

**STATE OF TENNESSEE  
COUNTY OF HAMBLLEN  
CORPORATION OF MORRISTOWN  
SEPTEMBER 6, 2011**

The City Council for the City of Morristown, Hamblen County, Tennessee, met in regular session at the regular meeting place of the Council in the Morristown City Center at 5:00 p.m., Tuesday, September 6, 2011 with Honorable Mayor Danny Thomas, presiding and the following named Councilmembers present: Gene Brooks, Bob Garrett, Claude Jinks, Chris Bivens, Paul LeBel and Kay Senter.

Councilmember LeBel made a motion to approve the August 16, 2011 minutes as circulated; Councilmember Bivens seconded the motion and all voted "aye".

Mayor Thomas congratulated the City of Morristown and Veolia Water for receiving the Operation Excellence Award presented by the Kentucky-Tennessee Water Environment Association.

Councilmember Senter made a motion to award the bid for treated bulk rock salt to North American Salt Company, 200 Ton to 600 Ton, cost of \$80.24 per ton total cost of \$48,144. Councilmember Bivens seconded the motion and upon roll call, all voted "aye".

Councilmember LeBel made a motion to approve the following Resolution No. 25-11. Councilmember Brooks seconded the motion and upon roll call, all voted "aye".

**RESOLUTION NO. 25-11**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF INTEREST BEARING CAPITAL OUTLAY NOTES, SERIES 2011 OF THE CITY OF MORRISTOWN, TENNESSEE, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$4,300,000); MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID NOTES, ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAX FOR THE PAYMENT OF PRINCIPAL THEREOF, PREMIUM, IF ANY, AND INTEREST THEREON.**

WHEREAS, under the provisions of Sections 9-21-101 et seq., Tennessee Code Annotated, subject to the approval of the State Director of Local Finance, municipalities in Tennessee are authorized to issue interest bearing capital outlay notes for a period of

not to exceed twelve (12) years from the date of issue for all city purposes for which general obligation bonds can be legally authorized and issued; and

WHEREAS, the City Council of the City of Morristown, Tennessee (the "Municipality") has determined that it is necessary and desirable to issue not to exceed \$4,300,000 in aggregate principal amount of capital outlay notes to provide funds for (i) acquisition of property located in an industrial park; (ii) construction of improvements and purchase of equipment for the Municipality's airport; (iii) purchase of equipment for the Municipality's sanitation department; (iv) improvements to roads, streets and bridges of the Municipality; (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing; (vi) reimbursement to the appropriate fund of the Municipality for prior expenditures for the foregoing costs, if applicable; and (vii) payment of costs incurred in connection with the issuance and sale of the notes authorized herein; and

WHEREAS, it appears to the City Council of the Municipality that it will be advantageous to the Municipality to issue not to exceed \$4,300,000 in aggregate principal amount of said notes for the foregoing purposes; and

WHEREAS, it is the intention of the City Council of the Municipality to adopt this resolution for the purpose of authorizing such notes, establishing the terms thereof, providing for the issuance, sale and payment of the notes and disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morristown, Tennessee, as follows:

**Authority.** The notes authorized by this resolution are issued pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

**Definitions.** The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

***"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated or proposed thereunder;***

***"Municipality" means the City of Morristown, Tennessee;***

***"Governing Body" means the City Council of the Municipality;***

***"Notes" means the not to exceed \$4,300,000 Capital Outlay Notes, Series 2011 of the Municipality, to be dated their date of issuance, or such other date and have such series designation as shall be determined by the Mayor, authorized to be issued by this resolution;***

***"Project " means (i) acquisition of property located in an industrial park; (ii) construction of improvements and purchase of equipment for the Municipality's airport; (iii) purchase of equipment for the Municipality's sanitation department; (iv) improvements to roads, streets and bridges of the Municipality; (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing; (vi) reimbursement to the appropriate fund of the Municipality for prior expenditures for the foregoing costs, if applicable; and (vii) payment of costs incurred in connection with the issuance and sale of the notes; and***

***"Registration Agent" shall mean the City Recorder of the Municipality, as registration agent and paying agent for the Notes or any successor registration agent and paying agent appointed by the Governing Body.***

