

**STATE OF TENNESSEE
COUNTY OF HAMBLLEN
CORPORATION OF MORRISTOWN
OCTOBER 20, 2009**

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 4:00 p.m., Tuesday, October 20, 2009 with Honorable Mayor Barbara C. "Sami" Barile presiding and the following named Councilmembers present: Gene Brooks, Bob Garrett, Claude Jinks, Frank McGuffin, William Rooney and Kay Senter.

Councilmember Jinks made a motion to approve the October 6, 2009 minutes as circulated; Councilmember Rooney seconded the motion and upon roll call, all voted "aye".

Craig Price, Parks & Recreation Director, presented Tennessee Recreation and Parks Association Awards to: Dennis Alvis, - Lifetime Membership in TRPA; Becky Hodge, Darrell Williams, Billy Hale & Charles Letterman – Volunteer Service Awards; Frank Abbott – Four Star Benefactor Award; and the Morristown Parks & Recreation Department – the President's Cup Award for the third year in a row.

Councilmember Senter made a motion to approve a contract with the Tennessee Aeronautics Division for security equipment for the new airport terminal building and fencing with a local match in the amount of \$5,500. Councilmember Rooney seconded the motion and upon roll call, all voted "aye".

Councilmember Senter made a motion to approve amendment #1 to the contract with the Tennessee Aeronautics Division for the design and construction of the terminal building at Moore Murrell Field in the amount of \$185,763. Councilmember McGuffin seconded the motion and upon roll call, all voted "aye".

Councilmember Senter made a motion to award the bid for a 375 CFM Air Compressor to Volvo Construction Equipment Services, Alternate Bid #1 in the amount of \$16,500. Councilmember Brooks seconded the motion and upon roll call, Councilmembers Brooks, Jinks, McGuffin, Rooney, Senter and Mayor Barile voted "aye"; Councilmember Garrett "abstained".

Councilmember Rooney made a motion to approve a contract with Lamar Dunn & Associates for engineering work for the TDEC Commissioner's Order in the amount of \$48,000. Councilmember Brooks seconded the motion and upon roll call, all voted "aye".

Councilmember Jinks made a motion to adopt the following Resolution No. 27-09; Councilmember Senter seconded the motion and upon roll call, all voted "aye"; and, Councilmember Jinks made a motion to ratify the employment contract between Mr. Wampler and the City; Councilmember Senter seconded the motion and upon roll call, all voted "aye".

**RESOLUTION NO. 27-09
BEING A RESOLUTION OF THE MORRISTOWN CITY COUNCIL
TO AUTHORIZE APPOINTMENT OF LYNN WAMPLER AS
ACTING CITY ADMINISTRATOR, TO RATIFY AN EMPLOYMENT
CONTRACT BETWEEN LYNN WAMPLER AND THE CITY, AND
TO RELIEVE BUDDY FIELDER FROM THE DUTIES OF ACTING
CITY ADMINISTRATOR AS OF OCTOBER 12TH, 2009.**

WHEREAS, Section 4 of the City Charter sets forth the procedure for appointment of an Acting City Administrator where the office of City Administrator is vacated, and pursuant to that authority, former City Administrator, James Crumley appointed Buddy Fielder as Acting City Administrator, pending further action of City Council; and

WHEREAS, Mr. Fielder has, since the first day of August, 2009, faithfully served the City in the dual capacity of Assistant City Administrator and Acting City Administrator; and

WHEREAS, the City Council believes it to be in the best interest of the City that Lynn Wampler, a former City Administrator with many years of experience in that vocation, serve in the capacity of Acting City Administrator and that Buddy Fielder be relieved of his duties as Acting City Administrator, all as of October 12th, 2009.

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

Pursuant to Section 4 of the City Charter, the City Council relieves Buddy Fielder of his duties as Acting City Administrator and appoints, as of said date, Lynn Wampler as Acting City Administrator.

Further Resolved that the employment contract presented to City Council at its regular meeting on this date between Mr. Wampler and the City be, and the same is in all respects ratified to be effective as of October 12th, 2009.

PASSED this 20th day of October, 2009 in regular meeting of the City Council for the City of Morristown, Tennessee.

MAYOR

ATTEST:

ACTING CITY ADMINISTRATOR

The expenditure reimbursement resolution was removed from the agenda since its content is addressed in the subsequent bond resolutions.

Councilmember Jinks made a motion to adopt the following Resolution No. 28-09; Councilmember Garrett seconded the motion and upon roll call, all voted "aye".

