

**STATE OF TENNESSEE
COUNTY OF HAMBLLEN
CORPORATION OF MORRISTOWN
APRIL 17, 2007**

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, April 17, 2007 with Honorable Mayor Gary R. Johnson presiding and the following named Councilmembers present: Claude Jinks, Frank McGuffin, William Rooney, Rick Trent and Mel Tucker; absent: Kay Senter.

Councilmember Jinks made a motion to approve the April 3, 2007 minutes as circulated; Councilmember Rooney seconded the motion and upon roll call, all voted "aye".

Without objection from City Council two items were added to the agenda: 1) A Public Hearing on the 2007 Community Development Action Plan and 2) a resolution authorizing the Mayor to execute documents relative to the financing for the construction of a Wastewater Facilities Project.

A Public Hearing was conducted on the Urban Growth Boundary Amendments. There were six comments opposing the Boat Launch Road portion of the UGB Amendment - Joe Wooley, Carl Paniconi, Carrie Nail, Mary Caty, Joyce Henson and Nigel Reid. One of the Developers, Mark Sizemore, spoke in favor of the UGB Amendment. Councilmember Trent spoke in favor of the Carroll Road portion of the UGB Amendment.

Councilmember Tucker made a motion to approve the Urban Growth Amendments as presented – inclusion in the Urban Growth Boundary: 1) Boat Launch Road area; 2) Lowland area; 3) Carroll Road Area; 4) Vineyard Road area; 5) Valley Home Road area; 6) Cobble Lane split property; and the removal of the Witt area (Tidi Waste property). Councilmember McGuffin seconded the motion and upon roll call, all voted "aye".

A Public Hearing was conducted on the 2007 Community Development Action Plan. There were no comments from the public.

Councilmember Jinks made a motion to award the bid for PVC pipe & fittings and ductile iron pipe & fittings to Coleman Enterprises in the amount of \$41,315.56. Councilmember Rooney seconded the motion and upon roll call, all voted "aye".

Councilmember Jinks made a motion to appoint Evelyn Bryan Johnson as Airport Manager for her life span; Councilmember McGuffin seconded the motion. Upon the advice of City Attorney Jessee, Councilmembers Jinks and McGuffin amended the motion and second to "extend Evelyn Bryan Johnson's Airport Manager Contract for life". Upon roll call, all voted "aye".

Councilmember Rooney made a motion to accept the Engineering/Design Services Proposal from Lamar Dunn & Associates for the Morris Blvd. Rehabilitation Project in an amount not to exceed \$92,500. Councilmember Jinks seconded the motion and upon roll call, all vote "aye".

Councilmember Jinks made a motion to accept the Engineering/Design Services Proposal from Hodge Associates for the sewer extension to Title Express and other properties along 25-E in the amount of \$37,250. Councilmember Rooney seconded the motion and upon roll call, all voted "aye".

Councilmember McGuffin made a motion to adopt the following Resolution No. 18-07; Councilmember Rooney seconded the motion and upon roll call, all voted "aye".

RESOLUTION NO. 18-07

Whereas, the Hamblen County Growth Plan Coordinating Committee has been duly constituted as prescribed by state law; and

Whereas, the Committee has made recommendations concerning the inclusion and exclusion of various parcels of real property desiring to be removed or added to the Urban Growth Boundary; and

Whereas, for the last twenty years, the City of Morristown's annexation policies with the exception of five areas that were completely surrounded by the City on all sides (the so called "donut holes"), has been to annex only upon request of property owners; and

Whereas, the City's policy has been called into question by the recommendations of the Hamblen County Planning Commission and by residents of the area, despite evidence to the contrary; and

Whereas, the City of Morristown desires to protect the environment through the provision of sanitary sewer service to dense, urban developments inside the City Limits; and

Whereas, the City is interested in enhancing the City and County property tax base through the development of quality housing inside the City Limits.

Now therefore, the City Council of the City of Morristown resolves to continue its twenty-year policy that respects the wishes of property owners to live in the City or County by their own choice, by continuing not to annex on its own initiative in the areas affected by the proposed Solomon Farm and Carroll Road subdivisions; and

To continue the policy of working with the County on issues of sanitary sewer outside the City limits, of traffic control and safety for all residents of the County and the continued support of public education through activities that reduce some part of the financial burden on the education of our youth; and

To strongly recommend to the Hamblen County Commission that they adopt the recommendations of the Hamblen County Growth Plan Coordinating Committee in full.

Adopted by a unanimous vote during regular session of City Council this 17th day of April 2007.

Mayor

ATTEST:

City Administrator

Councilmember Tucker made a motion to adopt the following Resolution No. 19-07; Councilmember McGuffin seconded the motion and upon roll call, all voted "aye".

**RESOLUTION NO. 19-07
BEING A RESOLUTION REQUESTING THE
TENNESSEE GENERAL ASSEMBLY TO AMEND
THE CIVIL SERVICE ACT FOR THE CITY OF
MORRISTOWN, TENNESSEE.**

A RESOLUTION proposing certain changes to the Civil Service Act of the City of Morristown.

WHEREAS, the City Council of the City of Morristown is desirous of amending the Civil Service Act of 1955, and

WHEREAS, the Civil Service Act is a part of the Private Acts as approved by the Tennessee General Assembly.

NOW THEREFORE, be it resolved by the Mayor and City Council of the City of Morristown that the Tennessee General Assembly is asked to vote to amend the Civil Service Act for the City of Morristown, Tennessee, as follows:

By deleting therefrom Section 1 in its entirety and substituting therefor, the following:

“(a) There is hereby created a system of Civil Service for the City of Morristown. A Civil Service Board shall consist of three (3) members and shall administer the system of civil service. One (1) member of such board shall be elected by the governing body of the City of Morristown to serve a term of three years. The election shall be made by the governing body of the City of Morristown during the first regular meeting of October beginning in 2007. The Board member elected by this procedure shall serve for a period of three (3) years.

