payment Date"). Interest on each Bond shall be paid by check or draft of the Bond Registrar or City mailed to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the Interest Payment Date (the "Regular Record Date"), at the address of such person as it appears on the Bond Register maintained by the Bond Registrar or at such other address as may be furnished in writing by such registered owner to the Bond Registrar. An owner of Bonds in an aggregate principal amount of at least \$1,000,000 may, at its option, receive interest by wire transfer on the Interest Payment Date to the bank account of such owner on file with the Bond Registrar as of the Regular Record Date. The principal of and premium (if any) on the Bonds shall be payable in lawful money of the United States of America at the principal office of the Bond Registrar.

So long as the Bonds are held in the Book-Entry System, the City shall pay from moneys available under the Resolution all principal of and premium, if any, and interest on such Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of Tennessee), and all such payments shall be valid and effective to fully satisfy and discharge the City's obligation with respect to the principal of and premium, if any, and interest on such Bonds to the extent of the sum or sums so paid. Transfer or crediting of the applicable principal, interest or redemption premium payments made by the City to DTC and by DTC to DTC Participants shall be the sole responsibility of DTC, and transfer of same to Beneficial Owners or their nominees shall be the sole responsibility of DTC and the DTC Participants.

*Section 5. Execution; Authentication.* The Bonds shall be executed on behalf of the City with the manual or facsimile signature of its Mayor and attested with the manual or facsimile signature of its City Recorder and shall have impressed or imprinted thereon the seal of the City or a facsimile thereof. In case any official whose signature or facsimile signature shall appear on any Bond shall cease to be such official before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery of the Bond.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under, this Resolution unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that Such Bond has been authenticated and delivered under this Resolution. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. So long as any such Bonds are held in the Book-Entry System, no person other than DTC shall receive an authenticated Bond certificate.

*Section 6. Registration of Bonds; Persons Treated as Owners.* The Mayor is hereby authorized to designate a commercial bank with trust powers to act as bond registrar and paying agent with respect to the Bonds ("Bond Registrar"). Upon the acceptance of such designation by the Bond Registrar, the Bond Registrar shall be duly constituted and appointed. The City shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds as provided in this Resolution to be kept at the principal office of the Bond Registrar. Upon surrender for transfer of any Bond at the principal office of the Bond Registrar duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar duly executed by the registered owner or his attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity and interest rate of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond. The Bond Registrar shall not be required to transfer or exchange any Bond during the period of 15 days next preceding any Interest Payment Date on such Bond, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed nor during the period of 15 days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name may Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium (if any) or interest on any Bond shall be made only to or upon the order of the registered owner thereof or

its legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Upon the resignation of the Bond Registrar or its failure to qualify to serve as Bond Registrar, the Mayor is authorized and directed to name a successor Bond Registrar, which successor must be a commercial bank with trust powers.

So long as any of the Bonds are held in the Book-Entry System, the Registered Owner of such Bonds shall be DTC, and such Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The provisions of the Letter of Representations shall be and are hereby incorporated herein by reference and, in the event that there shall be any inconsistency between the Letter of Representations and this Bond Resolution, so long as such Bonds are held in the Book-Entry System, the Letter of Representations shall govern.

The Bonds shall be initially issued in the Book Entry System, as a single fully registered certificate representing each maturity of principal of each series, in accordance with the Letter of Representations. Upon initial issuance, the ownership of such Bonds shall be registered in the Bond Register of the City in the name of Cede & Co., as nominee for DTC. So long as such Bonds are held in the Book-Entry System, the City may treat DTC (or its nominee) as the sole and exclusive Registered Owner of such Bonds registered in its name for the purposes of: (i) payment of the principal or redemption price of or interest on such Bonds, (ii) selecting such Bonds or portions thereof to be redeemed, (iii) giving any notice permitted or required to be given to Bondholders, (iv) registering the transfer of such Bonds, and (v) obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the City shall not be affected by any notice to the contrary. The City shall have no liability, responsibility or obligation to any DTC Participant, any Beneficial Owner or any person claiming to be a Beneficial Owner, or any other person which is not shown on the Bond Register as being a Registered Owner with respect to the accuracy of or any other aspect relating to any records maintained by DTC or any DTC Participant of any amount in respect of the principal of or interest or premium on any such Bonds, any notice which is permitted or required to be given to Bondholders once such notice is given to DTC, as Bondholder; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of any such Bonds; or any consent given or other action taken by DTC as a Bondholder.