**RESOLUTION NO. 28-09
INITIAL RESOLUTION AUTHORIZING THE CITY OF MORRISTOWN,
TENNESSEE, TO BORROW FUNDS AND INCUR INDEBTEDNESS IN AN
AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5,027,850 BY
OBTAINING A LOAN FROM A PUBLIC BUILDING AUTHORITY IN
TENNESSEE UNDER 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 borrow funds and incur indebtedness (the "Indebtedness"), through the execution with The Public Building Authority of the City of Clarksville, Tennessee or The Public Building Authority of the County of Montgomery, Tennessee (collectively, the "Authority"), of a loan agreement (the "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 acquisition of land and the construction and equipping thereon of a public works facility for the Municipality, the construction, extension, renovation, and improvement of the sewer system of the Municipality (the "Sewer System"), including but not limited to the acquisition of certain equipment, the acquisition of all other property real and personal appurtenant thereto and connected with such work, and to pay all legal, fiscal, administrative, planning, and engineering costs incident thereto, reimbursement for expenditures related to the foregoing projects, and costs incident to incurring the Indebtedness (collectively, the "Project"), the Municipality is hereby authorized to borrow funds and incur Indebtedness in the amount of not to exceed Five Million Twenty-Seven Thousand Eight Hundred Fifty Dollars (\$5,027,850) for the financing of the Project through the execution of a Loan Agreement. The rate of interest payable pursuant to the provisions of a Loan Agreement shall be a fixed rate of interest 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 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. The portion of the indebtedness evidenced by the Loan Agreement used for the purpose of financing Sewer System improvements shall be additionally payable from the revenues of the Sewer System, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring the Sewer System and to a prior pledge of such revenues in favor of other obligations of the Municipality payable from revenues of the Sewer 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 Administrator is directed to cause this Resolution, with the notice prescribed by the Act, as set forth below, 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 20th day of October, 2009.

MAYOR

ATTEST:

CITY ADMINISTRATOR

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 Administrator of the City of Morristown, Tennessee, protesting the incurrence of the Indebtedness by the execution of the Loan Agreement with the Authority, the Loan Agreement will be executed, as proposed.

(STATE OF TENNESSEE)
(COUNTY OF HAMBLEN)

I, Lynn Wampler, hereby certify that I am the duly qualified and Acting City Administrator 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 October 20, 2009; (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 \$5,027,850 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 20th day of October, 2009.

City Administrator

(SEAL)

Councilmember Jinks made a motion to approve the following Resolution No. 29-09; Councilmember Garrett seconded the motion and upon roll call, all voted "aye".

RESOLUTION NO. 29-09
RESOLUTION AUTHORIZING A LOAN UNDER A LOAN AGREEMENT BETWEEN THE CITY OF MORRISTOWN, TENNESSEE, AND A TENNESSEE PUBLIC BUILDING AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$8,027,850; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH LOAN AGREEMENT AND OTHER DOCUMENTS RELATING TO SAID BORROWING; 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 of Morristown, Tennessee (the "Municipality"), pursuant to resolutions adopted by the City Council (the "Council") of the Municipality, has heretofore incurred indebtedness for the purpose of financing certain public works projects for the Municipality by the execution and delivery of that certain Loan Agreement, dated as of May 1, 2001, in the original principal amount of \$3,000,000 (the "Prior Loan Agreement"), of which \$3,000,000 principal amount is currently outstanding, the proceeds of such loan having been used for the purpose of financing general public works projects for the Municipality (the "2001 Public Works Projects") and water and sewer system improvements (the "2001 Water and Sewer Projects") (collectively, the "Outstanding Indebtedness");

WHEREAS, the Outstanding Indebtedness is currently outstanding in the principal amount of \$3,000,000, the principal of which matures June 1, 2011 through June 1, 2017, inclusive;

WHEREAS, the Prior Loan Agreement provides that the Outstanding Indebtedness may be prepaid at any time upon the terms and conditions set forth in the Prior Loan Agreement without prepayment penalty;

WHEREAS, the Council of the Municipality has determined that it is in the best interests of the Municipality to prepay and refund the Outstanding Indebtedness;

WHEREAS, the Council of the Municipality has also 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 acquisition of land and the construction and equipping thereon of a public works facility for the Municipality (the "2009 Public Works Project"), and the construction, extension, renovation, and improvement of the sewer system of the Municipality (the "Sewer System"), including but not limited to the acquisition of certain equipment (the "2009 Sewer Projects"), the acquisition of all other property real and personal appurtenant thereto and connected with such work, and to pay all legal, fiscal, administrative, planning, and engineering costs incident thereto, reimbursement for expenditures related to the foregoing projects, and paying costs incident to incurring such indebtedness, 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 obtain such financing through The Tennessee Municipal Bond Fund loan program;

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 (the "Bonds"), and to loan the proceeds thereof to the Municipality for the above described purposes;

WHEREAS, the Authority will issue its Bonds in the aggregate principal amount of not to exceed Eight Million Twenty-Seven Thousand Eight Hundred Fifty Dollars (\$8,027,850), and loan the proceeds thereof to the Municipality pursuant to a Loan Agreement, between the Municipality and the Authority (the "Loan Agreement"),

WHEREAS, the Municipality has adopted an Initial Resolution authorizing the borrowing of funds and the incurring of indebtedness for the purpose of financing the 2009 Public Works Project and the 2009 Sewer Projects in the amount of not to exceed \$5,027,850, and such Initial Resolution has been or will be published together with the Notice required by Section 9-21-206 of Tennessee Code Annotated, as amended, by the City Administrator of 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. The portion of the indebtedness evidenced by the Loan Agreement and used to refinance and finance the 2001 Water and Sewer Projects and the 2009 Sewer Projects shall be additionally payable from, but not secured by, the revenues of the water and sewer systems of the Municipality, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring the water and sewer systems and to a prior pledge of such revenues in favor of other obligations of the Municipality payable from revenues of the water and sewer systems; and,

WHEREAS, the Bonds are to be secured by and contain such terms and provisions as set forth in an Indenture of Trust, as from time to time supplemented (the "Indenture"), entered into between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

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 (i) to finance the 2009 Public Works Project and the 2009 Sewer Projects, (ii) to prepay and refund the Outstanding Indebtedness, and (iii) to pay costs incident to the issuance and sale of the Bonds, the loan to the Municipality from the Authority is hereby authorized in the principal amount of not to exceed \$8,027,850.

