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FAYETTE COUNTY LEGISLATIVE BODY

June 01, 2000

BE IT REMEMBERED That pursuant to a call in the following words and figures, to-wit:

"Jim Voss, County Mayor of Fayette County, Tennessee, pursuant to the provision of Section 5-5-105 of the Tennessee Code Annotated, Official Edition, the public necessities requiring it, do hereby call a Special Session of the County Commissioners to convene on Thursday, June 1st, 2000, at 6: P.M. in the upstairs courtroom of the Courthouse in Somerville, Tennessee, for the following purposes:

1. Discussion of New Schools

2. Discussion and Action on Financing of New Schools

This 19th day of May, 2000."

A true copy of said above notice having been delivered to each Commissioner of Fayette County, Tennessee, and published in a local newspaper at least five days before the June 1st, 2000, date; A SPECIAL MEETING OF THE FAYETTE COUNTY LEGISLATIVE BODY was begun and held in and for Fayette County, in Somerville, Tennessee on Thursday, June 1st, 2000, at 6:00 P.M.; present and presiding the Honorable Jim Voss; also present, Dell T. Graham, County Clerk, and the following Commissioners: John W. Arnett, Charles Budley Brewer, Sr., Joe B. Burnette, Jr., Odis Cox, Carl Doyle, Ronnie Graves, Willie German, Ronnie Harris, David Kelley, Sylvester Logan, Calvin Moore, Alonzo Morman, Jr., David Morris, John S. Sullivan, Sr., Rhea "Skip" Taylor, Wayne Thomas, Gordon M. Tomlin and Myles Wilson. (18)

Absent: Commissioner Floyd Bonner.

With a quorum being present, the following procedures were heard and entered of record, to-wit:

Commissioner Ronnie Harris, Chairman of the Budget Committee presented Dennis Ohlweiler, financial advisor, who addressed the Board and introduced the Resolution necessary to borrow funds under School Bonds.

Discussion followed.

Motion was made by Commissioner Kelley, seconded by Commissioner Logan and unanimously carried by the Board that adequate Bond be required for extension of water and sewer line at the new school site on Hwy . 194.

Motion was then made by Commissioner Tomlin, seconded by Commissioner Logan and unanimously carried by the Board that both new school sites as well as the school property adjacent to such be deeded in the name of Fayette County Government.

Motion was then made by Commissioner Morris, seconded by Commissioner Brewer, to approve the **RESOLUTION** as presented to issue bonds up to \$15,000,000 to be paid out over a twenty year period.

Upon roll call, the following Commissioners voted "YES": Commissioners Arnett, Brewer, Burnette, Cox, Doyle, German, Harris, Kelley, Logan, Moore, Morman, Morris, Sullivan, Taylor, Thomas, Tomlin and Wilson. (17)

Voting "NO": Commissioner Graves. (1)

Absent: Commissioner Bonner.

Thereupon, the following Resolution was adopted:

A RESOLUTION AUTHORIZING THE ISSUANCE OF SCHOOL BONDS, SERIES 2000, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000) OF FAYETTE COUNTY, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAX FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, by Sections 49-3-1001 to 49-3-1007, inclusive, Tennessee Code Annotated, counties in Tennessee are authorized through their respective governing bodies to issue and sell bonds of said counties for school purposes; and

WHEREAS, the Board of County Commissioners of Fayette County, Tennessee, has heretofore determined that it is necessary and advisable to issue \$15,000,000 in aggregate principal amount of general obligation bonds for the purpose of providing funds to finance the acquisition of land for public schools and the construction and equipping of public schools in and for said County; and

WHEREAS, no city school district or special school district is located in whole or in part within the County; and

WHEREAS, it is the intention of the Board of County Commissioners to adopt this resolution for the purpose of authorizing \$15,000,000 in aggregate principal amount of said bonds, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof and premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Fayette County, Tennessee as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 49-3-1001 to 49-3-1007, inclusive, Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

- (a) "Bonds" shall mean the not to exceed \$15,000,000 School Bonds, Series 2000 of the County, to be dated June 1, 2000, authorized to be issued by this resolution;
- (b) "Code" shall mean the Internal Revenue Code of 1986, as amended;
- (c) "County" shall mean Fayette County, Tennessee;
- (d) "Governing Body" shall mean the Board of County Commissioners of the County;
- (e) "Project" shall mean the acquisition of land for public schools and the construction and equipping of public schools in and for the County; and
- (f) "Registration Agent" shall mean the registration and paying agent designated by the County Mayor, or any successor designated by the Governing Body.

