

**STATE OF TENNESSEE
COUNTY OF HAMBLLEN
CORPORATION OF MORRISTOWN
DECEMBER 4, 2012**

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, December 4, 2012 with the Honorable Mayor Danny Thomas presiding and the following Councilmembers present: Gene Brooks, Bob Garrett, Dennis Alvis, Chris Bivens, Paul LeBel and Kay Senter.

Mark Campbell, Morristown Police Department Chaplain lead in the invocation and Councilmember Brooks led in the "Pledge of Allegiance".

Councilmember LeBel made a motion to approve the November 20, 2012 minutes as circulated. Councilmember Senter seconded the motion and upon roll call; all voted "aye".

A Public Hearing was held on Ordinance No. 3443.04.

Councilmember LeBel made a motion to approve Ordinance No. 3443.04 on second and final reading. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

Ordinance No. 3443.04

An Ordinance to Amend Ordinance Number 3443, the City of Morristown, Tennessee Annual Budget for the Fiscal Year 2012-2013 and Appropriate the Sum of \$2,642 for Reimbursement of Overtime from Hamblen County Schools to Fire Dept.

A Public Hearing was held on Ordinance No. 3459

Councilmember Senter made a motion to approve Ordinance No. 3459 on second and final reading. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

Ordinance No. 3459

An Ordinance to amend the Morristown Municipal Code of the City of Morristown, Tennessee, Appendix B, (Regional Gateway Commercial District).

Councilmember Alvis made a motion to approve Resolution No. 27-12. Councilmember Garrett seconded the motion and upon roll call; all voted "aye".

**RESOLUTION NO 27-12
BY THE CITY OF MORRISTOWN, TENNESSEE, OF NOT TO EXCEED
\$7,000,000, BY THE EXECUTION WITH THE PUBLIC BUILDING AUTHORITY
OF THE CITY OF CLARKSVILLE, TENNESSEE, OF A LOAN AGREEMENT
TO PROVIDE FUNDING FOR CERTAIN PUBLIC WORKS PROJECTS, AND
TO FUND THE INCIDENTAL AND NECESSARY EXPENSES RELATED
THERETO**

WHEREAS, it is necessary and in the public interest of the City of Morristown, Tennessee (the "Municipality"), to incur indebtedness (the "Indebtedness"), through the execution with The Public Building Authority of the City of Clarksville, Tennessee (the "Authority"), of a loan agreement (a "Loan Agreement"), for the purpose of financing certain public works projects, as hereinafter more fully described.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRISTOWN, TENNESSEE, AS FOLLOWS:

SECTION 1. For the purpose of financing all or a portion of the costs of certain public works projects, consisting of the extension, construction, improvement, and equipping of the electric system of the Municipality, including but not limited to, the acquisition, construction, and installation of a new substation, the acquisition of all other property real and personal, appurtenant thereto or connected with such work, and to pay legal, fiscal, administrative, and engineering costs, reimbursement for expenditures related to the foregoing project, and to pay costs incident to incurring the Indebtedness (collectively, the "Project"), the Municipality is hereby authorized to incur Indebtedness in the amount of not to exceed Seven Million Dollars (\$7,000,000), for the financing of the Project through the execution of a Loan Agreement with the Authority. The rate of interest payable pursuant to the provisions of a Loan Agreement shall be a variable rate, which rate shall not exceed the maximum rate of interest permitted under the laws of the State of Tennessee.

SECTION 2. The indebtedness evidenced by the Loan Agreement shall be payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, and amount and for the punctual payment of said principal of, premium, if any, and interest on, the Loan Agreement, the full faith and credit of the Municipality will be irrevocably pledged. The indebtedness evidenced by the Loan Agreement shall be additionally payable from the revenues of the electric system, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring such electric system and to a prior pledge of such revenues in favor of other obligations of the Municipality payable from revenues of the electric system.

SECTION 3. The Loan Agreement shall be executed pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act"), and Title 12, Chapter 10, Tennessee Code Annotated, as amended.