(b) Beginning in October 2009, one (1) member shall be elected by the members of the Classified Service, i.e., members of the fire department, members of the police department, in a joint election. The election shall be held during the first five (5) days of October. Nomination and notification procedures shall be established by the Board. Such member shall receive a majority of the votes of the members of the classified service. All members of the classified service shall be permitted to cast one (1) vote. In the event no candidate received a majority of the votes cast in an election there shall be a run-off election with the two candidates (plus ties) receiving the most votes appearing on the ballot. The run-off election shall be held within ten (10) calendar days of the election and the candidate receiving the majority of the votes shall be declared the winner. In the event of a tie, a second run-off election shall be held within five (5) calendar days after the first run-off election. The Board member elected by this procedure shall serve for a period of three (3) years.

(c) Beginning in October 2009, the member selected by the governing body of the City of Morristown and the member selected by majority vote of the classified service shall then select a third member of the board within ten (10) days after the member selected according to the procedures in identified in Section 1(b) is elected. Provided, that if the two (2) other members shall fail to agree relative to the third board member within ten (10) days after their appointment, the governing body of the City of Morristown shall appoint four (4) citizens to meet and confer with four (4) other citizens appointed by members of the Classified Service. This joint committee of eight (8) shall meet, within ten (10) days, and appoint a person who shall serve as the third member of the Board. The

Board member elected by this procedure in October 2009 shall serve for a period of two (2) year. The Board member elected by this procedure beginning in October 2011 shall serve for a period of three (3) years.

(d) In the event a Board member does not complete their term, a successor shall be selected according to the procedures in Section 1, depending upon which member the successor is succeeding. The newly selected member shall serve the remainder of the term.

(e) The members of the Board shall receive the sum of twenty-five dollars (\$25) per diem for attendance at sessions of the Board. Such sum may be increased or decreased by the City Council, in a manner that does not change the per diem amount during the term of any affected board member. Such per diem amounts shall be paid out of the general fund of the City of Morristown. No person shall be appointed a member of such board who is not a citizen of the United States, a resident of the City of Morristown, Tennessee, for at least one (1) year immediately preceding such appointment, and a registered voter of Hamblen County. No member of the Classified Service or any council member of the City of Morristown may be a member of the board.

(f) Any member of the Board may be removed from office by the governing body of Morristown for incompetence, dereliction of duty, malfeasance in office or upon conviction of any crime involving moral turpitude. Provided, however, that no member of the Board shall be removed until written charges shall have been made, with due notice, and full public hearing shall have been conducted before the governing body of the City of Morristown.

(g) The members of the Board shall devote time and attention to the performance of the duties of the Board. Two (2) members of the Board shall be sufficient for the decision of all matters and the transaction of all business to be decided or transacted by the Board under and by virtue of the provisions of the act.

(h) Provided, however, that due notice of all meetings shall be given so that all three (3) board members may have an opportunity to be present. Provided, further, the Board shall transact no business and make no decisions until and except while all three (3) board members shall have taken office and remain qualified to act. Confirmation of original or succeeding board members by the legislature shall not be required.”

By deleting therefrom Section 4(c) in its entirety and substituting therefor, the following:

“(e) To hear and determine appeals or complaints relative to the allocation of positions, the determination of job changes, the furnishing of rosters and the position of members of the Classified Service, and of applicants on such rosters, and such other matters relating to the administration of this Act as may be referred to the Board. All appeals concerning any promotional or entry-level roster calculations, rankings or decisions must be made within fifteen (15) days of the date the roster in question is certified. All appeals and complaints concerning suspension, termination or removal must be made within twenty-one (21) days from the time of the action. All appeals and complaints of the Civil Service Board, any member of

Civil Service, or anyone having an effect on a Civil Service matter must be made within sixty (60) days from the time of such action and/or activity. All appeals and complaints must be made in writing. The Board, or their designee, shall acknowledge receipt of the appeal or complaint. Such acknowledgement shall be in writing.”

By deleting therefrom Section 3 in its entirety and substituting therefor, the following:

“BE IT FURTHER ENACTED: All future appointments to and promotions in such departments, except as otherwise provided in this Act, shall be made on the basis of filling the position with the best qualified candidate, using the following method:

Subject to the standards set forth in this Act, the city governing body shall meet with the Board and formulate minimum requirements and weighted selection criteria for each position in the Classified Service. As soon as possible, but in no event later than sixty (60) days after the passage of this Act, the City and the Board shall jointly adopt minimum requirements and weighted selection criteria, the latter of which shall include percentage allocations for at least the following: Seniority, experience, training, testing, education, record of conduct and recommendations of the chiefs of the respective departments. If the City governing body and the Board are unable to agree upon such minimum requirements and weighted selection criteria, the City Administrator, Chairman of the Civil Service Board and a person designated by the Director of the Municipal Technical Advisory Service shall adopt such requirements and criteria by affirmative vote of two (2) of the three (3) persons so designated, and certify such vote in writing to the City and Board. Such requirements and selection criteria shall immediately become effective. Standards, when set, shall remain in effect until altered by joint action of the City and Board. After the enunciation of such standards, a roster shall be kept by the Board of all full-time personnel in the Classified Service indicating what job classifications within each respective department such personnel are eligible to fill. A roster shall also be kept on all applicants to become members of the Classified Service with appropriate indication of what job classifications such applicants are eligible to fill.

After the enunciation of such standards, no vacancy shall be filled except by a person on the roster of persons having the requisite qualifications to fill such vacancy.