**Authorization and Terms of the Notes. For the purpose of (i) funding the Project, (ii) reimbursing the Municipality for prior expenditures for the Project, if any; and (iii) paying the costs incident to the issuance and sale of the Notes as more fully set forth in Section 8 hereof, there are hereby authorized to be issued interest bearing capital outlay notes of the Municipality in an aggregate principal amount of not to exceed \$4,300,000. Subject to the adjustments permitted in Section 7 hereof, the Notes shall be issued in fully registered form, without coupons, shall be known as "Capital Outlay Notes, Series 2011" and shall be dated their date of issuance, or such other date and have such series designation as shall be determined by the Mayor. The Notes shall bear interest at a rate or rates not to exceed six percent (6.00%) per annum, payable, subject to the adjustments permitted pursuant to Section 7 hereof, monthly on such dates as are approved by the Mayor and the purchaser of the Notes until the Notes mature or are redeemed, commencing no later than one year from the date of issuance of the Notes. The Notes shall be issued in such denomination as shall be requested by the original purchaser thereof. Subject to the adjustments permitted by Section 7 hereof, the principal of the Notes shall mature serially or be subject to mandatory redemption and be payable on a monthly basis such that the Municipality is making level combined payments of principal and interest over a period designated by the Mayor not to exceed 12 years.**

**Subject to the adjustments permitted pursuant to Section 7 hereof, the Notes are subject to redemption, in whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date. If less than all the Notes shall be called for redemption, the maturities to be redeemed shall be designated by the Governing Body, in its discretion, and, if less than all of the**

**Notes of a maturity shall be called for redemption, the Notes within the maturity to be redeemed shall be selected by the Registration Agent by lot or in such other random manner as the Registration Agent in its discretion shall determine.**

Pursuant to Section 7 hereof, the Mayor is authorized to sell the Notes, or any maturities thereof, as term Notes ("Term Notes") with mandatory redemption requirements. In the event any or all the Notes are sold as Term Notes, the Municipality shall redeem such Term Notes on the redemption dates corresponding to the maturity dates set forth herein in aggregate principal amounts equal to the maturity amounts set forth herein for each redemption date, as such maturity amounts may be adjusted pursuant to Section 7 hereof. Notes so redeemed shall be redeemed at a price of par plus accrued interest thereon to the date of redemption. The Term Notes to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may determine.

Unless waived by the owners thereof, notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Notes for which proper notice was given. From and after any redemption date, all Notes called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

The Municipality hereby authorizes and directs the Registration Agent to maintain Note registration records with respect to the Notes, to authenticate and deliver the Notes as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Municipality, to effect transfers of the Notes, to make all payments of principal, premium, if any, and interest with respect to the Notes as provided herein, to cancel and destroy Notes which have been paid at maturity or submitted for exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Notes canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Notes paid, Notes outstanding and payments made with respect to interest on the Notes. The Mayor is hereby authorized to execute and the City Recorder is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

The Notes shall be payable, as to principal, premium, if any, and interest, in lawful money of the United States of America at the office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Notes on each interest payment date directly to the registered owners as shown on the Note registration records maintained by the Registration Agent as of the close of business on the day which is fifteen days preceding the interest payment date, or the fifteenth day of the preceding month if the interest payment date is on the first day of the month, (the "Regular Record Date") by check or draft mailed to such owners at such owners' addresses shown on said Note registration records, without, except for final payment, the presentation or surrender of such registered Notes, and all such payments shall discharge the obligations of the Municipality in respect of such Notes to the extent of the payments so made. Payment of principal of and premium, if any, on the Notes shall be made upon presentation and surrender of such Notes to the Registration Agent as the same shall become due and payable.

Any interest on any Note which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality to the persons in whose names the Notes are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at the address thereof as it appears in the Note registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Notes shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of and interest on the Notes when due.

The Notes are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative, duly authorized in writing, of the registered Note(s) to be transferred with the form of assignment on the reverse side thereof

completed in full and signed with the name of the registered owner as it appears upon the face of the Note(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Note(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Note or Notes to the assignee(s) in such authorized denomination(s), as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Note during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the notice calling such Note for redemption has been made, nor to transfer or exchange any Note during the period following the receipt of instructions from the Municipality to call such Note; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Notes, provided that any transfer tax relating to such transaction shall be paid by the owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Notes shall be overdue. Notes, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Notes of the same maturity in authorized denomination or denominations.