Upon delivery by DTC to the City of DTC's written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of the Resolution with respect to transfer of the Bonds, the term "Cede & Co." in this Bond Resolution shall refer to such new nominee of DTC.

At any time, the City may terminate the Book-Entry System in respect of the Bonds, in which event (i) the City shall notify DTC and shall instruct DTC to notify the DTC Participants, of the availability through DTC of Bond certificates and (ii) the City shall issue, transfer and

exchange, at the City's expense, Bond certificates as requested in writing by DTC in appropriate amounts.

At any time, DTC may determine to discontinue providing its services with respect to the Bonds by giving written notice to the City in accordance with the Letter of Representations and discharging its responsibilities under applicable law with respect to such Bonds. Under such circumstances (unless a successor to DTC which is reasonably acceptable to the City has been appointed to act as securities depository hereunder), the City shall be obligated to deliver Bond certificates as described in this Bond Resolution.

*Section 7. Redemption.* The Bonds maturing on June 1, 2004 through June 1, 2014, shall mature without any option of prior redemption. The Bonds maturing on June 1, 2015 and thereafter are subject to redemption prior to maturity at the option of the City, as a whole or in part at any time on or after June 1, 2014, at a redemption price equal to the par amount of such Bonds plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board, in its discretion, and, if less than all of the Bonds of a maturity shall be called for redemption, the Bonds within the maturity to be redeemed shall be selected by the Bond Registrar by lot or such other random manner as Board Registrar in its discretion shall determine.

Notice of call for redemption shall be given not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first class mail, postage prepaid, at the addresses shown on the Bond Register as of the date of this notice; but neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds. The Bond Registrar shall mail said notices as and when directed by the County pursuant to a written request from the County Executive. The Bonds or portions thereof thus called and provided for as hereinabove specified shall not bear interest after the redemption date and shall not be considered to be outstanding or to have any other rights hereunder other than the right to receive payment. All Bonds which have been surrendered for the purpose of payment (including Bonds which have been redeemed) shall be canceled and cremated or otherwise destroyed, if requested.

*Section 8. Form of Bonds.* The Bonds, the certificate of authentication to be endorsed thereon and the form of assignment are all to be in substantially the following form with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution:

[Form of Bond - Front Side]

**UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
TOWN OF MOUNT CARMEL  
SEWER REVENUE AND TAX REFUNDING BOND  
SERIES 2003**

No.	\$		
Rate of Interest	Maturity Date	Date of Bond	CUSIP
		July 15, 2003	

Registered Owner:

Principal Amount:

**KNOW ALL MEN BY THESE PRESENTS:** That the Town of Mount Carmel, Tennessee (the "City") organized and existing under the laws of the State of Tennessee, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner hereinabove identified, or registered assigns as hereinafter provided, on the Maturity Date hereinabove identified, the Principal Amount hereinabove identified and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such principal amount from the date of this Bond or from the most recent Interest Payment Date to which interest has been paid at the Rate of Interest per annum hereinabove set forth on June 1 and December 1, commencing December 1, 2003, until said principal sum is paid.

Both principal of and premium (if any) on this Bond are payable in lawful money of the United States of America at the principal corporate trust office of \_\_\_\_\_, Tennessee, as bond registrar and paying agent (the "Bond Registrar"). Payment of each installment of interest shall be made to the Registered Owner hereof who shall appear on the registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (the "Regular Record Date"), and shall be paid by check or draft of the Bond Registrar or City mailed to such Registered Owner at his address as it appears on such registration books or at such other address as may be furnished in writing by such Registered Owner to the Bond Registrar. An owner of Bonds in an aggregate principal amount of at least \$1,000,000 may, at its option, receive interest by wire transfer on the Interest Payment Date to the bank account of such owner on file with the Bond Registrar as of the Regular Record Date.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist, happen and be performed precedent to and in furtherance of the issuance of this Bond have been done, have existed, have happened and have been performed in regular form and manner as required by the constitution and statutes of the State of Tennessee; that this Bond, together with all other indebtedness of the City, does not exceed any limitation prescribed by

law; and that provision has been made for the levy and collection of a direct annual tax, in addition to all other taxes, on all taxable property in the City sufficient to pay the interest hereon as the same falls due, premium, if any, and for the payment of the principal hereof at maturity.