If any vacancy shall occur within any branch of the Classified Service, the vacancy shall be offered to a member of such branch qualified on the roster and eligible for the vacancy. In determining who is qualified and eligible, the city governing body shall consider seniority, experience, training, education, record of conduct, and recommendations of the chiefs of the respective departments. No person shall be reinstated in, or transferred, suspended or discharged from any place, position or employment in the Classified Service contrary to the provisions of this Act.”

By deleting therefrom Section 9(a) in its entirety and substituting therefor, the following:

“When a position in the Classified Service becomes vacant, whether entry level or promotional, the governing body of the City of Morristown shall make requisition upon the Board for the names of five (5) persons eligible for appointment. The Board shall certify the names of the five (5) persons highest on the eligible list willing to accept employment. These five (5) persons shall be considered to be qualified for the position under consideration.”

By deleting therefrom Section 6 in its entirety and substituting therefor, the following:

“BE IT FURTHER ENACTED: Tenure of the Office of Employees in the Classified Service. The tenure of employees shall be subject to the satisfactory performance of duties. Any such person may be removed or discharged, suspended without pay, demoted or reduced in rank, or deprived of vacation privileges or other special privileges for any of the following reasons, but for no other reasons:

(a) Dishonesty, intemperance, immoral conduct, insubordination, or any other act of omission or commission tending to injure the public service; or any other willful failure on the part of the employee to conduct himself properly; or any willful violations of the provisions of this Act or the rules and regulations to be adopted hereunder.

(b) Conviction of a felony, or a misdemeanor involving moral turpitude, or a misdemeanor reflecting upon ability to perform public service or one for which a jail sentence is or may be imposed.

(c) Any other act or failure to act which, in the judgment of the Board, is sufficient to show the offender to be an unsuitable and unfit person to be employed in the Classified Service.

(d) Performance considered to be unsatisfactory as judged and evaluated by supervisors and the chief of the respective department.”

By deleting therefrom Section 7(a) in its entirety and substituting therefor, the following:

“(a) No person in the Classified Civil Service who shall have been permanently appointed or inducted into Civil Service under the provisions of this Act shall be removed, suspended or discharged except for cause. The Chief of the fire department or the Chief of the police department may suspend a member of the department pending the confirmation of the suspension by the regular appointing power under the Act which must be within twenty-one (21) days. Any person so removed, suspended or discharged may within twenty (20) days from the time of such removal, suspension or discharge file with the Board a written demand for an investigation, whereupon the Board shall conduct such investigation.”

By deleting therefrom Section 4(c) in its entirety and substituting therefor, the following:

“(c) The Board shall make investigations and report upon all matters touching the enforcement and effect of the provisions of this Act, and the rules and regulations prescribed hereunder, inspect all institutions and employment affected by this Act, and ascertain whether the Act and all such rules and regulations are being obeyed. In the course of such investigation, the Board shall have the power to administer oaths, subpoena and require the attendance of witnesses, and require the production of books, papers, documents and accounts appertaining to the investigation. The failure upon the part of any person to comply with such subpoena or demand shall be deemed a violation of this Act and be punishable as such.”

Passed in regular session of City Council this 20th day of February 2007.

There were six (6) council members present; six (6) voting in favor of the Resolution; zero (0) voting in opposition; and zero (0) council members abstained from voting.

APPROVED:

BY: _____
GARY R. JOHNSON, MAYOR

ATTEST:

JAMES H. CRUMLEY, CITY ADMINISTRATOR

Councilmember Jinks made a motion to adopt the following Resolution No.; Councilmember Trent seconded the motion and upon roll call, all voted “aye”.

**RESOLUTION: 20-07
INITIAL RESOLUTION AUTHORIZING THE CITY OF MORRISTOWN, TENNESSEE, TO BORROW FUNDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SIX MILLION FIVE HUNDRED THOUSAND DOLLARS (\$6,500,000) THROUGH OBTAINING A LOAN FROM A PUBLIC BUILDING AUTHORITY IN TENNESSEE, UNDER ONE OR MORE LOAN AGREEMENTS BETWEEN THE MUNICIPALITY AND THE AUTHORITY.**

WHEREAS, the City Council of the City of Morristown, Tennessee (the "Municipality") has determined that it is necessary and advisable to borrow funds and incur indebtedness for certain public improvements as more fully set forth herein; and

WHEREAS, pursuant to Section 9-21-205 and Section 12-10-115(a)(2), Tennessee Code Annotated, as amended, prior to obtaining loans for said purposes, it is necessary to adopt an initial resolution authorizing said loan agreements.

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

1. For the purpose of providing funds for the (i) acquisition of land for and the construction, improvement, renovation, equipping and/or repair of roads, bridges, streets, highways, sidewalks and related lighting, road department facilities, parks and recreation department facilities, public works department facilities and other public buildings, and the acquisition of related vehicles and equipment including, but not limited to, lighting, computers and other technological equipment (the "Public Improvement Projects"); (ii) construction and equipping of extensions and improvements (the "Water and Sewer Project") to the water and sewer system (the "Water and Sewer System") of the Municipality; (iii) construction and equipping of extensions and improvements (the "Cable Project") to the cable television and internet system (the "Cable System") of the Municipality; (iv) acquisition of all property, real and personal, appurtenant to the Public Improvement Projects, the Water and Sewer Project and the Cable Project (collectively, the "Projects"), (iv) payment of legal, fiscal, administrative, architectural and engineering costs incident to the Projects and incident to the indebtedness described herein and (v) payment of capitalized interest during construction of the Projects and for up to six months thereafter, and payment of costs of issuance of the loan agreements and the bonds issued to fund such loan agreements, the Municipality is hereby authorized to borrow money and incur indebtedness in an aggregate principal amount of not to exceed \$6,500,000 by obtaining one or more loans from and entering into one or more loan agreements with a public building authority in Tennessee. The indebtedness incurred pursuant to the issuance of each loan agreement shall bear interest at a rate or rates not to exceed the maximum rate permitted by law and shall be payable from *ad valorem* taxes to be levied on all taxable property within the corporate limits of the Municipality. Repayment of amounts due under each loan agreement allocated to the Water and Sewer Project shall be additionally payable from the revenues of the Water and Sewer System, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the Water and Sewer System and to any prior pledge of such revenues in favor of other obligations of the Municipality payable from revenues of the Water and Sewer System. Repayment of amounts due under each loan agreement allocated to the Cable Project shall be additionally payable from the revenues of the Cable System, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the Cable System and to the prior pledge of such revenues in favor of other obligations of the Municipality payable from revenues of the Cable System.