SECTION 4. After the adoption of this Resolution, the City Recorder is directed to cause this Resolution, with the notice prescribed by the Act, to be published in full once in a newspaper published and having general circulation in the Municipality.

SECTION 5. This Resolution shall take effect from and after its adoption, the welfare of the Municipality requiring it.

Adopted and approved this 4th day of December, 2012.

MAYOR

ATTEST:

CITY RECORDER

NOTICE

The foregoing Resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition, signed by at least ten percent (10%) of the registered voters of the City of Morristown, Tennessee, shall have been filed with the City Recorder of the City of Morristown, Tennessee, protesting the incurrence of the Indebtedness by the execution of the Loan Agreement, such Loan Agreement will be executed, as proposed.

STATE OF TENNESSEE)
COUNTY OF HAMBLEN)

I, Anthony Cox, hereby certify that I am the duly qualified and acting City Recorder of the City of Morristown, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the City Council (the "Council"), of said Municipality held on November 6, 2012; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the incurring of indebtedness in the amount of not to exceed \$7,000,000, by said Municipality; (4) that the actions by said Council including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purpose; and, (5) that a quorum of the members of said Council was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Municipality this 4th day of December, 2012.

CITY RECORDER

(SEAL)

Councilmember Bivens made a motion to approve Resolution No. 28-12. Councilmember LeBel seconded the motion and upon roll call; Councilmembers Garrett, Bivens, Senter, Alvis, LeBel and Brooks voted "aye"; Mayor Thomas voted "no".

RESOLUTION NO 28-12

RESOLUTION AUTHORIZING A LOAN PURSUANT TO A LOAN AGREEMENT BETWEEN THE CITY OF MORRISTOWN, TENNESSEE, AND THE PUBLIC BUILDING AUTHORITY OF THE CITY OF CLARKSVILLE, TENNESSEE, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$7,000,000; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH LOAN AGREEMENT AND OTHER DOCUMENTS RELATING TO SAID LOAN; APPROVING THE ISSUANCE OF A BOND BY SUCH PUBLIC BUILDING AUTHORITY; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SAID LOAN AND THE PAYMENT OF SUCH INDEBTEDNESS; AND, CONSENTING TO THE ASSIGNMENT OF THE CITY'S OBLIGATION UNDER SUCH LOAN AGREEMENT

WHEREAS, the City Council (the "Council"), of the City of Morristown, Tennessee (the "Municipality"), has determined that it is necessary to finance the costs of certain "public works projects", as defined in Title 9, Chapter 21, Tennessee Code Annotated, as from time to time amended and supplemented, consisting of the extension, construction, improvement, and equipping of the electric system of the Municipality, including but not limited to, the acquisition, construction, and installation of a new substation the acquisition of all other property real and personal, appurtenant thereto or connected with such work, and to pay legal, fiscal, administrative, and engineering costs, reimbursement for expenditures related to the foregoing projects, and to pay costs incident to the issuance of the bond and the loan to the Municipality (collectively, the "Project"), by obtaining a loan from The Public Building Authority of the City of Clarksville, Tennessee (the "Authority");

WHEREAS, it has been determined by the Council of the Municipality to be in the best interests of the Municipality to finance the Project through The Tennessee Municipal Bond Fund variable rate loan program;

WHEREAS, the Municipality is authorized by Title 9, Chapter 21, Tennessee Code Annotated, as amended, to borrow funds and incur indebtedness for the purpose of financing the Project;

WHEREAS, the Authority has been established pursuant to the provisions of Title 12, Chapter 10, Tennessee Code Annotated, as amended (the "Act"), and is authorized pursuant to the provisions of the Act to issue its bonds from time to time, in one more series, and to loan the proceeds thereof to the Municipality for the above described purposes;

WHEREAS, in order to effectuate the program, the Issuer has authorized and approved by its Resolution, adopted December 14, 2010, the issuance of its Local Government Loan Program Bonds, in an aggregate principal amount not to exceed \$300,000,000;