The payment of the principal of, premium, if any, and interest on this Bond is secured by a pledge of the Net Revenues (as defined in the Resolution) of the Sewer System, and to the extent that such Net Revenues are not sufficient, then to the extent of such deficiency the full faith, credit and resources of the City are hereby pledged for the payment of the principal of, premium, if any, and interest on this Bond and the issue of which it is a part as the same respectively become due and for the levy and collection of sufficient taxes for that purpose.

It is provided in Section 9-21-117, *Tennessee Code Annotated*, that this Bond and the income therefrom are exempt from all state, city and municipal taxation in the State of Tennessee except inheritance, transfer and estate taxes, and except as otherwise provided by the Laws of the State of Tennessee.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

The Bonds maturing on June 1, 2004 through June 1, 2014, shall mature without any option of prior redemption. The Bonds maturing on June 1, 2015 and thereafter are subject to redemption prior to maturity at the option of the City, as a whole or in part at any time on or after June 1, 2014, at a redemption price equal to the par amount of such Bonds plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board, in its discretion, and, if less than all of the Bonds of a maturity shall be called for redemption, the Bonds within the maturity to be redeemed shall be selected by the Bond Registrar by lot or such other random manner as Board Registrar in its discretion shall determine.

Notice of call for redemption shall be given not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first class mail, postage prepaid, at the addresses shown on the Bond Register as of the date of this notice; but neither failure to mail any such notice nor

any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds. The Bond Registrar shall mail said notices as and when directed by the County pursuant to a written request from the County Executive. The Bonds or portions thereof thus called and provided for as hereinabove specified shall not bear interest after the redemption date and shall not be considered to be outstanding or to have any other rights hereunder other than the right to receive payment. All Bonds which have been surrendered for the purpose of payment (including Bonds which have been redeemed) shall be canceled and cremated or otherwise destroyed, if requested.

This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in \_\_\_\_\_, Tennessee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Bonds are issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity and interest rate of other authorized denominations, upon the terms set forth in the Resolution.

The City and the Bond Registrar may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of principal hereof, premium, if any, hereon and interest due hereon and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any certificate executed and delivered is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM- as tenants in common

TEN ENT- as tenants by the entireties

JT TEN- as joint tenants with right of survivorship and not as tenants in common

UNIT GIFT MIN ACT-

Custodian  
(Cust) \_\_\_\_\_ (Minor) \_\_\_\_\_

under Gifts to Minors Act

\_\_\_\_\_  
(State)

Additional abbreviations may also be used though not listed above.

IN WITNESS WHEREOF, the Town of Mount Carmel, Tennessee, by its Board of Mayor and Aldermen, has caused this Bond to be executed with the duly authorized manual or facsimile signature of its Mayor and attested by the duly authorized manual or facsimile signature of its City Recorder and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, as of the \_\_\_\_\_ day of \_\_\_\_\_, 2003

[SEAL]

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Recorder

#### **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within mentioned Resolution and is one of the Town of Mount Carmel, Tennessee, Sewer Revenue and Tax Refunding Bonds, Series 2003.

Date of Authentication: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Officer

#### **(ASSIGNMENT)**

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

\_\_\_\_\_  
(name and address of assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Bond Registrar.

*Section 9. Pledge of Net Revenues and Levy of Tax and Security for the Bonds.* The Net Revenues of the Sewer System are hereby pledged as security for the payment of the Bonds. To the extent of any deficiency in the payment of the principal of, premium, if any, and interest on the Bonds from the Net Revenues, then the full, faith, credit and unlimited taxing power of the City as to all taxable property in the City are hereby pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds. The Governing Body is required by law and shall and does hereby pledge itself to levy in each year in which any of the Bonds are outstanding and unpaid a tax in addition to all other taxes on all taxable property in the City fully sufficient to pay promptly the principal of, premium, if any, and interest on the Bonds as such principal and interest become due. The City's obligation, set out in the preceding sentence to levy a tax, may be reduced by such amount as may be determined by the Board will be derived from the Net Revenues of the Sewer System. Principal and interest becoming due at any time, when there shall be insufficient funds on hand from such tax levy, shall be paid from the current funds of the City and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The City shall create a sinking fund, if required by statute, with which to retire and pay off the Bonds when they mature.