2. The City Administrator/City Recorder of the Municipality is hereby authorized and directed to cause the foregoing resolution to be published in full in a newspaper having a general circulation in the Municipality for one issue of said paper followed by the following notice:

N O T I C E

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 Municipality shall have been filed with the City Administrator/City Recorder of the Municipality protesting the entering into loans under the loan agreements, such loan agreements will be executed and delivered as proposed.

James H. Crumley, City Administrator/City Recorder

3. This Resolution shall be in immediate effect from and after its adoption, the public welfare requiring it.

Adopted and approved this 17th day of April, 2007.

Mayor

ATTEST:

City Administrator/City Recorder

CERTIFICATE OF CITY ADMINISTRATOR/CITY RECORDER

I, James H. Crumley, certify that I am the duly qualified and acting City Administrator/City Recorder of City of Morristown, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City held on April 17, 2007; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$6,500,000 general obligation indebtedness of the City.

WITNESS my official signature and seal of said City on this the 17th day of April 2007.

City Administrator/City Recorder

(SEAL)

Councilmember Tucker made a motion to adopt the following Resolution No. 21-07; Councilmember McGuffin seconded the motion and upon roll call, all voted "aye".

RESOLUTION: 21-07

A RESOLUTION AUTHORIZING ONE OR MORE LOANS UNDER ONE OR MORE LOAN AGREEMENTS BETWEEN THE CITY OF MORRISTOWN, TENNESSEE AND A TENNESSEE PUBLIC BUILDING AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SIX MILLION FIVE HUNDRED THOUSAND DOLLARS (\$6,500,000) AND EXECUTION AND DELIVERY OF ONE OR MORE LOAN AGREEMENTS AND OTHER DOCUMENTS RELATING TO SAID BORROWING; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SAID BORROWING AND THE PAYMENT OF THE CITY'S OBLIGATIONS UNDER THE LOAN AGREEMENTS; CONSENTING TO THE ASSIGNMENT OF THE CITY'S OBLIGATIONS UNDER THE LOAN AGREEMENTS; AND APPROVING ONE OR MORE SWAP AGREEMENTS.

WHEREAS, cities in the State of Tennessee are authorized to finance certain public works projects by the issuance of bonds, notes or other obligations; and

WHEREAS, it is hereby determined by the City Council of the City of Morristown, Tennessee (the "City" or "Municipality") to be in the best interest of the City to finance the (i) acquisition of land for and the construction, improvement,

renovation, equipping and/or repair of roads, bridges, streets, highways, sidewalks and related lighting, road department facilities, parks and recreation department facilities, public works department facilities and other public buildings, and the acquisition of related vehicles and equipment including, but not limited to, lighting, computers and other technological equipment (the "Public Improvement Projects"); (ii) construction and equipping of extensions and improvements (the "Water and Sewer Project") to the water and sewer system (the "Water and Sewer System") of the Municipality; (iii) construction and equipping of extensions and improvements (the "Cable Project") to the cable television and internet system (the "Cable System") of the Municipality; (iv) acquisition of all property, real and personal, appurtenant to the Public Improvement Projects, the Water and Sewer Project and the Cable Project (collectively, the "Projects"); (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to the Projects and incident to the indebtedness described herein; (vi) payment of capitalized interest during construction of the Projects and for up to six months thereafter; and (vii) payment of costs of issuance and sale of the Bonds (as defined below) and the Loan Agreement (as defined below); and

WHEREAS, it has been determined to be in the best interest of the City to finance the Projects through a program known as the Tennessee Local Government Alternative Loan Program (TN-LOANSSM) underwritten by Morgan Keegan & Company, Inc. (the "Underwriter") through the issuance by a Tennessee Public Building Authority (the "Authority") established pursuant to the provisions of Tennessee Code Annotated Sections 12-10-101 et seq., as amended, (the "Act") of its Local Government Public Improvement Bonds (the "Bonds") in one or more series (each, a "Series") in the aggregate principal amount of not to exceed \$6,500,000 and the loan of the proceeds thereof to the City pursuant to one or more loan agreements between the Authority and the City (each a "Loan Agreement"); and

WHEREAS, an initial resolution proposing one or more loans from the Authority in a principal amount not to exceed \$6,500,000, the proceeds of which shall be used for the purposes hereinabove set forth, has been adopted and together with the notice required by Section 12-10-115 and Section 9-21-206, Tennessee Code Annotated, as amended, will be published as required by law; and

WHEREAS, the Municipality shall pledge a tax authorized by Section 12-10-115, Tennessee Code Annotated, as amended, to be levied annually to the repayment of the amounts due under each Loan Agreement authorized herein; and

WHEREAS, to provide for the financing of the Water and Sewer Projects, each Loan Agreement, or applicable portion thereof, shall be additionally payable from, but not secured by, the revenues derived from the operation of 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 a prior pledge of such revenues in favor of any obligations of the Municipality with a lien on such revenues; and