WHEREAS, the Authority will issue its Variable Rate Local Government Loan Program Bond, Series 2013 (City of Morristown Electric System Loan) (the "Bond"), in the principal amount of not to exceed Seven Million Dollars (\$7,000,000), and loan the proceeds thereof to the Municipality pursuant to the provisions of a Loan Agreement, between the Municipality and the Authority, to be dated the date of issuance and delivery (the "Loan Agreement");

WHEREAS, the Municipality has adopted on the date hereof, an Initial Resolution authorizing the borrowing of funds and the incurring of indebtedness for the purpose of financing the Project in the amount of not to exceed \$7,000,000, and the City Recorder of the Municipality has been instructed to publish such Initial Resolution together with the Notice required by Section 9-21-206 of Tennessee Code Annotated, as amended, in a local newspaper in the Municipality;

WHEREAS, the indebtedness evidenced by the Loan Agreement shall be payable from any and all funds of the Municipality legally available therefor, including, but not necessarily limited to, ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, and amount and for the punctual payment of said principal of, premium, if any, and interest on, the Loan Agreement, the full faith and credit of the Municipality will be irrevocably pledged; provided, however, it is the intention of the Municipality that the indebtedness evidenced by the Loan Agreement shall be additionally payable from, but not secured by, the revenues to be derived from the operation of the electric system, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring such electric system, and to any pledge of such revenues in favor of other obligations of the electric system; and,

WHEREAS, the Bond is to be secured by and contain such terms and provisions as set forth in (i) that certain Indenture of Trust (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and (ii) that certain Bond Purchase Agreement, to be entered into between the Authority and the purchaser of the Bond (the "Purchaser").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRISTOWN, TENNESSEE:

Section 1. Approval of the Loan. (a) For the purpose of providing funds to finance the Project and to pay costs incident to the issuance and sale of the Bond and the loan of the proceeds thereof to the Municipality, the loan to the Municipality from the Authority is hereby authorized in the principal amount of not to exceed \$7,000,000 and the Municipality is hereby authorized to borrow such funds from the Authority.

(b) The Bond to be issued by the Authority shall bear interest at a variable rate, such variable rate to be based on the Securities Industry and Financial Markets Association Rate ("SIFMA"), plus an initial purchasing bank spread of eighty-five basis points (0.85%), plus any additional fees, all as provided in the Indenture and Loan Agreement; provided, however, that such rate shall not exceed the maximum rate of interest permitted under the laws of the State of Tennessee. The Mayor and City Recorder are authorized to enter into the Loan Agreement. The Municipality shall make payments of interest and principal in the amounts and on the dates set forth in the Loan Agreement from the sources and funds described herein and in the Loan Agreement. The Loan Agreement shall be for a term of not to exceed fifteen years. The final principal and interest payment dates, amortization of principal amounts of the loan evidenced by the Loan Agreement, and prepayment provisions of such Loan Agreement, may be established by the Mayor and the purchaser of the Bond, at the time of the sale of the Bond and the execution and delivery of the Loan Agreement, as shall be determined to be in the best interests of the Municipality.

Section 2. Approval of Loan Agreement. The form, terms, and provisions of the Loan Agreement are in the best interest of the Municipality and are hereby approved and the Council hereby authorizes the Mayor and the City Recorder of the Municipality to execute and deliver such Loan Agreement, such Loan Agreement to be in substantially the form of the Loan Agreement presented to this meeting, the execution of such Loan Agreement by the Mayor and the City Recorder to evidence their approval of any and all changes to such Loan Agreement, and any related documents necessary to the consummation of the transactions contemplated by the Loan Agreement. The Municipality further agrees to comply with, and to enable the Authority to comply with, all covenants and requirements contained in the Indenture and the Bond Purchase Agreement.

Section 3. Fulfillment of Obligations. The Council of the Municipality is authorized and directed to fulfill all obligations of the Municipality under the terms of the Loan Agreement.