*Section 10. Sale of Bonds.* The Bonds shall be sold to the Underwriter at a price of not less than 98.00% of par exclusive of any original issue discount on the Bonds, plus accrued interest. The Mayor is authorized, in consultation with the Underwriter, to sell an aggregate principal amount of the Bonds less than that authorized herein and to determine the maturity schedule and redemption schedule, to change the series designation of the Bonds to a designation other than "Series 2003," to issue term bonds in different amounts and different maturities with or without mandatory sinking funds, and to change the dated date of the Bonds to a date later than July 15, 2003 in order to facilitate the sale and delivery of the Bonds, and in connection with such change, the Mayor is authorized to adjust principal and interest payment dates and redemption dates consistent with the change of the dated date. The Mayor is further authorized to cause all or any portion of the Bonds to be insured by a bond insurance policy issued by a reputable and nationally recognized bond insurance company. In the event such bond insurance

policy is purchased, the Mayor is authorized to enter into an agreement with the issuer of such policy containing such terms and conditions as he deems to be appropriate or necessary and which are not in conflict with any material terms or provisions of this Resolution. The form of the Bond set forth in Section 8 hereof shall be changed to reflect any changes pursuant to this Section. No Bonds shall be sold at an interest rate exceeding five and 25/100's percent (5.25%) per annum. The Mayor is hereby authorized to execute and the City Recorder is authorized to attest the Bond Purchase Agreement with the Underwriter, providing for the purchase and sale of the Bonds. The Bond Purchase Agreement shall be substantially in the form approved by the Mayor, provided the Bond Purchase Agreement effects the sale of the Bonds in accordance with the provisions of this Resolution, and is not inconsistent with the terms hereof. The Mayor and City Recorder, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Bond Registrar to the Underwriter and to execute, publish, and deliver all certificates and documents, including an Official Statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds.

*Section 11. Official Statement.* The Mayor, in collaboration with the Underwriter, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds, or if previously prepared and distributed, the Preliminary Official Statement is hereby approved and ratified. After the Bonds have been sold, the Mayor, in collaboration with the Underwriter, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor shall arrange for the delivery to the purchaser of a reasonable number of copies of the Official Statement within seven (7) business days after the Bonds have been sold for delivery, by the Underwriter, to each potential investor requesting a copy of the Official Statement and to each person to whom the Underwriter initially sells the Bonds.

The Mayor is authorized, on behalf of the City, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the City, except for the omission in the Preliminary Official Statement of such pricing and other information.

*Section 12. Use of Bond Proceeds.* The Bonds shall be printed and executed as soon as may be practicable after the sale thereof and thereupon shall be delivered to the purchasers thereof upon receipt by the City Trustee of the agreed purchase price. The net proceeds of the Bonds after the payment of the costs of issuance, shall be applied as follows:

(a) all accrued interest shall be deposited by the City Trustee into a Bond Account and used to pay interest on the Bonds on the first Interest Payment Date following delivery of the Bonds; and

(b) an amount which, together with a cash contribution by the City, if any, and together with investment earnings thereon, will be sufficient to pay principal of and premium and interest on the Refunded Bonds on their earliest practical optional redemption date shall be deposited in escrow with the Bond Registrar, as refunding escrow agent, on the date of closing to be used as provided in the Refunding Escrow Agreement; and

(c) the remaining amount of the proceeds of the Bonds will be used to pay the Costs of Issuance of the Bonds.