(b) The Bonds to be issued by the Authority shall bear interest at a fixed rate to be determined at the time of the issuance of the Bonds, as provided in the Indenture and the Loan Agreement. The Mayor and the City Administrator are authorized to enter into the Loan Agreement, such Loan Agreement to bear interest at a fixed rate, as the Mayor and City Administrator shall determine is in the best interest of the Municipality. The Municipality shall make payments of interest and principal in the amounts and on the dates set forth in the Loan Agreement and the Indenture. The final rate of interest payable on the Loan Agreement shall not to exceed the maximum rate of interest permitted by applicable law. The final maturity date of the Loan Agreement shall not exceed twenty-five years from the date of issuance of the Bonds. The final principal and interest payment dates, final interest rate payable, 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 City Administrator, at the time of the sale of the Bonds and the execution and delivery of the Loan Agreement, as shall be determined to be in the best interests of the Municipality, in accordance with the terms of this Resolution and the Loan Agreement.

Section 2. Approval of Loan Agreement. The form, terms, and provision 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 Administrator 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 City Administrator 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.

To the extent the Loan Agreement can be designated as a "qualified tax-exempt obligation" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), it shall be so designated in the Loan 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 to be financed and the projects to be refinanced 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.

Section 5. Payment of Water and Sewer System Revenues. The portion of indebtedness evidenced by the Loan Agreement, issued and delivered to finance and refinance the 2001 Water and Sewer Projects and the 2009 Sewer Projects shall be additionally payable from, although not secured by, the revenues to be derived from the operation of the water and sewer systems of the Municipality (collectively, the "Water and Sewer System"), subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the Water and Sewer System and to any pledge of such revenues in favor of other obligations of the Municipality. No revenues derived from the Water and Sewer System shall be payable to the portion of the indebtedness evidenced by the Loan Agreement which financed and refinanced public works projects other than the 2001 Water and Sewer Projects and the 2009 Sewer Projects.

Section 6. Approval of Bonds. 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 Bonds related to the Loan Agreement, the issuance and sale of the Bonds by the Authority in connection with the Loan Agreement is hereby approved and the allocation of such Bonds to the Municipality for purposes of Section 265 of the Code is hereby accepted and approved.

Section 7. Disposition of Proceeds. An amount necessary to pay costs of issuance of the Loan Agreement and the Bonds shall be deposited to the Cost of Issuance Fund of the Borrower held by the Trustee under the Indenture and used to pay such Cost of Issuance.

The remaining proceeds of the Bonds shall be held in the Loan Fund, or such other fund established pursuant to the Indenture for the benefit of the Borrower, and used for the purpose of financing the costs of the 2009 Public Works Project and the 2009 Sewer Projects and prepaying and refunding the Outstanding Indebtedness.

Section 8. Consent to Assignment. The Municipality hereby consents to the assignment, pursuant to the Indenture, of all of the Authority's right, title, and interest in and to the Loan Agreement as security for the Bonds to which such Loan Agreement relates, except for certain reserved rights of the Authority.

Section 9. Reimbursement Provisions. The Municipality may have made or may hereafter make expenditures with respect to the 2009 Public Works Project or the 2009 Sewer Projects 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, in an amount not to exceed \$5,027,850.

Section 10. Prepayment of the Outstanding Indebtedness. Upon the execution and delivery of the Loan Agreement, the Outstanding Indebtedness is hereby authorized to be prepaid and notice of such intent to prepay the Outstanding Indebtedness shall be given by the Municipality to the trustee as provided in the Prior Loan Agreement executed in connection with the Outstanding Indebtedness and to instruct the trustee for the bonds outstanding in connection with such loans to redeem the bonds, such Outstanding Indebtedness and related bonds to be prepaid and redeemed not later than ninety (90) days from the date of the Loan Agreement.

Section 11. Miscellaneous Acts. The Mayor, the City Administrator, 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 Bonds 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 12. 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 13. 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 14. Repeal of Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 15. Effective Date. This Resolution shall take effect upon its adoption, the welfare of the Municipality requiring it.

Adopted this 20th day of October, 2009.

(SEAL)

MAYOR

ATTEST:

CITY ADMINISTRATOR

(STATE OF TENNESSEE)
(COUNTY OF HAMBLLEN)

I, Lynn Wampler, hereby certify that I am the duly qualified and Acting City Administrator 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 October 20, 2009; (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 \$8,027,850 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 20th day of October, 2010.