Section 4. Tax Levy. There shall be levied and collected in the same manner as other ad valorem taxes of the Municipality on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount, to the extent necessary in the event funds of the Municipality legally available to pay the indebtedness evidenced by the Loan Agreement are insufficient, a tax sufficient to pay when due the amounts payable under the Loan Agreement, as and when they become due, and to pay any expenses of maintaining and operating the Project required to be paid by the Municipality under the terms and provisions of the Loan Agreement. For the prompt payment of the Loan Agreement, both principal and interest, as the same shall become due, the full faith and credit of the Municipality are irrevocably pledged.

It is the intention of the Municipality that the indebtedness evidenced by the Loan Agreement shall be additionally payable from, but not secured by, the revenues to be

derived from the operation of the electric system, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring such electric system, and to any pledge of such revenues in favor of other obligations of the electric system.

Section 5. Approval of Bond, Indenture, and Bond Purchase Agreement. For the purpose of providing funds to make the loan to the Municipality evidenced by the Loan Agreement, as provided herein and in the Loan Agreement, and to pay legal, fiscal, and administrative costs incident thereto, including costs incident to the issuance and sale of the Bond related to the Loan Agreement, the issuance and sale of the Bond by the Authority in connection with the Loan Agreement is hereby approved. The Municipality further approves the execution and delivery of the Indenture and the Bond Purchase Agreement by the Authority in connection with the issuance of the Bond.

Section 6. Disposition of Proceeds. The proceeds from the sale of the Bond shall be paid, from time to time, to the official of the Municipality designated by law as the custodian of the funds of the Municipality, upon submission of a requisition for such funds by the Municipality to the Trustee, in accordance with the terms of the Indenture and Loan Agreement. Such proceeds shall be disbursed solely to finance the costs of the Project and to pay costs of issuance incurred in connection with the issuance of the Bond and the loan of the proceeds thereof to the Municipality.

Section 7. Consent to Assignment. The Municipality hereby consents to the assignment of all of the Authority's right, title, and interest in and to the Loan Agreement to the Trustee as security for the Bond to which such Loan Agreement relates, except for certain reserved rights of the Authority.

Section 8. Reimbursement Provisions. The Municipality may have made or may hereafter make expenditures with respect to the Project from a source of funds other than proceeds of the loan from the Authority under the Loan Agreement, such expenditures occurring prior to the execution and delivery of the Loan Agreement. The Municipality reasonably expects that it will reimburse such original expenditures with proceeds of the loan from the Municipality made pursuant to the Loan Agreement to the extent permissible under Treasury Regulation 1.150-2.

Section 9. Arbitrage Certification. The Municipality recognizes that the purchaser and owner of the Bond will have accepted it on, and paid therefor a price which reflects the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bond. In this connection, the Municipality agrees that it shall take no action which may cause the interest on said Bond to be included in gross income for federal income taxation. It is the reasonable expectation of the Council of the Municipality that the proceeds of the Bond will not be used in a manner which will cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Bond and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The

Council 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 Bond 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 Bond 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 Bond as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality.

Section 10. Miscellaneous Acts. The Mayor, the City Recorder, the City Administrator, the City Attorney, and all other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, in connection with the execution of the Loan Agreement and the issuance of the Bond by the Authority, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution; or any of the documents herein authorized and approved.

Section 11. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit, or describe the scope or intent of any provision hereof.

Section 12. Severability. Should any provision or provisions of this Resolution be declared invalid or unenforceable in any respect by final decree of any court of competent jurisdiction, the invalidity or unenforceability of such section, paragraph, ordinance, or provisions shall not affect the remaining provisions of such Resolution.

Section 13. Repeal of Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 14. Effective Date. This Resolution shall take effect upon its adoption, the welfare of the Municipality requiring it.

Adopted and approved this 4th day of December, 2012.

MAYOR

ATTEST:

CITY RECORDER

STATE OF TENNESSEE)
COUNTY OF HAMBLEN)

I, Anthony Cox, hereby certify that I am the duly qualified and acting City Recorder of the City of Morristown, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the City Council (the "Council"), of said Municipality held on December 4, 2012; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the incurring of indebtedness in the amount of not to exceed \$7,000,000, by said Municipality; (4) that the actions by said Council including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purpose; and, (5) that a quorum of the members of said Council was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Municipality this 4th day of December, 2012.