The Notes shall be signed by the Mayor and attested by the City Recorder by their manual or facsimile signatures.

The Registration Agent is hereby authorized to authenticate and deliver the Notes to the original purchaser thereof or as the original purchaser may designate upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Notes in exchange for Notes of the same principal amount delivered for transfer upon receipt of the Note(s) to be transferred in proper form with proper documentation as hereinabove described. The Notes shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Note form.

In case any Note shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Note of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Note, or in lieu of and substitution for such lost, stolen or destroyed Note, or if any such Note shall have matured or shall be about to mature, instead of issuing a substituted Note the Municipality may pay or authorize payment of such Note without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Note, and indemnity satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Note an amount sufficient to reimburse the Municipality for the expense incurred by it in the

issue thereof.

The Notes may be issued in book-entry form, at the discretion of the Mayor, in which case the Mayor is authorized to take all such actions as are necessary or desirable in relation thereto.

**Source of Payment. The Notes shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of principal of, premium, if any, and interest on the Notes, the full faith and credit of the Municipality are hereby irrevocably pledged.**

**Form of Notes. The Notes shall be in substantially the following form, the omissions to be appropriately completed when the Notes are prepared and delivered:**

(Form of Note)

REGISTERED

REGISTERED

Number \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
CITY OF MORRISTOWN  
COUNTY OF HAMBLEN  
CAPITAL OUTLAY NOTE, SERIES 2011

Interest Rate:

Date of Note:

CUSIP No.:

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That the City of Morristown, Tennessee (the "Municipality"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, and to pay interest (computed on the basis of a 360 day year of twelve 30 day months) on said principal amount at the rate of interest hereinabove set forth from the date hereof until this Note matures or is redeemed, said principal and interest being payable on \_\_\_\_\_, 2012, and annually thereafter on \_\_\_\_\_. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the office of the Finance Director, City of Morristown, Tennessee, as registration and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Note on each interest payment date directly to the registered owner hereof shown on the Note registration records maintained by the Registration Agent as of the close of business on the [fifteenth day of the month next preceding the interest payment date] [on a day which is fifteen days next preceding the interest payment date] (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Note registration records, without, except for final payment, the presentation or surrender of this Note, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Note is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Notes of the issue of which this Note is one not less than ten (10) days prior to such Special Record Date. Payment of principal, [and premium, if any,] hereof shall be made upon presentation and surrender of this Note to the Registration Agent when due.



[Notes of the issue of which this Note is one are subject to redemption, in whole or in part, at any time, at the redemption price of par plus interest accrued to the redemption date.] If less than all the Notes shall be called for redemption, the maturities to be redeemed shall be designated by the City Council of the Municipality, in its discretion, and, if less than all of the Notes of a maturity shall be called for redemption, the Notes within the maturity to be redeemed shall be selected by the Registration Agent by lot or in such other random manner as the Registration Agent in its discretion shall determine.

Unless waived by the owners thereof, notice of call for redemption[, whether optional or mandatory] shall be given by the Registration Agent not less than twenty (20) days nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Notes for which proper notice was given. From and after any redemption date, all Notes called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

The Notes of the issue of which this Note is one are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative, duly authorized in writing, of the registered Note(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Note(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Note(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Note or Notes to the assignee(s) in such authorized denomination(s), as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Note during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the notice calling such Note for redemption has been made, nor to transfer or exchange any Note during the period following the receipt of instructions from the Municipality to call such Note; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Notes, provided that any transfer tax relating to such transaction shall be paid by the owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Notes shall be overdue. Notes, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Notes of the same maturity in authorized

denomination or denominations.