WHEREAS, to provide for the financing of the Cable Projects, each Loan Agreement, or applicable portion thereof, shall be additionally payable from, but not secured by, the revenues derived from the operation of the Cable System, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the Cable System and to a prior pledge of such revenues in favor of any obligations of the Municipality with a lien on such revenues; and

WHEREAS, the Bonds are to be secured by and contain such terms and provisions as are set forth in an Indenture of Trust, as supplemented (the "Indenture") entered into between the Authority and Regions Bank or such other trustee designated by the Authority; and

WHEREAS, in order to reduce its exposure to changes in interest rates, the City may request that the Authority selected to issue the Bonds approved hereunder enter into a Swap Agreement (the "Swap Agreement") with respect to all or a portion of the Bonds authorized hereunder resulting in variable or fixed payment by such Authority to a Swap Counterparty (as defined in the Loan Agreement approved hereunder) (the "Swap Counterparty") and a variable or fixed payment to the Swap Counterparty; and

WHEREAS, there has been presented to this meeting the form of the Loan Agreement, which appears to be in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended and the form of the following documents: (1) International Swap Dealers Association, Inc. ("ISDA") Master Agreement; (2) Schedule to Master Agreement; (3) Confirmation for a rate swap transaction; (4) ISDA Credit Support Annex; (5) Financial Guaranty Insurance Policy for Swap Agreement; and (6) Financial Guaranty Insurance Policy for Swap Agreement (Counterparty Payment Policy); and

WHEREAS, for the purposes of authorizing one or more loans from an Authority, the execution and delivery of one or more Loan Agreements by the City, the pledging of the City's full faith and credit, and to the payments allocable to the Water and Sewer Projects and the Cable Project, approving the assignment of such pledge to secure each related Series of Bonds, and authorizing the execution of such documents and certificates as shall be necessary to consummate the sale and delivery of each Series of Bonds, and approving the terms and conditions of one or more Swap Agreements with respect to the Bonds authorized herein subject to compliance with the Guidelines, the City Council of the City adopts this Resolution.

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

Section 1. Approval of Loans. (a) For the purpose of providing funds to finance the costs of the Projects and to pay costs incident to the issuance and sale of each Series of Bonds and each related Loan Agreement, and make and receive the loans herein authorized, there is hereby authorized one or more loans (each, a "Loan") from the Authority in an aggregate principal amount not to exceed \$6,500,000. (b) One or more Series of Bonds may be issued initially either as bonds bearing interest as an auction rate security ("ARS") or variable rate bonds with the interest rate established either (i) daily, weekly or short-term period (the "Daily Rate", "Weekly Rate" and "Short-Term Period", respectively, as defined in the Loan Agreement) at the then market rate for obligations with similar credit quality, all as provided in the Indenture and each Loan Agreement, or (ii) at a Medium Term Rate (as defined in the Loan Agreement) if the Municipality or the Authority enters into an interest rate swap agreement or interest rate hedge agreement (a "Swap Agreement") within 365 days of issuance of a related Series of Bonds with respect to all or a portion of a Loan Agreement or related Series of Bonds under which Swap Agreement a variable rate shall be paid by the Municipality and/or the Authority resulting in variable rate payments substantially similar to an interest rate established daily, weekly or short-term in the manner set forth in Section 6 herein or in any resolution subsequently adopted and as authorized by law, all as provided in the Indenture and the Loan Agreement. The Mayor and the City Administrator/City Recorder are authorized to enter into one or more Loan Agreements bearing interest at a variable rate of interest, including ARS, as they shall determine is in furtherance of the objectives of the Municipality. The Municipality shall make payments of interest in the amounts and on the dates as set forth in each Loan Agreement and the Indenture, at a rate or rates not in excess of the maximum rate of interest permitted by applicable law. Each Loan shall be payable as to principal over a period not to exceed thirty (30) years from the date of execution of each Loan Agreement. The final dates, original interest rate mode (as set forth above), and amortization of principal amounts of each Loan may be established by the Mayor and the City Administrator/City Recorder as shall be determined by the Mayor

and the City Administrator/City Recorder to be in the best interests of the Municipality, in accordance with the terms of this resolution and each Loan Agreement, taking into consideration the present debt structure of the Municipality and projected funds available for payment of debt service.

Section 2. Interest Rate Conversion. At any time while any Loan remains outstanding, each Loan and the Series of Bonds issued in connection therewith, may, in whole or in part, to the extent permitted by applicable law, be converted from one Rate Period (as defined in the Loan Agreement) to the other interest Rate Periods permitted and as provided in each related Loan Agreement and in the Indenture (which conversion may include such put features relative to any Series of the Bonds as the Indenture may permit) at the direction of the Mayor and City Administrator/City Recorder and no further action shall be required by the City Council.