CITY RECORDER

(SEAL)

Councilmember LeBel made a motion to approve Resolution No. 29-12. Councilmember Bivens seconded the motion and upon roll call; all voted “aye”.

**RESOLUTION NO. 29-12
A RESOLUTION DIRECTING PAYMENT OF TAX EQUIVALENT**

WHEREAS, Chapter 84, Public Acts of 1987, Tennessee Code Annotated, empowers the City Council to be paid revenues in lieu of taxes by the Morristown Utility Commission; and

WHEREAS, necessary data have been supplied by the Morristown Utility Commission and calculations of tax equivalents payable have been made in accordance with the provisions of Chapter 84, Public acts of 1987 and other relevant contracts between the taxing jurisdictions;

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Morristown, Tennessee that the Morristown Utility Commission is hereby directed to pay the following amounts of tax equivalents to the respective taxing jurisdictions for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

Jurisdiction	Amount	
City of Morristown	\$1,060,647.49	(77.5%)
Hamblen County	<u>\$ 307,929.92</u>	(22.5%)
Total In-Lieu Tax Payable	<u>\$1,368,577.41</u>	

Adopted this the 4th day of December, 2012.

Mayor

ATTEST

City Administrator/Recorder

Councilmember Senter made a motion to not approve Ordinance No. 3458 on first reading. Councilmember Bivens seconded the motion and upon roll call; Councilmembers Brooks, Garrett, Alvis, Bivens, LeBel and Senter voted “aye”; Mayor Thomas voted “no”.

Ordinance No. 3458 – NOT APPROVED

An Ordinance to amend the Morristown Municipal Code Title 14, Chapter 2 – Zoning Ordinance (Chapter 29, Signs) by deleting said chapter in its entirety and substituting therefore a new Chapter 29, Signs.

Councilmember Senter made a motion to approve engineering services and project management with Lamar Dunn & Associates, Inc. for Spring Creek Phase III Project Contract A & B:

a. Contract A - Bidding services \$5,000, Engineering services during construction \$36,500, Resident Project Representative \$100,000, Post construction surveying \$8,000, Prepare as-built drawings of the project at completion \$6,000.

b. Contract B – Bidding services \$5,000, Engineering services during construction \$36,500, Resident Project Representative \$100,000, Post construction surveying \$10,000, Prepare as-built drawings of the project at completion \$6,000.

Councilmember Alvis seconded the motion and upon roll call; Councilmembers Garrett, Alvis, Bivens, LeBel, Senter and Mayor Thomas voted “aye”; Councilmember Brooks “abstained”.

Councilmember Alvis made a motion to award a bid to Portland Utilities Construction Co., Inc. for Sewer Rehabilitation Project Spring Creek Phase III, Contract A in the amount of \$1,310,498.89. Councilmember Bivens seconded the motion and upon roll call; Councilmembers Garrett, Alvis, Bivens, LeBel, Senter and Mayor Thomas voted “aye”; Councilmember Brooks “abstained”.

Councilmember Bivens made a motion to award a bid to Portland Utilities Construction Co., Inc. for Sewer Rehabilitation Project for Spring Creek Phase III, Contract B in the amount of \$1,509,683.76. Councilmember LeBel seconded the motion and upon roll call; Councilmembers Garrett, Alvis, Bivens, LeBel, Senter and Mayor Thomas voted “aye”; Councilmember Brooks “abstained”.

City Administrator Tony Cox advised Council of the following: Request for sewer from Mr. George Parker on Catron Lane; report on trimming of trees; stormwater regulation plan; review from HUD of Block Grant Program and Fire Department ISO review.

Mayor Thomas adjourned the December 4, 2012 meeting.

MAYOR

ATTEST:

CITY ADMINISTRATOR