City Administrator

(SEAL)

Councilmember McGuffin made a motion to adopt the following Resolution No. 30-09; Councilmember Rooney seconded the motion and upon roll call, all voted "aye".

**RESOLUTION NO. 30-09
RESOLUTION OF THE CITY OF MORRISTOWN,
TENNESSEE, AUTHORIZING THE ISSUANCE OF
INTEREST BEARING TAXABLE SEWER SYSTEM
REVENUE AND TAX CAPITAL OUTLAY NOTES, SERIES
2009, IN AN AMOUNT NOT TO EXCEED \$750,000, AND
PROVIDING FOR THE PAYMENT OF SAID NOTES.**

WHEREAS, the City Council (the "Council") of the City of Morristown, Tennessee (the "Municipality"), has determined that it is necessary and desirable to authorize, issue, sell, and provide for the payment of its interest bearing taxable capital outlay notes to finance certain public works projects, consisting of the acquisition of a wastewater treatment plant for use by the sewer system of the Municipality, the acquisition of all other property real and personal appurtenant thereto and connected with such work, and to pay all legal, fiscal, administrative, and engineering costs, incident thereto (collectively, the "Project"), and costs incident to the financing thereof;

WHEREAS, the Municipality finds and determines that the Project is essential to the health, welfare, and safety of the public;

WHEREAS, in order to proceed as expeditiously as possible with such an essential Project, it is necessary that interest bearing taxable capital outlay notes be issued for the purpose of providing funds to finance the Project; and,

WHEREAS, the Municipality is authorized by the provisions of Title 9, Chapter 21, Tennessee Code Annotated, as amended, to issue such notes for said purposes upon the approval of the State of Tennessee Director of Local Finance (the "Director of Local Finance"):

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

Section 1. Authority. The Notes herein authorized shall be issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated, as amended, and other applicable provisions of law.

Section 2. Definitions. Without limiting any other definitions of terms and words in other sections of this Resolution, the following words and terms shall have the meanings indicated unless otherwise plainly apparent from the context:

"Act" means Title 9, Chapter 21, Tennessee Code Annotated, as amended.

"Council" means the City Council of the City of Morristown, Tennessee.

"Current Expenses" means all expenses incurred by, or on behalf of the Municipality in connection with the operation, maintenance, repair, insuring, and administration of the System, including, but not necessarily limited to, salaries, wages, the cost of supplies, materials, utilities, and rental payments and the cost of audits, but shall specifically exclude depreciation, amortization, interest on bonds, and expenditures for any capital improvements of the System, the useful life of which is reasonably expected to exceed one year, determined in accordance with generally accepted accounting principles.

"Net Revenues" means for any period, the excess of Revenues of the System over its Current Expenses during such period determined in accordance with generally accepted accounting principles.

"Note" or "Notes" means the Taxable Sewer System Revenue and Tax Capital Outlay Notes, Series 2009, of the Municipality, authorized by this Resolution of the Council.

"Prior Outstanding Obligations" means those certain outstanding obligations, if any, of the Municipality with a prior lien on the Revenues of the System.

"Revenues" means all receipts, revenues, income, and other monies received by, or on behalf of, the Municipality from, or for, the operation of the System and all rights to receive such receipts, revenues, income, and other monies, whether in the form of accounts receivable, contract rights, or otherwise, and proceeds from insurance against loss of, or damage to, the System, or from any sale or conveyance, in accordance with the terms hereof, of all or part of the System.

"System" means the complete sewer systems of the Municipality, together with, and including, the Project and all sewer system properties of every nature hereafter owned by the Municipality, including all improvements and extensions made by the Municipality while the Notes remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the sewer systems and including all appurtenances, contracts, leases, franchises, and other intangibles.

Section 3. Authorization. For the purpose of providing funds to finance the costs of the Project there shall be issued pursuant to, and in accordance with, the provisions of Title 9, Chapter 21, Tennessee Code Annotated, as amended, and other applicable provisions of law, the interest bearing taxable capital outlay notes of the Municipality, in the aggregate principal amount of not to exceed \$750,000, or such lesser amount as may be determined by the Mayor of the Municipality (the "Mayor") at the time of sale (collectively, the "Notes", individually, the "Note"). The term of the Notes shall not exceed the reasonably expected economic life of the Project which is hereby certified to be at least the term of the Notes.

Section 4. Terms of the Notes. The Notes shall be designated "Taxable Sewer System Revenue and Tax Capital Outlay Notes, Series 2009". The Notes shall be issued in registered form, without coupons, in minimum denominations of \$5,000. The Notes shall be numbered from 1 upwards, shall be dated the date of issuance and delivery, shall be sold at not less than the par amount thereof, shall bear interest at a rate or rates not to exceed 5% per annum, such interest being payable at such times as agreed upon with the purchaser of such Notes, but in no event less than semiannually each year commencing six months from the dated date or such date as shall be designated by the Mayor (the "Interest Payment Date"), and shall mature not later than the end of the second fiscal year from the date of issuance. Each year the Notes are outstanding the Municipality shall retire principal on the Notes in an amount that is estimated to be at least equal to an amortization which reflects level debt service on the Notes. The Notes shall contain such terms, conditions, and provisions other than as expressly provided or limited herein as may be agreed upon by the Mayor of the Municipality and the purchaser of the Notes.