Section 3. Authorization and Terms of the Bonds. For the purpose of providing funds to finance the cost of the Project, including the payment of legal, fiscal, administrative and engineering costs incident thereto and incident to the issuance and sale of the Bonds as more fully set forth in Section 7 hereof, there are hereby authorized to be issued general obligation school bonds of the County in the aggregate principal amount of not to exceed \$15,000,000. The Bonds shall be issued in fully registered form, without coupons, shall be designated as "School Bonds, Series 2000", and shall be dated June 1, 2000 or such other date as is established pursuant to Section 7. The Bonds shall bear interest at a rate or rates not to exceed seven percent (7.00%) per annum, and subject to the adjustments permitted pursuant to Section 7, such interest shall be payable semi-annually on February 1 and August 1 in each year commencing February 1, 2001. The Bonds shall be issued initially in \$5,000 denominations, or integral multiples thereof, as shall be requested by the purchaser thereof. The Bonds shall mature serially and be payable on February 1 of each year as follows (subject to the adjustments permitted pursuant to Section 7 hereof):

<u>Years</u>	<u>Amounts</u>
2003	\$ 330,000
2004	555,000
2005	585,000
2006	610,000
2007	640,000
2008	675,000
2009	710,000
2010	745,000
2011	785,000
2012	830,000
2013	875,000
2014	920,000
2015	975,000
2016	1,030,000
2017	1,085,000
2018	1,150,000
2019	1,215,000
2020	1,285,000

Bonds maturing on or before February 1, 2008 shall mature without option of prior redemption. Bonds maturing on February 1, 2009 and thereafter shall be subject to redemption prior to maturity at the option of the County on or after February 1, 2008, as a whole or in part at any time at a redemption price equal to the principal amount thereof plus interest accrued to the redemption date with no premium. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Governing Body of the County, in its discretion, and, if less than all of the Bonds of a single maturity shall be called for redemption, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion may determine.

Pursuant to Section 7 hereof, the County Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements. In the event any or all the Bonds are sold as term Bonds, the County shall redeem term Bonds at a price of par plus accrued interest thereon to the date of redemption. The term Bonds to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may determine. At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed of that maturity, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The County shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption shall be given by the Registration Agent on behalf of the County not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The Registration Agent shall mail said notices in the case of term bonds with mandatory redemption requirements as and when provided herein and in the Bonds, and, in the case of optional redemption, as and when directed by the County pursuant to written instructions from an authorized representative of the County given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

The County Mayor is hereby authorized to appoint a banking institution with corporate trust powers as registration agent and paying agent with respect to the Bonds, and such Registration Agent is hereby authorized and directed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the County, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The County Mayor is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration

Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

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

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

The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been given, nor to transfer or exchange any Bond during the period following the receipt of instructions from the County to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the

contrary whether or not any payments due on the Bonds shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

The Bonds shall be signed by the County Mayor and attested by the County Clerk by their respective facsimile signatures, and shall have imprinted thereon a facsimile of the corporate seal of the County.

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

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

Section 4. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are hereby irrevocably pledged. In addition, the Bonds shall be payable from a pledge of certain wheel taxes, to the extent permitted by law, as provided in Section 6 hereof.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Bonds are prepared and delivered:

(Form of Face of Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF FAYETTE
SCHOOL BONDS, SERIES 2000

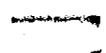
Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.:

Registered Owner:



Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That Fayette County, Tennessee (the "County"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth or upon earlier redemption as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on February 1, 2001, and semi-annually thereafter on the first day of February and August in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____, _____, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Reference is hereby made to the further provisions of this Bond set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Mayor with his facsimile signature and attested by its County Clerk with his facsimile signature under a facsimile of the corporate seal of the County, all as of the date hereinabove set forth.