Section 3. Approval of Loan Agreements. The form, terms and provisions of each Loan Agreement which have been presented at this meeting are hereby approved and the Mayor and City Administrator/City Recorder are hereby authorized, empowered and directed to execute and deliver each Loan Agreement in the name and on behalf of the City. Each Loan Agreement is to be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the Mayor and the City Administrator/City Recorder, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein. From and after the execution and delivery of each Loan Agreement, the Mayor and City Administrator/City Recorder are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of each Loan Agreement as executed. To the extent any 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 4. Pledge of Taxes. The City hereby covenants and agrees, through its governing body, to annually levy and collect a tax upon all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay when due the annual amounts payable by the City under each Loan Agreement as and when they become due and payable and to pay any expenses of maintaining and operating the Projects required to be paid by the City under the terms of each Loan Agreement and, for such purposes, the City hereby pledges such tax and the full faith and credit of the City to such payments, provided, however, that the tax hereinabove described will not be required to be levied or, if levied, may be proportionately reduced to the extent of funds appropriated by the governing body of the City to the payment of the amounts described above from other revenues of the City, including, with respect to the portion of any Loan Agreement allocable to the Water and Sewer Project or Cable Project, respectively, revenues derived from the operation of the Water and Sewer System or Cable System, respectively, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the Water and Sewer System or Cable System, respectively and to a prior pledge of such revenues in favor of any outstanding obligations with a lien on the revenues of the Water and Sewer System or Cable System, respectively. Such tax, to the extent levied, shall be assessed, levied, collected and paid in like manner as other taxes of the City. Such tax shall not be included within any statutory or other limitation of rate or amount for the City but shall be excluded therefrom and be in addition thereto and in excess thereof, notwithstanding and without regard to the prohibitions, restrictions or requirements of any other law, whether public or private. Any amounts payable under each Loan Agreement falling due at any time when there are insufficient funds from the tax levy on hand shall be paid from current funds of the City and reimbursement therefore should be made out of the taxes hereby provided to be levied when the same shall have been collected. Each Loan Agreement, or portion thereof, issued and delivered

for the Water and Sewer Project shall be additionally payable from, but not secured by, the revenues to be derived from the operation of 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 pledges of such revenues in favor of other obligations of the City. No revenues derived from the Water and Sewer System shall be payable to any Loan Agreement or any allocable portion thereof for a Public Improvement Project or Cable Project. Each Loan Agreement, or portion thereof, issued and delivered for the Cable Project shall be additionally payable from, but not secured by, the revenues to be derived from the operation of the Cable System, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the Cable System and to any pledges of such revenues in favor of other obligations of the City. No revenues derived from the Cable System shall be payable to any Loan Agreement or any allocable portion thereof for a Public Improvement Project or Water and Sewer Project.

Section 5. Approval of Bonds in Connection with Loan Agreement. For the purpose of providing funds to make each Loan to the City, as provided herein and in each Loan Agreement, and to pay legal, fiscal, and administrative costs incident thereto including costs incident to the issuance and sale of each Series of Bonds related to a Loan Agreement, the issuance and sale of each Series of Bonds by the Authority in connection with a Loan Agreement is hereby approved and allocation of such Series of Bonds to the City for purposes of Section 265 of the Code is hereby accepted.

Section 6. Approval of Swap Agreements in Connection with Bonds and Loan Agreements Authorized Hereunder. Subject to compliance with the applicable provisions of the laws of the State of Tennessee and the guidelines of the Funding Board, the City hereby authorizes and approves the entering into and the execution and delivery by the Authority of one or more Swap Agreements in connection with all or any portion of a Loan Agreement or related Series of Bonds approved herein, as such term is defined in the Indenture, in substantially the form of the International Swap Dealers Association, Inc. Swap Agreement, the form of which is presented to this meeting, with one or more financial institutions whose debt or claims-paying ability is rated, or is, collateralized, guaranteed or insured by an entity whose debt or claims-paying ability is rated "AA" or better by Standard & Poor's or Moody's Investors Service in a notional amount which in the aggregate does not exceed the principal amount of the Loan Agreement or related Series of Bonds approved herein declining in accordance with the amortization schedule for such Series of Bonds and each Loan Agreement relating to such Series of Bonds, having a term not longer than the final maturity of the Series of Bonds or Loan Agreement to which it relates, providing for either a fixed rate or a variable rate payable by the Authority or the Municipality, and either a variable rate or fixed rate payments by the Swap Counterparty based on (i) BMA Municipal Swap Index, (ii) the rate on the Series of Bonds to which the Swap Agreement relates (iii) the rate on the Series of Bonds to which the Swap Agreement relates, plus Additional Payments (as defined in the Indenture), (iv) LIBOR or a percentage thereof or (v) such other index or method to be approved by the Chairman or Vice-Chairman of the Authority or the Mayor and the City Administrator/City Recorder. Payments to be made under a Swap Agreement shall be a payment required to be made pursuant to the Loan Agreement. Morgan Keegan & Company, Inc. ("Morgan Keegan") and TNLOANS Program Administrators, Inc. (the "Administrator") are hereby authorized to negotiate the terms and conditions of a Swap Agreement in conformance with the provisions of this resolution, subject to confirmation by the Mayor and City Administrator/City Recorder. Subject to compliance with the applicable provisions of the laws of the State of Tennessee and the guidelines of the Funding Board, the Mayor and the City Administrator/City Recorder on behalf of the City Council will be authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Swap Agreement as it relates to any Series of Bonds issued in connection with a Loan Agreement authorized

herein. The execution of the related Loan Agreement and delivery of a certificate, which may be the confirmation of the Swap Agreement, approving the terms and conditions of the Swap Agreement by the Mayor and the City Administrator/City Recorder shall constitute conclusive evidence of their approval of the final terms and conditions of the Swap Agreement and, to the extent permitted by applicable law, no further action shall be required by the City Council.

Section 7. Disposition of Proceeds. An amount necessary to pay costs of issuance of each Loan Agreement and related Series of Bonds shall be deposited to the Cost of Issuance Fund of the Borrower held by the Trustee under the Indenture. All remaining proceeds shall be held in the Loan Fund of the Borrower and used for the Projects.