Interest on the Notes shall be payable by check or other form of draft of the "Note Registrar," as such term is hereinafter defined, deposited by the Note Registrar in the United States mail, first class postage prepaid, in sealed envelopes, addressed to the owners of such Notes, as of the applicable Interest Payment Date, at their respective addresses as shown on the registration books of the Municipality maintained by the Note Registrar as of the close of business fifteen (15) calendar days preceding the next Interest Payment Date, or by wire transfer or other electronic means upon the written request of the purchaser of the Notes. The final payment of principal on the Notes shall be payable upon presentation and surrender of such Notes at the principal office of the Note Registrar. All payments of the principal of and interest on the Notes shall be made in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

Section 5. Redemption. The Notes shall be subject to redemption, in whole or in part, at the option of the Municipality, at any time, at a price of par plus accrued interest to the date of redemption, upon not less than fifteen (15) calendar days written notice to the registered owner.

Section 6. Execution. The Notes shall be executed in the name of the Municipality; shall bear the manual signature of the Mayor; shall be countersigned by the City Administrator of the Municipality (the "City Administrator"), with his or her manual signature; and, shall have printed or impressed thereon the official seal of the Municipality. In the event any officer whose signature appears on the Notes shall cease to be such officer, such signature shall nevertheless be valid and sufficient for all purposes. The Notes shall be issued in typed, printed, or photocopied form, or any combination thereof, substantially in the form attached hereto as Exhibit "A", with such minor changes therein or such variations thereof as the Mayor may deem necessary or desirable, the blanks to be appropriately completed by the Mayor prior to the issuance of the Notes.

Section 7. Registration, Negotiability, and Payment. (a) The City Administrator of the Municipality is hereby appointed the note registrar and paying agent (the "Note Registrar"), and as such shall establish and maintain suitable books (the "Registration Books") for recording the registration, conversion, and payment of the Notes, and shall also perform such other duties as may be required in connection with any of the foregoing. The Note Registrar is hereby authorized to authenticate and deliver the Notes to the original purchaser thereof, or as he or she 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 Notes to be transferred in proper form with proper documentation as herein described. The Notes shall not be valid for any purpose

unless authenticated by the Note Registrar by the manual signature of the Note Registrar on the certificate set forth in Exhibit "A" hereto. The Notes shall be fully registered as to both principal and interest and shall be fully negotiable upon proper endorsement by the registered owner thereof. No transfer of any Notes shall be valid unless such transfer is noted upon the Registration Books and until such Note is surrendered, cancelled, and exchanged for a new Note which shall be issued to the transferee, subject to all the conditions contained herein. Principal of the Notes shall be paid at maturity upon presentation or surrender of the Notes at the principal office of the Note Registrar, and payment in such manner shall forever discharge and release the obligation of the Municipality to the extent of the principal and interest so paid.

(b) The Municipality may from time to time at its discretion remove the Note Registrar and appoint a successor Note Registrar to whom all records, documents, and instruments relating to its duties as Note Registrar shall be delivered. Any successor Note Registrar shall be appointed by resolution of the Municipality, and shall be a trust company or bank having the powers of a trust company, having, at the time of such appointment, a combined capital, surplus, and undivided profits aggregating at least Ten Million Dollars (\$10,000,000), and be willing and able to accept the office of Note Registrar on reasonable and customary terms, and authorized by law to perform all duties imposed upon it by this Resolution.

(c) In the event that any amount payable on any Note as interest shall at any time exceed the rate of interest lawfully chargeable thereon under applicable law, then any such excess shall, to the extent of such excess, be applied against the principal of such Note as a prepayment thereof without penalty, and such excess shall not be considered to be interest. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

Section 8. Exchange of Notes. Notes upon surrender thereof at the office of the Note Registrar, together with an assignment of such Notes duly executed by the registered owner thereof, or his, her, or its attorney or legal representative, may be exchanged for an equal aggregate principal amount of Notes of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Notes surrendered for exchange.

Section 9. Transfer of Notes. Each Note shall be transferable only on the registration books maintained by the Note Registrar at the principal office of the Note Registrar, upon the surrender for cancellation thereof at the principal office of the Note Registrar, together with an assignment of such Note duly executed by the owner thereof or his, her or its attorney or legal representative, and upon payment of the charges hereinafter provided, and subject to such other limitations and conditions as may be provided therein or herein. Upon the cancellation of any such Note, the Note Registrar shall, in exchange for the surrendered Note or Notes, deliver in the name of the transferee or transferees a new Note or Notes of authorized denominations, of the same aggregate principal amount, maturity, and rate of interest as such surrendered Note or Notes, and the transferee or transferees shall take such new Note or Notes subject to all of the conditions herein contained.