FAYETTE COUNTY, TENNESSEE

By: _____ (Facsimile)
County Mayor

(FACSIMILE SEAL)

ATTESTED:

(Facsimile)
County Clerk

Transferable and payable at the principal corporate trust office of: _____, Tennessee

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Officer

(Form of Reverse Side of Bond)

Bonds maturing on or before February 1, 2008 shall mature without option of prior redemption. Bonds maturing on February 1, 2009 and thereafter shall be subject to redemption prior to maturity at the option of the County on or after February 1, 2008, as a whole or in part at any time at a redemption price equal to the principal amount thereof plus interest accrued to the redemption date with no premium. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of County Commissioners of the County, in its discretion, and, if less than all of the Bonds of a maturity shall be called for redemption, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot.

[Subject to the credit hereinafter provided, the County shall redeem Bonds maturing _____ and _____ on the redemption dates set forth below opposite the respective maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within such maturity shall be selected by lot or in such other random manner as the Registration Agent in its discretion may determine. The dates of redemption and principal amount of the Bonds to be redeemed on said dates are as follows:

<u>Maturity Date</u>	<u>Redemption Date</u>	Principal Amount of Bonds <u>to be Redeemed</u>
_____	_____	\$ _____
	_____*	_____
	_____	_____
_____	_____	\$ _____
	_____*	_____
	_____	_____

*final maturity,

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds maturing _____ and _____, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds maturing _____ and _____, which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory redemption shall be accordingly reduced.]

Notice of call for redemption [whether optional or mandatory] shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the County to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$15,000,000 and issued by the County for the purpose of providing funds to finance the acquisition of land for public schools and the construction and equipping of public schools in and for said County, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 49-3-1001 to 49-3-1007, inclusive, Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of County Commissioners of the County on the 1st day of June, 2000 (the "Resolution").

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of, premium, if any, and interest on this Bond, the full faith and credit of the County are irrevocably pledged. To the extent permitted by law, this Bond is also payable from a pledge of certain special wheel or privilege taxes imposed by the County pursuant to private act. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____, (Please insert Federal Identification or Social Security Number of Assignee _____), the within bond of Fayette County, Tennessee, and does hereby irrevocably constitute and appoint _____, or its successor as bond registration agent, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

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

Signature guaranteed:

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

Section 6. Levy of Tax. The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal, premium, if any, and interest coming due on the Bonds in said year. Principal, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of direct appropriations from the general funds, taxes and revenues of the County, including the wheel taxes referred to below, to the payment of debt service on the Bonds.

To the fullest extent permitted by law, the County hereby pledges as addition security for the payment of the Bonds such revenues as are received by the County from the special wheel or privilege tax imposed pursuant to Chapter 116 of the 2000 Private Acts of the Tennessee Legislature. To the extent that such monies are actually on hand for the payment of principal and interest on the Bonds, the ad valorem taxes herein provided to be levied may be proportionately reduced to the extent thereof.

Section 7. Sale of Bonds. (a) The Bonds shall be offered for public sale as required by law at a price of not less than ninety-eight and one-half percent (98.50%) of par, exclusive of original issue discount, and not more than one hundred two percent (102%) of par, plus accrued interest, as a whole or in part, from time to time, as shall be determined by the County Mayor in consultation with the County's financial advisor, Cumberland Securities, a division of Morgan Keegan & Company, Inc., Knoxville, Tennessee (the "Financial Advisor").

(b) The County Mayor, in consultation with the Financial Adviser, is further authorized to change the dated date of the Bonds, to a date other than June 1, 2000, to change the designation of the Bonds other than "School Bonds, Series 2000", to change the first interest payment date on the Bonds to a date other than February 1, 2001, to adjust the principal and interest payment dates and maturity amounts of the Bonds, provided the total principal amount of all the Bonds does not exceed the total amount of Bonds authorized herein, the first maturity date of the Bonds is a date not earlier than February 1, 2002, and the final maturity date of the Bonds shall not exceed 25 years from the dated date of the Bonds, to change the County's optional redemption provisions of the Bonds, provided the redemption premium, if any, shall not exceed two percent (2%) of the par amount of the Bonds called for redemption, to sell less than the authorized principal amount of Bonds authorized herein, to sell the Bonds or any maturities thereof as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the County Mayor, as he shall deem most advantageous to the County, and to cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the County.