Section 8. Official Statement. The Mayor and the City Administrator/City Recorder, or either of them, working with the Underwriter and the Authority, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing each Series of Bonds related to a Loan Agreement of the City. After the Bonds have been sold, the Mayor and the City Administrator/City Recorder, or either of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor and the City Administrator/City Recorder, or either of them, shall arrange for the delivery to the Underwriter of a reasonable number of copies of the Official Statement within seven business days after sale of a Series of Bonds for delivery, by the Underwriter, to each potential investor requesting a copy of the Official Statement and to each person to whom the Underwriter initially sells the Bonds. The Mayor and the City Administrator/City Recorder, or either of them, are authorized, on behalf of the City, as to the information relating to the City and the Series of Bonds related to the City's Loan Agreement, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the City except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 8. Continuing Disclosure. The City hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for any Series of Bonds issued for a Loan Agreement of the City. The Mayor is authorized to execute an agreement for the benefit of and enforceable by the owners of such Series of Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the City to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the City to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 9. Consent to Assignment. The City hereby consents to the assignment pursuant to the Indenture of all the Authority's right, title and interest under each Loan Agreement as security for the Series of Bonds to which such Loan Agreement relates.

Section 10. Additional Authorizations. All acts and doings of the Mayor and the City Administrator/City Recorder, and any other representative or officer of the City which are in conformity with the purposes and intent of this Resolution and in

furtherance of the issuance and sale of each Series of Bonds and the execution and delivery of each Loan Agreement and each Loan Swap Agreement as set forth herein shall be and same hereby are in all respects, approved and confirmed.

Section 11. Multiple Borrowings. The Loans authorized in Section 1 hereof, the Loan Agreements authorized in Section 3 hereof and the Bonds approved in Section 5 hereof may be executed and delivered in combination with other Loans, Loan Agreements and Bonds hereafter authorized by the City through the TN-LOANSSM Program.

Section 12. 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. The parties agree that in any dispute regarding this Resolution, the venue of such dispute shall be either the state courts located in Washington County, Tennessee or the United States federal courts located in Greene County, Tennessee, and in no other form or locality.

Section 13. Reimbursement. This resolution shall serve as a notice of intent to reimburse for certain expenditures for up to \$6,500,000 as defined in accordance with the requirements of final regulations applicable thereto as promulgated by the United States Department of Treasury.

Section 14. 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.

Adopted and approved this 17th day of April, 2007.

Mayor

ATTEST:

City Administrator/City Recorder

CERTIFICATE OF CITY ADMINISTRATOR/CITY RECORDER

I, James H. Crumley, certify that I am the duly qualified and acting City Administrator/City Recorder of City of Morristown, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City held on April 17, 2007; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$6,500,000 general obligation indebtedness of the City.

WITNESS my official signature and seal of said City on this the 17th day of April 2007.

City Administrator/City Recorder

(SEAL)

Councilmember Tucker made a motion to adopt the following Resolution No. 22-07; Councilmember Trent seconded the motion and upon roll call, all voted "aye".

**RESOLUTION NO. 22-07
A RESOLUTION AUTHORIZING AND PROVIDING FOR THE
FINANCING OF THE CONSTRUCTION OF A WASTEWATER
FACILITIES PROJECT, INCLUDING AUTHORIZING THE
EXECUTION OF APPLICATIONS, CONTRACTUAL
AGREEMENTS, AND OTHER NECESSARY DOCUMENTS,
AND MAKING CERTAIN REPRESENTATIONS,
CERTIFICATIONS, AND PLEDGES OF CERTAIN REVENUE IN
CONNECTION WITH SUCH FINANCING.**

WHEREAS, the City of Morristown is a public and governmental body in Morristown, Tennessee (the "Local Government"); and

WHEREAS, the Local Government has determined that it is necessary and desirable to undertake certain activities or tasks in connection with a wastewater facilities project, Department of Environment and Conservation Number **SRF 2007-203** (the "Project"), in and for the Local Government; and

WHEREAS, Tennessee Code Annotated, Section 68-221-1001 et. seq., provide for the lending of moneys in the wastewater facilities Revolving Loan Fund to Local Governments for the purpose of providing funds for Project Loans; and

WHEREAS, the local Government has determined that it is necessary and advisable to borrow funds for the Project pursuant to these sections.

NOW, THEREFORE, be it resolved as follows:

Section 1. Local Government hereby approves the creation of indebtedness on behalf of the Local Government in the principal amount of TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$12,500,000) by the obtaining of a Project Loan.

Section 2. The execution and delivery of the Application for a Project Loan in the principal amount of TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$12,500,000) for the purpose of funding all or a portion of the total estimated cost of the Project TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$12,500,000), by Gary R. Johnson, the Mayor of the Local Government, is hereby ratified and approved in all respects.

Section 3. The form, terms, and provisions of the agreement for the Project Loan among the Local Government, the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority (the "Loan Agreement"), as presented at this meeting, are hereby approved.

Section 4. The Local Government hereby agrees to honor and accept the method of financing as may be determined by the Authority pursuant to the Loan Agreement.

Section 5. The Local Government hereby agrees to make the monthly payments on the Project Loan in accordance with the Payment Schedule to be attached to the Loan Agreement.

Section 6. The Local Government hereby agrees to levy fees, rates or charges for services provided by the Project and/or to levy ad valorem taxes sufficient to pay the interest on and principal of the Project Loan in accordance with the Loan Agreement. The Local Government also agrees to levy fees, rates, or charges and/or ad valorem taxes sufficient to pay the cost of operation and maintenance of the wastewater system of which the Project is a part, which cost shall include depreciation and all other debt service expense of the system.

Section 7. The Local Government assigns and pledges its State-Shared Taxes to the State and consents to the withholding and application of State-Shared Taxes in the event of failure by the Local Government to remit monthly payments in accordance with the terms of the Loan Agreement, as the Loan Agreement may be supplemented or amended from time to time.

Section 8. The Local Government hereby agrees that there are no local pledges of State-Shared Taxes other than those disclosed.