*Section 13. Refunding Escrow Agreement.* For the purpose of providing for the payment of the principal of and premium and interest on the Refunded Bonds, the Mayor is hereby authorized and directed to execute and the City Recorder to attest on behalf of the City the Refunding Escrow Agreement with the Bond Registrar, as refunding escrow agent, and to deposit with the Bond Registrar the amounts to be used by the Bond Registrar to purchase the Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The Mayor and the City Recorder, or either of them, are hereby authorized and directed to execute and deliver the Refunding Escrow Agreement in a form acceptable to either of them. The Bond Registrar, as refunding escrow agent, is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and premium and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement.

*Section 14. Notice of Refunding.* Prior to the issuance of the Bonds, notice of the City's intention to refund the Refunded Bonds shall be given by the registration agent for such Refunded Bonds, to be delivered or mailed to the registered holders thereof in accordance with applicable law and the resolutions authorizing the Refunded Bonds, as of the date of the notice, as shown on the bond registration records maintained by the registration agent of said Refunded Bonds. The City Recorder is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section.

*Section 15. No Arbitrage; Arbitrage Certificate and Agreement; Bonds to Remain in Registered Form.* The City recognizes that the purchasers and holders of the Bonds will have accepted them on, and paid therefor a price which reflects, the understanding that interest thereon is excludable from the federal gross income of the owners thereof under laws in force at the time the Bonds shall have been delivered. In this connection the City agrees that it shall take no action which may render the interest on any of the Bonds includable in the federal gross income of the owners thereof and that the principal proceeds of the sale of the Bonds shall be devoted to and used with due diligence for the purposes for which the Bonds are hereby authorized to be issued. The City agrees that, to the extent possible under state law, it will comply with whatever federal laws are now in effect or which shall be adopted in the future which apply to the Bonds and affect the tax-exempt status of the Bonds.

The Mayor, the City Trustee, and the City Recorder of the City, or any one of them, are hereby authorized to execute on behalf of the City an Arbitrage Certificate and Agreement to

assure the purchasers and owners of the Bonds that the proceeds of the Bonds will not be used in a manner which would or might result in the Bonds being "arbitrage bonds" under Section 148 of the Code, or the regulations of the United States Treasury Department currently in effect or proposed. Such Arbitrage Certificate and Agreement shall constitute a representation, certification and agreement of the City, and no investment of Bond proceeds or of monies accumulated to pay the Bonds herein authorized shall be made in violation of the expectations and covenants prescribed by said Arbitrage Certificate and Agreement. Such Arbitrage Certificate and Agreement shall constitute an agreement of the City to follow certain covenants which may require the City to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in such Arbitrage Certificate and Agreement.

The City further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is excludable from the federal gross income of the owners hereof under laws in force at the time the Bonds are delivered. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

*Section 16. Duties of Bond Registrar.* If requested by the Bond Registrar, the Mayor of the City is authorized to execute, and the City Recorder of the City is authorized to attest, the Bond Registrar's standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder, which shall include the following:

- (a) to act as bond registrar, authenticating agent, paying agent, transfer agent and refunding escrow agent as provided herein;
- (b) to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submission for exchange or transfer;
- (c) to furnish the City at least annually a certificate of destruction with respect to Bonds canceled and destroyed; and
- (d) to furnish the City, upon written request made no more than once per year, an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

*Section 17. Discharge and Satisfaction of Bonds.* If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

- (a) by paying or causing to be paid, by depositing sufficient funds as and when required with the Bond Registrar, the principal of, premium, if any, and interest on such Bonds, as and when the same become due and payable; or
- (b) by depositing or causing to be deposited in trust with a bank or trust company located in the State of Tennessee, at or prior to the maturity or redemption date

of the Bonds, cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Permitted Investments) or Permitted Investments in such amount as will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem such Bonds and to pay interest thereon until the maturity or redemption date; or

(c) by delivering such Bonds to the Bond Registrar, and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, then and in that case the covenants, liens and pledges entered into, created, or imposed hereunder shall be fully discharged and satisfied with respect to such Bonds.

The City shall pay and discharge the indebtedness evidenced by any such Bonds in the manner provided by subsections (a) or (b) above, the covenants, liens and pledges hereunder shall be discharged with respect to such Bonds, and the registered owners thereof shall thereafter be entitled only to payment out of the money or Permitted Investment deposited as aforesaid.