This Note is one of a total authorized issue aggregating \$4,300,000 and issued by the Municipality for the purpose of providing funds for payment of the (i) acquisition of property located in an industrial park; (ii) construction of improvements and purchase of equipment for the Municipality's airport; (iii) purchase of equipment for the Municipality's sanitation department; (iv) improvements to roads, streets and bridges of the Municipality; (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing; (vi) reimbursement to the appropriate fund of the Municipality for prior expenditures for the foregoing costs, if applicable; and (vii) payment of costs incurred in connection with the issuance and sale of the notes of the issue of which this Note is one, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to a resolution (the "Resolution") duly adopted by the City Council of the Municipality on the 6<sup>th</sup> day of September, 2011.

This Note is payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of principal of [premium, if any,] and interest on this Note, the full faith and credit of the Municipality are irrevocably pledged.

For a more complete statement of the general covenants and provisions pursuant to which this Note is issued, reference is hereby made to said resolution.

This Note and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Note during the period the Note is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Note in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in 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 law, and that the amount of this Note does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City of Morristown, Tennessee, has caused this Note to be signed by its Mayor with his manual or facsimile signature and attested by its City Recorder with his manual or facsimile signature as of the day and date hereinabove set forth.

CITY OF MORRISTOWN, TENNESSEE

By: \_\_\_\_\_  
Mayor

ATTESTED:

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

Transferable and payable at the  
office of:

City Recorder  
Morristown, Tennessee

This Note is one of the issue of Notes issued pursuant to the Resolution hereinabove described.

CITY OF MORRISTOWN, TENNESSEE  
Registration Agent

By: \_\_\_\_\_  
City Recorder

Date of Registration: \_\_\_\_\_

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, whose address is \_\_\_\_\_ (Please insert Social Security or Federal Tax Identification Number \_\_\_\_\_), the within Note of the City of Morristown, Tennessee and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the said Note on the records kept for registration thereof with full power of substitution in the premises.

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

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

Signature guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member of a medallion program acceptable to the Registration Agent.

**Levy of Tax. The Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the Municipality, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Notes when due, and for that purpose there is hereby levied a direct tax in such amount as may be found necessary each year to pay principal of, premium, if any, and interest coming due on the Notes. Principal of, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of direct appropriations from the general funds or other legally available funds of the Municipality to the payment of debt service on the Notes.**

## **Sale of Notes.**

***The Notes shall be sold by the Mayor by competitive sale as required by Tennessee law at a price not in excess of that permitted by Tennessee law. For the purpose of obtaining the lowest possible interest cost on the Notes, the Mayor is authorized to change the series designation, to sell any portion of the Notes as a separate series of Notes if the interest on such separate series is not excludable from gross income for federal income tax purposes, to cause to be sold an aggregate principal amount of Notes less than that shown in Section 3 hereof, to make corresponding adjustments to the maturity schedule as designated in Section 3 hereof, so long as the final maturity of the Notes does not exceed twelve years from the dated date of the Notes and debt service on all series of Notes in the aggregate is approximately level debt service; to change the interest payment dates on the Notes; to cause two or more serial maturities to be sold as a Term Note with mandatory sinking fund payments equal to each annual serial maturity; to adjust principal payment amounts; to modify the redemption provisions to provide that all or a portion of the Notes are not subject to optional redemption; and if subject to optional redemption, to provide for a redemption premium to be paid on the Notes of not greater than 101% of par if the Notes are originally sold at par. The Mayor is further authorized to sell the Notes as a single Note having annual, semi-annual or monthly serial installments of principal maturing and payable in the amounts and on the dates as set forth in Section 3 hereof, as may be modified as set forth in this Section 7.***

***No Notes shall be sold at an interest rate exceeding six percent (6.00%) per annum. The action of the Mayor in selling the Notes, establishing the terms set forth above and fixing the interest rate or rates on the Notes, but not exceeding six percent (6.00%) per annum, shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required. The form of the Note set forth in Section 5 hereof, shall be conformed to reflect any changes made pursuant to this Section 7 hereof. The Mayor and City Recorder, or either of them, are authorized to cause the Notes to be authenticated and delivered by the Registration Agent to the purchaser thereof and to execute, publish, and deliver all certificates and documents as they shall deem necessary in connection with the sale and delivery of the Notes.***

***The Notes shall not be issued until after the approval of the State Director of Local Finance shall have been obtained as required by Sections 9-21-101 et seq., Tennessee Code Annotated.***