Section 9. The Local Government hereby agrees to obtain alternative methods of financing for all costs necessary for the completion of the Project which are in excess of the combined financing provided by any agency of the United States Government and by the Tennessee Local Development Authority.

Section 10. The Mayor of the Local Government is authorized and directed to execute the Loan Agreement, and any amendments or supplements to the Loan Agreement, in the name and behalf of the Local Government; to deliver such documents to the other parties to such documents, such execution and delivery to be conclusive proof of the approval of the Local Government of such documents; and to take such further action and to execute and deliver such further instruments or documents as such officer may consider necessary or advisable in connection with the Loan Agreement. Provided, however, this resolution shall not be deemed to grant authority to the named officer to approve any increase in the amount of the Project Loan.

Section 11. All orders, resolutions, or ordinances in conflict with this resolution be and the same are repealed insofar as such conflict exists. This resolution shall become effective immediately upon its passage.

Duly passed and approved this 17th day of April 2007.

Mayor

ATTEST:

City Administrator

Councilmember Jinks made a motion to adopt the following captioned Ordinance No. 3286 on first reading and schedule a public hearing relative to final passage of said Ordinance for May 15, 2007. Councilmember McGuffin seconded the motion and upon roll call, all voted "aye".

**Ordinance No. 3286
Entitled an Ordinance to annex certain territory and to incorporate same within the corporate boundaries of the City of Morristown, Tennessee. {Annexation of property located at 975 Howell Road with the Zoning Classification of Agriculture-Forestry (A-1).}**

Councilmember Tucker made a motion to adopt the following captioned Ordinance No. 3287 on first reading and schedule a public hearing relative to final passage of said Ordinance for May 15, 2007. Councilmember McGuffin seconded the motion and upon roll call, all voted "aye".

**Ordinance No. 3287
Entitled an Ordinance to annex certain territory and to incorporate same within the corporate boundaries of the City of Morristown, Tennessee. {Annexation of property located along Oakwood Circle and North Bellwood Road with the Zoning Classification of Medium Density Residential (R-2) and Intermediate Business (IB).}**

Councilmember Tucker made a motion to adopt the following captioned Ordinance No. 3288 on first reading and schedule a public hearing relative to final passage of said Ordinance for May 15, 2007. Councilmember McGuffin seconded the motion and upon roll call, Councilmember Rooney “abstained” and all others voted “aye”.

**Ordinance No. 3288
Entitled an Ordinance to close and vacate certain rights-of-way within the City of Morristown. {Right-of-way Closing – a portion of South Daisy Street.}**

Councilmember Tucker made a motion to adopt the following captioned Ordinance No. 3284 on second and final reading. Councilmember Trent seconded the motion and upon roll call, all voted “aye”.

**Ordinance No. 3284
Being an Ordinance amending § 12-502 (Housing Code) of the Morristown Municipal Code relating to minimum dwelling space requirements**

Councilmember Trent requested that Ordinance No. 3285 be deferred until the May 15, 2007 Council meeting.

**Ordinance No. 3285
Being an Ordinance amending the Morristown Municipal Code, Title 20 – Miscellaneous, Chapter 1 – Fair Housing, by deleting Chapter 1 in its entirety and substituting a new Chapter 1 therefore.**

Dick Jessee, City Attorney, gave a report on Concealed Firearms/Retired Law Enforcement Officers/Liability Insurance. A qualified retired law enforcement officer (LEO) may carry a concealed firearm with certain restrictions. The TML Risk Management Pool refuses to insure LEO’s for liability and recommends that municipalities not conduct firearms training and certification for retired officers, and not issue photo identification cards for retired officers until and unless a firearms training and certification program has been established. Alternative liability insurance may be purchased from another carrier for approximately \$200 per LEO.

Councilmember Jinks nominated Robert T. Russell for appointment to the Hamblen County Board of Equalization for a two year term to expire on May 1, 2009. Councilmember Rooney made a motion that nominations cease and Mr. Russell be appointed by acclamation and all voted “aye”.

Councilmember Tucker made a motion to cancel the May 1, 2007 City Council meeting due to the May 1st City Election. Councilmember Trent seconded the motion and all voted “aye”.

Councilmember Tucker made a motion to approve the Final Adjustment Change Order for Long Foundations for the Colgate caissons in the amount of \$24,143.44. Councilmember McGuffin seconded the motion and upon roll call, all voted “aye”.

Councilmember Rooney made a motion to approve Change Order #3 to J.A. Bewley Contractors for the Liberty Hill Sewer Extension Project in the amount of \$15,292. Councilmember Trent seconded the motion and upon roll call, all voted “aye”.

Councilmember Jinks made a motion to accept Chief Honeycutt’s recommendation and promote Tim Carpenter, Anthony Lakins and Gene Barrett to Lieutenant. Councilmember Rooney seconded the motion and all voted “aye”.

Councilmember Tucker made a motion to accept Chief Honeycutt's recommendation and promote Anthony Livesay, Douglas Lephew, Thomas Ucciardi, Spencer Lewis, Greg Williams and Jonathan Burchfield to Driver/Engineer. Councilmember Jinks seconded the motion and all voted "aye".

Lt. Chris Wisecarver gave a report on the Federal Immigration Law Enforcement Authority 287 (g) Program. The Program would empower the Police Department to process the paperwork necessary to start the department of illegal aliens without waiting on the Immigration & Customs Enforcement (ICE) representatives. In order to participate, a letter of interest must be submitted to the ICE officials and if approved, then the Police Department would enter into a Memorandum of Agreement authorizing participation in the program.

Mayor Johnson instructed Lt. Wisecarver to take the first step and make application to the ICE Officials.

Mayor Johnson adjourned the April 17, 2007 City Council meeting.

Mayor

ATTEST:

City Administrator