Nothing contained in this Section 17 shall be construed to alter or change the redemption provisions set forth in Section 7 hereof. No redemption privilege shall be exercised with respect to the Bonds except at the option and election of the City. The right of redemption, if any, set forth herein shall not be exercised by any trustee unless expressly so directed in writing by an authorized representative of the City.

Prior to any discharge and satisfaction of the Bonds becoming effective under this Resolution, the amounts required to be deposited with the trustee pursuant to this Resolution in order to discharge and satisfy the Bonds shall be invested only in Permitted Investments.

For the purposes of this Section, "Permitted Investments" shall mean direct obligations of (including issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, and any other type of investment security specifically authorized by statute in the State of Tennessee for such transactions, including (without limitation) those investments permitted under T.C.A. §9-21-914.

Notwithstanding anything herein to the contrary, in the event that the principal or interest due on the Bonds shall be paid by any insurance company pursuant to a municipal bond insurance policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the pledge of the security described in Section 9 hereof or elsewhere hereof and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit of such insurance company, and such insurance company shall be subrogated to the rights of such registered owners.

*Section 18. Severability.* If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

*Section 19. Continuing Disclosure Agreement.* For the purpose of assisting the Underwriter in complying with Rule 15c2-12 of the Securities Exchange Act of 1934, the Mayor is hereby authorized and directed to execute, on behalf of the City, at any time and from time to time, a Continuing Disclosure Agreement, the form of which to be determined by the Mayor, his execution thereof to constitute conclusive evidence of his approval thereof.

*Section 20. Corrections and Further Actions.* The Mayor, with the approval of the City Attorney, is hereby authorized and directed to make any change in the form of this Resolution which he deems to be necessary in order to correct any typographical or grammatical errors, to cure any ambiguity or formal defect or omission in this Resolution, or to correct any inconsistencies, none of which changes shall in any respect be a substantial change in this Resolution and shall not in any respect change the use of the Bond proceeds set out herein. The Mayor, with the approval of the City Attorney is further authorized to take such other actions and execute such other documents that he may deem to be appropriate or necessary to cause the Bonds to be issued pursuant to this Resolution.

*Section 21. Amendment of Resolution.* (a) In addition to the modifications and corrects authorized in Section 20, the registered owners of two-thirds (2/3) in aggregate principal amount of the Bonds at anytime outstanding (not including any Bonds which may then be held or owned by or for the account of the City but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the City, shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in this Resolution; provided, however, that this Resolution may not be so modified or amended in such manner as to:

- (1) Make any change in the maturities or redemption dates of the Bonds;
- (2) Make any change in the rates of interest borne by the Bonds;
- (3) Reduce the amount of the principal payment or redemption premiums payable on the Bonds;
- (4) Modify the terms of payment of principal on or interest on the Bonds or impose any conditions with respect to such payments;
- (5) Affect the rights of the registered owners of less than all of the Bonds then outstanding;
- (6) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.

Whenever the City shall propose to amend or modify this Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to each registered owner of each Bond then outstanding. Such notice shall

briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the City for public inspection.

Whenever at any time within one (1) year from the date of the publication of said notice there shall be filed with the City an instrument or instruments executed by the registered owners of at least two-thirds (2/3) in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instrument shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the City may adopt such amendatory resolution and such resolution shall become effective.

If the registered owners of at least two-thirds (2/3) in aggregate principal amount of the Bonds outstanding as in this Section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked may consent as in this Section provided, shall have may right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the mailing of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the date of mailing of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the office of the City, but such revocation shall not be effective if the registered owners of two-thirds (2/3) aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The account (numbers(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Bond Registrar, which records shall constitute conclusive proof of the ownership thereof.

*Section 22. Repeal.* All ordinances and resolutions in conflict herewith are hereby repealed to the extent of such conflict, and this Resolution shall take effect from and after its passage.