Section 10. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Notes is exercised, the Municipality shall execute, and the Note Registrar shall deliver, Notes in accordance with the provisions of this Resolution. For every exchange or transfer of Notes, whether temporary or definitive, the Municipality and the Note Registrar may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees, and

other governmental charges shall be paid to the Municipality by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Neither the Municipality nor the Note Registrar shall be obligated to exchange or transfer any Note during the fifteen (15) calendar days next preceding the maturity date of the Notes or any call for redemption.

Section 11. Mutilated, Lost, Stolen, or Destroyed Notes. In the event any Note issued hereunder shall become mutilated, or be lost, stolen, or destroyed, such note shall, at the written request of the registered owner, be cancelled on the Registration Books and a new Note shall be authenticated and delivered, corresponding in all aspects but number to the mutilated, lost, stolen, or destroyed Note. Thereafter, should such mutilated, lost, stolen, or destroyed Note or Notes come into possession of the registered owner, such Notes shall be returned to the Note Registrar for destruction by the Note Registrar. If the principal on said mutilated, lost, stolen, or destroyed Note shall be due within fifteen (15) calendar days of receipt of the written request of the registered owner for authentication and delivery of a new Note, payment therefor shall be made as scheduled in lieu of issuing a new Note. In every case the registered owner shall certify in writing as to the destruction, theft, or loss of such Note, and shall provide indemnification satisfactory to the Municipality and to the Note Registrar, if required by the Municipality and the Note Registrar.

Any notice to the contrary notwithstanding, the Municipality and all of the officials, employees, and agents thereof, including the Note Registrar, may deem and treat the registered owners of the Notes as the absolute owners thereof for all purposes, including, but not limited to, payment of the principal thereof, and the interest thereon, regardless of whether such payment shall then be overdue.

Section 12. Authentication. Only such of the Notes as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit "A" hereto duly executed by the Note Registrar shall be entitled to the rights, benefits, and security of this Resolution. No Note shall be valid or obligatory for any purpose unless, and until, such certificate of authentication shall have been duly executed by the Note Registrar. Such executed certificate of authentication by the Note Registrar upon any such Note shall be conclusive evidence that such Note has been duly authenticated and delivered under the Resolution as of the date of authentication.

Section 13. Source of Payment and Security. The Notes, including the principal thereof and the interest thereon, are payable primarily from and secured by a pledge of the Net Revenues to be derived from the operation of the System, and are hereby declared to be equally and ratably secured, subject to a prior pledge of such Net Revenues to Prior Outstanding Obligations, by a pledge of such Net Revenues. In the event a deficiency in such Net Revenues, the Notes shall be payable 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, or amount. Said Notes shall be a direct general obligation of the Municipality, for which the punctual payment of the principal of and interest on the Notes the full faith and credit of the Municipality is hereby irrevocably pledged.

Section 14. Levy of Taxes. For the purpose of providing for the payment of the principal of and interest on the Notes, there is hereby pledged for such payment the Net Revenues derived from the operation of the System subject to the liens of the Prior Outstanding Obligations, in amounts not exceeding the amounts required to make such payments as they come due. In the event of a deficiency in the Net Revenues there shall be levied in each year in which such Notes shall be outstanding a direct tax on all taxable property in the Municipality, fully sufficient to pay all such principal and interest falling due prior to the time of collection of the next succeeding tax levy. Said tax shall be assessed, collected,

and paid at the time, and in the same manner, as the other taxes of said Municipality, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount. The Council of the Municipality is required by law and shall and does hereby pledge to levy such tax. Principal and interest, or any of the foregoing, falling due at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from the general fund or other available funds of the Municipality, but reimbursement therefor may be made from the taxes herein provided when the same shall have been collected. All such taxes levied and collected shall be deposited in the Municipality general debt service fund (the "Debt Service Fund") and used solely for the payment of principal and interest on the Notes as the same shall become due.

Section 15. Charges for Services Supplied by the System. While the Notes remain outstanding and unpaid, the Municipality covenants and agrees that the charges for all services supplied through the medium of the System to the Municipality and its residents and to all consumers shall be reasonable, just, and sufficient taking into account and consideration the cost and value of the System and the cost of maintaining, operating, and insuring the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of, premium, if any, and interest on, the Notes and other Prior Outstanding Obligations payable from such Revenues.

Section 16. Approval of Director of Local Finance. Anything herein contained to the contrary notwithstanding, no Notes authorized under this Resolution shall be issued, sold, or delivered, unless and until such Notes shall first have been duly approved by the Director of Local Finance of the State of Tennessee as provided by Section 9-21-601 et. seq., Tennessee Code Annotated, as amended. The Mayor, City Administrator, City Attorney, and Bond Counsel are hereby authorized to take or cause to be taken such steps as are necessary to obtain such approval. After the issuance and sale of the Notes, and for each year that any of the Notes are outstanding, the Municipality shall submit its annual budget to the State Director of Local Finance for approval immediately upon the Municipality's adoption of the budget.

Section 17. Sale of Notes. The Notes herein authorized are authorized to be sold by the Mayor by private negotiated sale at a price of not less than par and accrued interest.