### Disposition of Note Proceeds.

*All accrued interest, if any, shall be deposited to the appropriate fund of the Municipality to be used to pay interest on the Notes on the first interest payment date following delivery of the Notes.*

*The remainder of the proceeds of the sale of the Notes shall be paid to the Municipality Trustee to be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar or successor federal agency in a special fund known as the 2011 Note Construction Fund (the "Construction Fund") to be kept separate and apart from all other funds of the Municipality. The monies in the Construction Fund shall be solely used by the Municipality to pay costs of issuance of the Notes and costs of the Project. Moneys in the Construction Fund shall be invested in such investments as shall be permitted by applicable law. Interest earnings shall be applied to the Project or used to pay principal and interest on the Notes as shall be determined by the Mayor.*

**Tax Covenants.** The Municipality recognizes that the purchasers and owners of the Notes (other than any Notes issued that are not intended to be tax-exempt) will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Notes. In this connection, the Municipality covenants that it shall take no action which may render the interest on any of said Notes subject to inclusion in gross income for purposes of federal income taxation. It is the reasonable expectation of the Governing Body of the Municipality that the proceeds of the Notes will not be used in a manner which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code including any lawful regulations promulgated or proposed thereunder, and to this end the said proceeds of the Notes and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Notes to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Notes from becoming taxable. The Mayor and City Recorder, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Notes as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality.

**Discharge and Satisfaction of Notes. If the Municipality shall pay and discharge the indebtedness evidenced by any of the Notes in any one or more of the following ways:**

***By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Notes as and when the same become due and payable;***

***By depositing or causing to be deposited with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers ("a Trustee"; which Trustee may be the Registration Agent), in trust, on or before the date of maturity, sufficient money or Federal Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay such Notes and to pay interest thereon when due until the maturity date;***

***By delivering such Notes to the Registration Agent, for cancellation by it; and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Notes, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Trustee to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Notes when due, then and in that case the indebtedness evidenced by such Notes shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the owners of such Notes shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.***

If the Municipality shall pay and discharge the indebtedness evidenced by any of the Notes in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on said Notes; provided that any cash received from such principal or interest payments on such Federal Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said

Notes and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent. For the purposes of this Section, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

**Qualified Tax-Exempt Obligations.** The Governing Body hereby authorizes the Mayor to designate the Notes as "qualified tax-exempt obligations", to the extent the Notes may be designated, within the meaning of and pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

**Reasonably Expected Economic Life.** The "reasonably expected economic life" of the Project within the meaning of Section 9-21-101 et seq., Tennessee Code Annotated, is greater than twelve (12) years.

**Resolution a Contract.** The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Notes, and after the issuance of the Notes, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Notes and interest due thereon shall have been paid in full.

**Separability.** 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.

**Repeal of Conflicting Resolutions and Effective Date.** All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

**Intent to Reimburse.** This resolution shall evidence the Municipality's intent to reimburse itself from the proceeds of the Notes for any costs of the Project paid prior to the date of issuance of the Notes.



Adopted and approved this 6<sup>th</sup> day of September, 2011.

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Mayor

ATTEST:

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City Administrator



The City Council of the City of Morristown, Tennessee, met in a regularly scheduled session on September 6<sup>th</sup>, 2011, at 5:00 p.m., at Municipal Building, Morristown, Tennessee, with the Honorable Danny Thomas, Mayor, presiding.

The following Councilmembers were present: Councilmembers Brooks, Garrett, Jinks, Bivens, LeBel, Senter and Mayor Thomas

The following Councilmembers were absent: none absent

There was also present Ralph Fielder, Assistant City Administrator

After the meeting was duly called to order, the following resolution was introduced by Councilmember LeBel, seconded by Councilmember Brooks and after due deliberation, was adopted by the following vote:

AYE: Councilmembers Garrett, Bivens, Senter, Jinks, LeBel, Brooks and Mayor Thomas

NAY: None

Councilmember Senter made a motion to approve the following Resolution No. 26-11. Councilmember Bivens seconded the motion and upon roll call, all voted "aye".