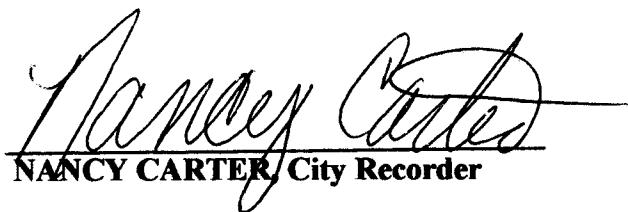
*Section 23. Qualified Tax-Exempt Obligations.* The City hereby designates the Bonds as

"qualified tax-exempt obligations" within the meaning and for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The amount of qualified tax-exempt obligations, within the meaning of Section 265(b)(3) of the Code, which is reasonably expected to be issued during calendar year 2003 by the City as an issuer (and all subordinate entities thereof) as defined in Section 265(b)(3) of the Code will not exceed \$10,000,000.

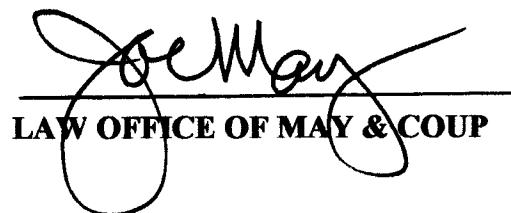
ADOPTED BY THE BOARD OF MAYOR AND ALDERMEN on this the 24 day  
of JUNE, 2003.

  
\_\_\_\_\_  
GARY LAWSON, Mayor

ATTEST:

  
\_\_\_\_\_  
NANCY CARTER City Recorder

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAW OFFICE OF MAY & COUP

FIRST READING	AYES	NAYS	OTHER
Alderman Henry Bailey	✓		
Vice-Mayor Eugene Christian	✓		
Alderman Paul Hale	✓		
Mayor Gary Lawson	✓		
Alderman Tresa Mawk	✓		
Alderman Thomas Wheeler	✓		
Alderman Wanda Worley	✓		
<b>TOTALS</b>			

PASSED FIRST READING 6-24-03

## CERTIFICATION

The undersigned hereby certify that the attached Resolution was duly adopted at a meeting of Board of Mayor and Aldermen held on 6-24, 2003, which meeting was duly and properly convened and a quorum was present throughout such meeting; and such Resolution has not been repealed, amended or otherwise altered as of this date.

6-24-, 2003

Daryl L. Larson  
Mayor

Attest:

Nancy Cotta  
City Recorder

\_\_\_\_\_  
(Cust) Custodian \_\_\_\_\_  
(Minor)

under Gifts to Minors Act

\_\_\_\_\_  
(State)

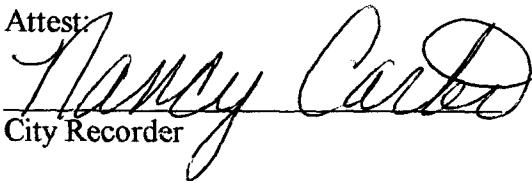
Additional abbreviations may also be used though not listed above.

IN WITNESS WHEREOF, the Town of Mount Carmel, Tennessee, by its Board of Mayor and Aldermen, has caused this Bond to be executed with the duly authorized manual or facsimile signature of its Mayor and attested by the duly authorized manual or facsimile signature of its City Recorder and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, as of the \_\_\_\_\_ day of \_\_\_\_\_, 2003

[SEAL]

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
Nancy Carter  
City Recorder

#### CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Resolution and is one of the Town of Mount Carmel, Tennessee, Sewer Revenue and Tax Refunding Bonds, Series 2003.

Date of Authentication: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Officer

#### (ASSIGNMENT)

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

\_\_\_\_\_  
(name and address of assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

\_\_\_\_\_  
**Custodian**  
**(Cust)** \_\_\_\_\_  
**(Minor)** \_\_\_\_\_

under Gifts to Minors Act

\_\_\_\_\_  
**(State)**

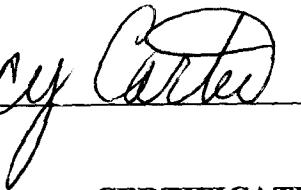
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[SEAL]

  
**Mayor**

Attest:

  
**Nancy Carter**  
City Recorder

#### **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within mentioned Resolution and is one of the Town of Mount Carmel, Tennessee, Sewer Revenue and Tax Refunding Bonds, Series 2003.

Date of Authentication: \_\_\_\_\_

By: \_\_\_\_\_  
**Authorized Officer**

#### **(ASSIGNMENT)**

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

\_\_\_\_\_  
**(name and address of assignee)**

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.