Section 18. Disposition of Note Proceeds. The proceeds from the sale of the Notes shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof to be deposited in a special fund known as the "Sewer System Revenue and Tax Capital Outlay Notes, Series 2009 Project Fund" (the "Project Fund"), which is hereby authorized to be created, to be kept separate and apart from all other funds of the Municipality. The monies in the Project Fund shall be disbursed solely to finance the Project and to pay the costs of issuance of the Notes. Monies in the Project Fund may be invested and shall be secured in the manner prescribed by applicable statutes relative to the investment and securing of public or trust funds. Any monies remaining in the Project Fund after completion of the Project shall be transferred to the Debt Service Fund.

Section 19. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Municipality and the 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 all installments of the principal of and interest on the Notes shall have been paid in full or the consent of the registered owners of the Notes has been obtained; provided, however, that the Municipality is hereby authorized to make such amendments to this Resolution as will not impair the rights or security of the owners of the Notes.

Section 20. No Action to be Taken Affecting Validity of the Notes. The Municipality hereby covenants and agrees that it will not take any action, that would in any manner affect the validity of the Notes or limit the rights and remedies of the owners from time to time of such Notes. The Municipality further covenants that it will not take any action that will cause the interest on the Notes to be subject to inclusion in gross income of the owners thereof for purposes of federal income taxation.

Section 21. Miscellaneous Acts. The Mayor, the City Administrator, 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, specifically including but not limited to, making arbitrage certifications and executing a note purchase agreement in connection with the purchase of the Notes, 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; or for the authorization, issuance, and delivery of the Notes.

Section 22. Failure to Present Notes. Subject to the provisions of Section 3 hereof, in the event any Note shall not be presented for payment when the principal becomes due at maturity and in the event monies sufficient to pay such Note shall be held by the Note Registrar for the benefit of the owner thereof, all liability of the Municipality to such owner for the payment of such Note shall forthwith cease, terminate, and be completely discharged. Thereupon, the Note Registrar shall hold such monies, without liability for interest thereon, for the benefit of the owner of such Note who shall thereafter be restricted exclusively to such monies for any claim under this Resolution or on, or with respect to, said Note, subject to escheat or other similar law, and any applicable statute of limitation.

Section 23. Payments Due on Saturdays, Sundays, and Holidays. Whenever the interest on or principal of any Note is due on a Saturday or Sunday or, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then the payment of the interest on, or the principal of, such Note need not be made on such date but must be made on the next succeeding day not a Saturday, Sunday, or a legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the date of maturity; and no interest shall accrue for the period after such date.

Section 24. No Recourse Under Resolution or on Notes. All stipulations, promises, agreements, and obligations of the Municipality contained in this Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the Municipality and not of any officer, director, or employee of the Municipality in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Notes or for any claim based thereon or under this Resolution against any officer, director, or employee of the Municipality or against any official or individual executing the Notes.

Section 25. 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 hereof.

Section 26. Repeal of Conflicting Resolutions and Effective Date. All 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 effect as of the date of its adoption the welfare of the Municipality requiring it.

Approved and adopted this 20th day of October, 2009.

Mayor

ATTEST:

City Administrator

(STATE OF TENNESSEE)
(COUNTY OF HAMBLEN)

I, Lynn Wampler, hereby certify that I am the duly qualified and Acting City Administrator 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 October 20, 2009; (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 authorization of the issuance of not to exceed \$750,000 Taxable Sewer System Revenue and Tax Capital Outlay Notes, Series 2009, 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 20th day of October, 2009.

City Administrator

(SEAL)

EXHIBIT "A"

(FORM OF NOTE)

**Interest on this Note is includable in gross income
for federal income tax purposes**

Registered

Registered

No. _____

\$

UNITED STATES OF AMERICA
STATE OF TENNESSEE
CITY OF MORRISTOWN
SEWR SYSTEM REVENUE AND TAX CAPITAL OUTLAY NOTE,
SERIES 2009

Interest Rate:

Maturity Date:

Dated Date:

Registered Owner:

Principal Amount:

THE CITY OF MORRISTOWN, TENNESSEE (the "Municipality"), a lawfully organized and existing municipal corporation, for value received, hereby acknowledges itself indebted and promises to pay, as hereinafter set forth, in the manner hereinafter provided, to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, upon the presentation and surrender hereof at the office of the City Administrator, Municipal Building, Morristown, Tennessee, or its successor as registrar and paying agent (the "Note Registrar"), the Principal Amount identified above, and to pay interest on said Principal Amount from the date hereof, or such later date as to which interest has been paid, to the Maturity Date, semiannually on _____ and _____ of each year, commencing _____, 2008, at the Interest Rate per annum set forth above, by check, draft, or warrant to the Registered Owner hereof at the address shown on the registration books of the Note Registrar on the fifteenth (15th) calendar day next preceding an interest payment date, in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts.

In the event that any amount payable hereunder as interest shall at any time exceed the rate of interest lawfully chargeable on this note under applicable law, any such excess shall, to the extent of such excess, be applied against the principal hereof as a prepayment thereof without penalty, and such excess shall not be considered to be interest. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

The principal hereof and interest hereon shall bear interest from and after their respective due dates (whether by acceleration, demand, or otherwise) at the same rate of interest payable on the principal hereof.