(c) In consultation with the Financial Advisor, the County Mayor is authorized to sell the Bonds simultaneously with other general obligation bonds authorized by resolution adopted by the Governing Body having similar terms of the Bonds as set forth herein or, if in the best interest of the County, sell the Bonds as a single issue of bonds with other bonds authorized by resolution adopted by the Governing Body, having similar terms of the Bonds as set forth herein, so long as the total aggregate principal amount of bonds sold and issued does not exceed the total amount of Bonds authorized by this resolution and the total amount of bonds authorized by other resolution(s) of the Governing Body.

(d) The County Mayor is authorized to award the Bonds to the bidder whose bid results in the lowest true interest cost to the County, provided the rate or rates on none of the Bonds exceeds seven (7.00%) per annum. The award of the Bonds by the County Mayor to the lowest bidder shall be binding on the County, and no further action of the Governing Body with respect thereto shall be required. The form of the Bond set forth in Section 5 hereof, shall be conformed to reflect any changes made pursuant to this Section 7 hereof.

(e) The County Mayor and County Clerk, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The County Mayor and County Clerk are hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds.

Section 8. Disposition of Bond Proceeds. From the proceeds of the sale of the Bonds, all accrued interest shall be deposited to the appropriate fund of the County to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds.

The remainder of the proceeds of the sale of the Bonds shall be paid to the County Trustee to be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the "School Construction Fund" (the "Construction Fund") to be kept separate and apart from all other funds of the County. The funds in the Construction Fund shall be disbursed solely to pay the costs of the Project and issuance of the Bonds, including necessary legal, accounting, engineering, architectural and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency

fees, Registration Agent fees, Bond insurance premiums (if any) and other necessary miscellaneous expenses incurred in connection with the Project and the issuance and sale of the Bonds. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by this resolution. Any funds remaining in the Construction Fund after completion of the Project and payment of authorized expenses shall be used to pay principal of, premium, if any, and interest on the Bonds. Moneys in the Construction Fund shall be invested as directed by the County Trustee in such investments as shall be permitted by applicable law.

Section 9. Official Statement. The County Mayor and County Clerk, or either of them, working with the Financial Advisor, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the County Mayor and County Clerk, 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 County Mayor and County Clerk, or either of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

The County Mayor and County Clerk, or either of them, is authorized, on behalf of the County, 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 County except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 10. Federal Tax Matters. The County recognizes that the purchasers and owners of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. In this connection, the County agrees that it shall take no action which may cause the interest on any of said Bonds to be included in gross income for federal income taxation. It is the reasonable expectation of the Governing Body of the County that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming taxable. The County Mayor and County Clerk, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the County.

Section 11. Discharge and Satisfaction of Bonds. If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

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

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Federal Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

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

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

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the County as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received by the Registration Agent. For the purposes of this Section, Federal Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 12. Continuing Disclosure. The County hereby covenants and agrees that it will provide annual financial information and material event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds to the extent such Rule is applicable to issuance of the Bonds by the County. The County Mayor is authorized to execute at the closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details for the financial information and material event notices to be provided and its obligations relating thereto. Failure of the County 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 County to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 13. Resolution a Contract. The provisions of this resolution shall constitute a contract between the County and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 14. 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.

Section 15. 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.

Section 16. Intent to Reimburse. The County hereby declares its intent to reimburse itself for any costs paid by the County relating to the Project on or after the date that is 60 days prior to the date of adoption of this resolution. This resolution shall constitute a declaration of official intent under Treas. Reg. § 1.150-2.

Adopted and approved this 1st day of June, 2000.

Thereupon, said meeting adjourned.

JIM VOSS - Chairman
County Mayor

ATTEST:

Dell T. Graham, County Clerk