**RESOLUTION NO. 26-11  
A RESOLUTION TO AUTHORIZE THE SUBMISSION OF A  
TIGER III APPLICATION TO FUND RAIL IMPROVEMENTS THAT  
WOULD SERVE FREEDOM ENERGY DIESEL, IN  
MORRISTOWN, TENNESSEE AND IMPROVE RAILROAD  
OPERATIONS IN THE LAKEWAY REGION FOR NORFOLK AND  
SOUTHERN RAILROAD.**

WHEREAS, the City of Morristown supports the creation of manufacturing jobs within its jurisdiction; and

WHEREAS, FREEDOM ENERGY DIESEL has indicated its intent to develop new manufacturing facilities in the East Tennessee Progress Center, with an estimated investment of \$405 million and the creation of approximately 600 new jobs over the next three years; and

WHEREAS, safe and efficient railroad operations is important to the City of Morristown and the Lakeway region for the benefit of the general public; and

WHEREAS, the State of Tennessee through The Tennessee Department of Economic and Community Development will be providing Morristown grant assistance to apply for a TIGER III grant and

WHEREAS, the City of Morristown must submit a formal pre-application in order to acquire these funds by October 3<sup>rd</sup>, 2011 to support the expansion of the East Tennessee Progress Center with these regional railroad improvements and

WHEREAS, the formal application must be submitted to Washington before October 31, 2011 and considerable railroad freight modeling and economic forecasting must take place in the next six weeks and

WHEREAS, Wilbur Smith Associates, a wholly owned subsidiary of CDM, has considerable experience in preparation of the TIGER Grants as it is related to railroad modeling, operation and planning

NOW, THEREFORE, BE IT RESOLVED that the Morristown City Council hereby authorizes the Mayor or his representatives to accept the \$90,000 in grant funds from Economic and Community Development and enter into a contract to engage Wilbur Smith Associates to prepare the economic forecasting and freight modeling to be included the application and submission of a TIGER III grant to serve Freedom Energy Diesel in the East Tennessee Progress Center and improved railroad operations in the Lakeway Region.

Adopted this 6th day of September 2011

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Danny Thomas, Mayor  
City of Morristown

ATTEST:

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Anthony Cox  
City Administrator

Councilmember LeBel made a motion to adopt the following captioned Ordinance No. 3427 on first reading and schedule a public hearing relative to final passage of said Ordinance for September 20, 2011. Councilmember Bivens seconded the motion and upon roll call, all voted "aye".

**Ordinance No. 3427  
Being an Ordinance to Amend Title 18, Chapter 4 (Water Pollution Control  
Ordinance No. 3140) of the Municipal Code of the City of Morristown,  
Tennessee.**

Mayor Thomas nominated Carroll Fowler to the Morristown Utility Commission for a five year term to expire on August 1, 2016. Councilmember LeBel made a motion to reject the nomination. Councilmember Garrett seconded the motion and upon roll call, Councilmembers Bivens, Senter, Jinks and LeBel voted "aye"; Councilmember Garrett and Mayor Thomas voted "no" and Councilmember Brooks "abstained".

Councilmember Senter made a motion to re-appoint Bryan Dickerson to the Housing Board of Adjustments & Appeals for a three year term to expire August 15, 2014. Councilmember Jinks seconded the motion and upon roll call, Councilmembers Garrett, Bivens, Senter, Jinks, LeBel and Mayor Thomas voted "aye"; Councilmember Brooks "abstained".

Councilmember LeBel made a motion to approve a 5 year lease agreement for Morristown Airport Hanger to Lakeway Publisher's Inc. in the amount of \$1,000 per month. Councilmember Jinks seconded the motion and upon roll call, Councilmembers Garrett, Bivens, Senter, Jinks, LeBel, and Mayor Thomas voted "aye"; Councilmember Brooks "abstained".

Councilmember Bivens made a motion to approve a lease agreement for a Postage Meter from Pitney Bowes in the amount of \$353 a month for 60 months. Councilmember Senter seconded the motion and upon roll call, all voted "aye".

Councilmember LeBel made a motion to approve the purchase of seven (7) new Flow Meters from Hach Company for the purchase price of \$28,826.22. Councilmember Jinks seconded the motion and upon roll call, all voted "aye".

Mayor Thomas adjourned the September 6, 2011 meeting.

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Mayor

ATTEST:

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City Administrator