Section 9-21-117, Tennessee Code Annotated, as amended, provides that this note and the income therefrom is exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, estate, and transfer taxes and except as otherwise provided in said Code.

This note is one of a series of notes known as "Taxable Sewer System Revenue and Tax Capital Outlay Notes, Series 2009" (the "Notes"), issued by the Municipality in the aggregate principal amount of \$750,000. The Notes which are issued for the purpose of financing certain public works projects, consisting of the acquisition of a wastewater treatment plant for use by the sewer system of the Municipality, the acquisition of all other property real and personal appurtenant thereto and connected with such work, and to pay all legal, fiscal, administrative, and engineering costs, incident thereto, are authorized by an appropriate resolution of the City Council and particularly that certain Resolution of the City Council adopted on October 20, 2009, entitled "Resolution of the City of Morristown, Tennessee, Authorizing the Issuance of Interest Bearing Sewer Revenue and Tax Capital Outlay Notes, Series 2009, in an Amount Not to Exceed \$750,000, and Providing for the Payment of Said Notes," as such resolution may be from time to time amended or supplemented in accordance with its terms (such resolution, as so amended or supplemented, being herein called, the "Resolution"), and are issued pursuant to, and in full compliance with,

The Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act"). Copies of the Resolution are on file at the office of the City Administrator of the Municipality, and reference is hereby made to the Resolution and the Act, for a more complete statement of the terms and conditions upon which the Notes are issued thereunder, the rights, duties, immunities, and obligations of the Municipality, and the rights of the Registered Owner hereof.

This Note and interest thereon are secured by a pledge of the income and revenues to be derived from the operation of the sewer system of the Municipality (the "System"), subject to the payment of reasonable and necessary costs of operating, maintaining, repairing, and insuring said System (the "Net Revenues"), the pledge of such Net Revenues being expressly subject, however, to certain pledges securing the payment of other outstanding obligations of the Municipality heretofore issued by the Municipality. In the event of a deficiency in such Net Revenues, this Note is payable from ad valorem taxes to be levied on all taxable property in the Municipality without limitation as to time, rate, or amount. For the prompt payment of this note, both principal and interest, as the same shall become due, the full faith and credit of the Municipality are hereby irrevocably pledged.

This note is transferable by the Registered Owner hereof in person or by his, her, or its attorney or legal representative at the office of the Note Registrar, but only in the manner and subject to the limitations and conditions provided in the Resolution and upon surrender and cancellation of this note. Upon any such transfer, the Municipality shall execute, and the Note Registrar shall authenticate and deliver in exchange for this note, a new fully registered note or notes, registered in the name of the transferee, in authorized denominations, in an aggregate principal amount equal to the principal amount of this note, of the same maturity and bearing interest at the same rate. For every exchange or transfer of notes, whether temporary or definitive, the Municipality and the Note Registrar may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees, or other governmental charges shall be paid to the Municipality by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The Municipality and the Note Registrar may deem and treat the person or entity in whose name this note is registered as the absolute owner hereof, whether such note shall be overdue or not, for the purpose of making payment of the principal of and interest on this note and for all other purposes. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this note to the extent of the sum or sums so paid, and neither the Municipality nor the Note Registrar shall be affected by any notice to the contrary.

The Notes are issuable only as fully registered Notes, without coupons, in minimum denominations of \$5,000. At the office of the Note Registrar, in the manner and subject to the limitations, conditions, and charges provided in the Resolution, fully registered Notes may be exchanged for an equal aggregate principal amount of fully registered Notes of the same maturity, of authorized denominations, and bearing interest at the same rate.

The Notes shall be subject to redemption, in whole or in part, at the option of the Municipality, at any time, at the price of par plus accrued interest to the date of redemption, upon not less than fifteen (15) calendar days written notice to the Registered Owner.

This note shall have all the qualities and incidents of, and shall be, a negotiable instrument under, the Uniform Commercial Code of the State of Tennessee, subject only to provisions respecting registration of such note. This note is issued with the intent that the laws of the State of Tennessee shall govern its construction.

It is hereby certified, recited, and declared that all acts and conditions required to be done and to exist precedent to the issuance of, this note in order to make this note a legal, valid, and binding obligation of the Municipality, have been done, and did exist in due time and form as required by the Constitution and statutes of the State of Tennessee; and that this note and the issue of which it is a part, together with all other indebtedness of such Municipality, does not exceed any limitation prescribed by the Constitution or statutes of the State of Tennessee.

IN WITNESS WHEREOF, THE CITY COUNCIL OF THE CITY OF MORRISTOWN, TENNESSEE, has caused this note to be signed by the manual signatures of the Mayor and the City Administrator and its official seal to be impressed or imprinted hereon, all as of _____.

Bryan Fowler, Director of Wastewater Operations, updated Council on the TDEC Commissioner's Order. The Order requires the City to formalize a maintenance and management program to address the overflows in the sewer system. The minimum penalty is \$26,250; the maximum penalty is \$166,250. The City plans to do an environmental project in-lieu-of the penalty.

Mayor Barile adjourned the October 20, 2009 City Council meeting.

Mayor

ATTEST:

City Administrator